

Info Capsule

Thursday, July 02, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ Latest @ ICSI

• Live Webinar on Life Management Skills for Success

Date : 3rd July, 2020 Time : 5.00 p.m.
Chief Guest : Swami Avdheshanand Giri Ji Maharaj, Acharya Mahamandaleshwar of Juna Akhara
Credit Hours : 2 Credit Hours for Members

• Extension for payment of Annual Membership Fee

The last day for payment of Annual Membership Fee for the Year 2020-21 shall be 30th September, 2020.

For details visit-
<https://www.icsi.edu/media/webmodules/MemFile.jpg>

• Career Opportunities for Young Company Secretaries

ICSI has advertised the CRC Executives vacancies for deployment on contract at the "Central Registration Centre" for processing of Company "Name Availability" (RUN) and "Incorporation" (SPICE) forms.

• GST Day Celebration

On the 3rd anniversary of the Goods and Service Tax (GST), ICSI has organized an e-GST Day Celebration on 1st of July, 2020. The programme is celebrated in the presence of Chief Guest, Shri Piyush Goyal, Hon'ble Minister of Railways, Commerce & Industry, and Shri Sushil Kumar Modi, Hon'ble Deputy Chief Minister of Bihar & Member, GST Council.

For detailed press release visit:
https://www.icsi.edu/media/webmodules/PressRelease_GSTDAY.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

• MCA- Help Desk

MCA21 Ticketing and Voice Help Desk is functional and for MCA21 related issues stakeholders are advised to raise a service complaint/contact Help Desk.

❖ Securities Laws & Capital Market

SEBI ORDERS

- SEBI has imposed a penalty totalling Rs. 40 lakh on Maitreya Plotters and Structures Pvt. Ltd. and its directors for not complying with the SEBI's earlier orders/interim orders.

(For more details, please click on:

<https://www.sebi.gov.in/enforcement/orders/jun-2020/adjudication-order-in-respect-of-maitreya-plotters-and-structures-pvt-ltd-varsha-madhusudan-satpalkar-and-janardan-arvind-parulekar-in-the-matter-of-maitreya-plotters-and-structures-pvt-ltd-46961.html>)

- SEBI imposed a penalty totalling more than Rs. 3 crore on three persons where communication of Unpublished Price Sensitive Information (UPSI) pertaining to the public announcement of open offer is made and while in the possession of UPSI such persons had allegedly traded in the scrip of United Spirits Ltd. and made unfair gain. (July 1, 2020)

(For more details, please click on:

<https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes>)

- SEBI imposed a fine of Rs. 25 lakh on nine directors of Sheen Agro & Plantation Ltd. for mobilizing fresh funds through unregistered collective investment scheme (CIS) even after filing winding up report with SEBI which is a serious violation affects interest of gullible investors at large as there is a scope of investors losing their hard earned money. (July 1, 2020)

(For more details, please click on : <https://www.sebi.gov.in/enforcement/orders/jun-2020/adjudication-order-in-respect-of-15-entities-in-the-matter-of-sheen-agro-and-plantation-ltd-46960.html>)

- Capital markets regulator SEBI has levied a total fine of Rs 1.39 crore on Finalysis Credit and Guarantee Co Ltd and 20 other entities alleged that the entities devised a scheme to defraud the original public shareholders by issuing forged consolidated share certificates and thereafter, fraudulently selling them, making the purchasers believe that the shares transferred to them were original. (June 30, 2020)

(For more details, please click

on:<https://www.sebi.gov.in/enforcement/orders/jun-2020/adjudication-order-in-respect-of-21-entities-in-the-matter-of-finalysis-credit-and-guarantee-co-ltd-46969.html>)

SAT ORDERS

Setting aside SEBI's order against Dynamatic Technologies Managing Director and Chief Executive Officer Udayant Malhoutra in an insider trading case, the Securities Appellate Tribunal (SAT) has directed SEBI to decide matter after giving an opportunity of hearing to Udayant Malhoutra either through physical hearing or through video conference within six months.

(For more details, please click on : <http://sat.gov.in/scripts/search.asp>)

❖ **Goods and Service Tax**

Waiver of Late Fees

Notification No. 57/2020 - Central Tax, dated 30th June, 2020

Notification to amend notification no. 52/2020-Central Tax in order to provide conditional waiver of late fees for the period from July, 2017 to September, 2020.

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-57-central-tax-english-2020.pdf;jsessionid=6CED519235D1DE569EF2571BAE80EC50>

❖ **Direct Tax**

• **Income Tax (15th Amendment) Rules, 2020 [Notification No. 42/2020 Dated 30th June, 2020]**

The Section 50CA provides that consideration received for transfer of an unquoted share computed in prescribed manner shall be full consideration even if it is less than fair market value.

