

Info Capsule

Thursday
April 29, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Direct Tax**

Government extend the time for payment under Vivad se Vishwas scheme to June 30, 2021 [Notification No. 39 Dated April 27, 2021]

Government extends time for payment of amount payable under the Direct Tax Vivad se Vishwas Act, 2020, without an additional amount, to 30th June, 2021 vide Notification No. 39/2021-Income Tax, Dated: 27th April, 2021.

For details:

https://www.incometaxindia.gov.in/communications/notification/notification_39_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)

❖ **Securities Laws and Capital Markets**

SEBI Circular

- **Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes (April 28, 2021)**

In order to align the interest of the Key Employees of the AMCs with the unitholders of the mutual fund schemes, SEBI comes out with the framework which provides that a minimum of 20% of the salary/ perks/ bonus/ non-cash compensation (gross annual CTC) net of income tax and any statutory contributions (i.e. PF and NPS) of the Key Employees of the AMCs shall be paid in the form of units of Mutual Fund schemes in which they have a role/ oversight.

Further, the compensation paid in the form of units shall be proportionate to the asset under management (AUM) of the schemes in which the Key Employee has a role/oversight and locked-in for a minimum period of 3 years or tenure of the scheme whichever is less.

For details:

https://www.sebi.gov.in/legal/circulars/apr-2021/alignment-of-interest-of-key-employees-of-asset-management-companies-amcs-with-the-unitholders-of-the-mutual-fund-schemes_49979.html

SEBI Order

- **Adjudication Order in the matter of Aptech Limited (April 28, 2021)**

SEBI imposed a monetary penalty of Rs. 1 crore on Aptech Limited for failure to effectively use the notional trading window as an instrument for monitoring trading by the designated persons and thus violated the provisions of Clause 4 of Code of Conduct under Schedule B of Regulation 9(1) of the PIT Regulations.

For details:

https://www.sebi.gov.in/enforcement/orders/apr-2021/adjudication-order-in-the-matter-of-apttech-limited_49972.html

❖ **Banking and Insurance**

Committee on Asset Reconstruction Companies invites views and suggestions from stakeholders (April 28, 2021)

The Reserve Bank of India had announced setting up of a Committee to undertake a comprehensive review of the working of Asset Reconstruction Companies (ARCs) in the financial sector ecosystem and recommend suitable measures for enabling such entities to meet the growing requirements of the financial sector.

Accordingly, a Press Release dated April 19, 2021 has been issued regarding constitution of the Committee under the chairmanship of Shri Sudarshan Sen, former Executive Director, Reserve Bank of India. Now the Committee invites views and suggestions on the above aspects from ARCs, market participants and other stakeholders. These may be emailed latest by May 31, 2021 to email with the subject line 'Suggestions – Committee on ARCs'.

For details: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51487

❖ **Legal News**

COVID-19: SC extends limitation period for filing appeals until further orders (April 28, 2021)

The Supreme Court has extended the period of limitation for filing appeals from courts or tribunals by litigants until further orders in view of the steep rise in COVID-19 cases across the country.

A bench headed by Chief Justice N V Ramana said, that the extraordinary situation caused by the sudden, second outburst of coronavirus requires extraordinary measures to minimise the hardship of litigant-public in all the states.

For details:

<https://www.businesstoday.in/current/economy-politics/covid-19-sc-extends-limitation-period-for-filing-appeals-until-further-orders/story/437803.html>

❖ **Market Watch**

Stock Market Indices as on 29.04.2021

S & P BSE Sensex	49765.94 (+32.10)
Nifty 50	14894.90 (+30.35)

Foreign Exchange Rates as on 28.04.2021

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

INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR / 1 JPY
74.62	103.70	90.12	0.69

❖ **Pronouncement**

April 19, 2021	<i>Brillio Technologies Pvt. Ltd. (Appellant) vs. Registrar of Companies, Karnataka & Ors. (Respondents)</i>	NCLAT
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Security Premium Account can be utilized for making payment to non-promoter shareholders.

Fact of the case

The Appellant 'Brillio Technologies Pvt. Ltd.' filed this Appeal against the order dated August 28, 2019 passed by the National Company Law Tribunal, Bengaluru whereby the Tribunal held that as per Section 52 (2) of the Companies Act, 2013, Security Premium Account may be used only for the purpose specifically provided under Section 52 (2) of the Companies Act, 2013. Further, selective reduction in equity share capital to a particular group involving non-promoter shareholders and bringing the company as a wholly owned subsidiary of its current holding company and also return excess of capital to them is an arrangement between the company and shareholders or a class of them and hence, it is not covered under Section 66 of the Companies Act, 2013. However, the case may be covered under Sections 230-232 of the Companies Act, 2013, wherein compromise or arrangement between the Company and its creditors or any class of them or between a Company and its members or any class of them is permissible. Therefore, the Company failed to make out any case under Section 66 of the Act and thus, the petition is dismissed. Being aggrieved with this order, the Appellant has filed this Appeal.

Judgment

The NCLAT observed that Security Premium Account can be utilized for making payment to non-promoter shareholders. W.r.t. the submissions made by the Respondents that the amount laying in the Security Premium Account can be applied by the company, only for the purposes which are specifically provided in Section 52 (2) of the Companies Act, 2013 and for no other purpose is not convincible. Further, it can be held that selective reduction is permissible if the non-promoter shareholders are being paid fair value of their shares. Furthermore, Section 66 of the Companies Act, 2013 makes provision for reduction of share capital simpliciter without it being part of any scheme of compromise and arrangement.

Therefore, the Tribunal has erroneously held that the Application for reduction of share is not maintainable under Section 66 of the Companies Act, 2013, consent affidavits from the creditors is mandatory for reduction of share capital, Security Premium Account cannot be utilized for making payment to non-promoter shareholders, selective reduction of shareholders of non-promoter shareholders is not permissible and has dismissed the Application on untenable grounds. Therefore, the impugned order passed by the Tribunal is set aside.

For details : <https://nclat.nic.in/Useradmin/upload/1042340601607d438fd6367.pdf>

❖ **International Business News**

Global EV sales accelerating, but government help needed – IEA (April 29)

Global electric vehicle (EV) sales picked up speed in the first quarter, but more government action is needed on charging stations and fossil-fuel vehicle bans to keep the momentum going, the International Energy Agency (IEA) said on Thursday, April 29, 2021.

For details:

<https://energy.economictimes.indiatimes.com/news/power/global-ev-sales-accelerating-but-government-help-needed-iea/82305557>

❖ **Terminology for Today**

Dead Cat Bounce

A term used by traders to describe a pattern wherein a spectacular decline in share prices is immediately followed by a moderate and temporary rise before resuming its downward movement.

Prepared by Directorate of Academics

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

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