The Central Board of Direct Taxes has issued the Income-tax (15th Amendment) Rules, 2020 to add Rule 11UAD which provides that the provisions of Section 50CA shall not apply to transfer of any movable property, being unquoted shares, of a company and its subsidiary and the subsidiary of such subsidiary in certain situation.

https://www.incometaxindia.gov.in/communications/notification/notification_42_2020.pdf

• **Notification under proviso to section 9A(3) of the Income-tax Act, 1961 [Notification No. 41/2020 Dated 30th June, 2020]**

The Central Government hereby notifies that the conditions specified in clauses (e), (f) and (g) of the sub-section (3) of section 9A of the Income-tax Act, 1961 shall not apply in case of an investment fund set up by a Category-I foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992

https://www.incometaxindia.gov.in/communications/notification/notification_41_2020.pdf

• **Income Tax (14th Amendment) Rules, 2020 [Notification No. 40/2020 Dated 29th June, 2020]**

The Central Board of Direct Taxes (CBDT) notify the Income Tax (14th Amendment) Rules, 2020, to further amend the Income Tax Rules, 1962 as per which Rule 11UAC has been substituted, which relates to the right of ownership for the purpose of mortgage along with all the documents, following class of persons shall be excluded from the provision for sub-section (2) the government regularised the transactions of such immovable property.

https://www.incometaxindia.gov.in/communications/notification/notification_40_2020.pdf

❖ **Banking and Insurance**

Operational Guidelines of Floating Rate Savings Bonds, 2020 (Taxable) - FRSB 2020 (T)

The Government of India has announced the launch of 100% risk free Floating Rate Savings Bonds, 2020 (Taxable) for tenure of 7 years on floating interest rate with a half yearly payout. The bonds will be available for subscription from July 1, 2020 onwards. The minimum investment amount is Rs 1000, while there will be no maximum limit for investments made in the Bonds. The maximum investment in cash can be made up to Rs. 20,000.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11924&Mode=0>

❖ **Restructuring and Insolvency**

• **Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Second Amendment) Regulations, 2020**

The Insolvency and Bankruptcy Board of India has issued a notification No. IBBI/2020-21/GN/REG061 to amend the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016. Through this amendment IBBI relaxes norms relating to IPEs allowing support services to all IPs who are not just partners or directors

<https://www.ibbi.gov.in/uploads/legalframework/9a2d4226b4155dd823be1053acf38c1c.pdf>

• **Invitation for comments on Discussion Paper on Restricting the number of assignments to be handled by IP**

The Insolvency and Bankruptcy Board of India has invited comments on discussion paper on Restricting the number of assignments to be handled by IP.

<https://www.ibbi.gov.in/uploads/whatsnew/2cb5d897dc8d1c27484bee8d7173776c.pdf>

• **Corporate Insolvency and Governance Act, 2020**

In UK, a major insolvency reform has come into force with the enactment of Corporate Insolvency and Governance Act, 2020 with effect from 26 June 2020 taking its inspiration from the U.S. Chapter 11 process. This major reform to the UK's insolvency procedures has been in the pipeline since 2018, but the draft bill was rushed through parliament in response to the COVID-19 crisis to help companies survive.

For details, please visit at

<https://www.jdsupra.com/legalnews/corporate-insolvency-and-governance-act-48623/>

❖ **Market Watch**

Capital Market

S & P BSE Sensex	35701.50
Nifty 50	10509.90

Reference Rate

INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR / 100 JPY
75.20	93.42	84.50	70.00

❖ **Learning from Judicial Pronouncement**

- Karnataka Authority for Advance Ruling in the matter of M/s Anil Kumar Agarwal has clarified that Salary of Directors / Partners are not included in calculation of Aggregate Turnover, whereas Income from Commercial and Residential Property is included in calculation of Aggregate Turnover.

Mr. Anil Kumar Agarwal, who is not a registered person under GST but in receipt of income from various sources, has applied for advance ruling under section 97 of the Central Goods & Service Tax Act, 2017 read with State Goods & Service Tax Act, 2017 with regard to certain points.

https://gst.kar.nic.in/Documents/General/AAR_Anil_30.pdf

- **Number of Directorships by a director – Minimum fine**

NCLAT in the matter of *Registrar of Companies, West Bengal vs. Karan Kishore Samtani*, wherein the NCLT has imposed compounding fees Rs. 50,000/- which is less than the minimum prescribed in Section 16 (6) of the Act and observed that NCLT has failed to notice the minimum fine prescribed under Sub-Section 6 of Section 165 of the Act which was applicable at relevant time i.e. before the amendment and imposed minimum fine at the rate of five thousand rupees for every day for the period 01.04.2015 to 21.02.2016 i.e. 272 days. NCLAT quantified penalty to Rs. 13,60,000/-.

- **Oppression and Mismanagement through brought down of the shareholding by subsequent issue of share.**

NCLAT in the matter of *Yamini Bipinchandra Shah and Ors. vs. Trimbak Estate Pvt. Ltd. and Ors.* observed that the question of oppression and mismanagement and maintainability is a mixed question of fact and law and when the Petition is filed alleging that the shareholding of the Applicant has been brought down below 1/10th of the total shareholding of a Company by oppression and mismanagement. The question of Oppression, and Mismanagement, Maintainability and Limitation in the present case are mixed question of law and fact. Therefore, the Tribunal was required to decide these questions at the time of final hearing of the Petition. The NCLAT set aside the order of tribunal and the matter is remanded to Tribunal that after hearing both the parties, Petition be decided afresh on merit.

Prepared by Directorate of Academics

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

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इच्छते ते त्वातः श्रेयते इति ह्यः

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

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