

Info Capsule

Monday

August 03, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ Ministry of Finance

Every Sector is trying to beat the Pandemic and Revive, says Finance Minister Sitharaman

Finance Minister Nirmala Sitharaman on August 1, 2020, said that Indian economy is at a stage where every sector is trying to beat the pandemic and revive. She further stressed that the government is open to provide help to those who need it. Reiterating that the government is keeping all its options open, Sitharaman said at a press briefing that the Reserve Bank of India's (RBI) liquidity support measures have helped the economy.

<https://theprint.in/economy/every-sector-is-trying-to-beat-the-pandemic-and-revive-says-finance-minister-sitharaman/472700/>



**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

SEBI CIRCULARS

• Collection and Reporting of Margins by Trading Member (TM) / Clearing Member (CM) in Cash Segment (July 31, 2020)

In order to provide relief to brokers and traders, SEBI has decided that the penalty for Short-Collection/ Non-Collection of margin shall not be applicable, if TM / CM collects minimum 20 per cent upfront margin in lieu of VaR and ELM from the client. The penalty provision for Short-Collection / Non-Collection of upfront margin in cash segment shall be implemented with effect from September 01, 2020.

https://www.sebi.gov.in/legal/circulars/jul-2020/collection-and-reporting-of-margins-by-trading-member-tm-clearing-member-cm-in-cash-segment_47220.html

• Clarification on Applicability of Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to Open Offers, Buybacks and Delisting of Securities of Listed Entities (July 31, 2020)

SEBI has clarified that shareholders holding securities in physical form are allowed to tender shares in open offers, buy-backs through tender offer route and exit offers in case of voluntary or compulsory delisting. However, such tendering shall be as per the provisions of respective regulations.

https://www.sebi.gov.in/legal/circulars/jul-2020/clarification-on-applicability-of-regulation-40-1-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-to-open-offers-buybacks-and-delisting-of-securities-of-listed-entities_47216.html

SEBI ADJUDICATION ORDERS (July 31, 2020)

• SEBI imposed a penalty aggregating to Rs. 6 lakhs on the Employees and Compliance Officer of Avenue Supermarts Limited for making delayed disclosures on different occasions and therefore violating the provisions of regulations 7(2)(a), 7(2)(b) and 9(3) under PIT Regulations.

https://www.sebi.gov.in/enforcement/orders/jul-2020/adjudication-order-in-the-matter-of-avenue-supermarts-limited_47242.html

• SEBI imposed a monetary penalty of Rs. 20 crore on Pancard Clubs Limited and its four directors for allegedly carrying out the Collective Investment Scheme without obtaining registration from SEBI.

https://www.sebi.gov.in/enforcement/orders/jul-2020/adjudication-order-in-the-matter-of-pancard-clubs-limited_47241.html

• SEBI imposed a penalty of Rs. 7 lakhs on Cedar Infonet Pvt. Ltd., and one of the promoters of the Tulip Telecom Ltd., for failure to make disclosures to the Company and BSE for transactions regarding creation of pledged shares thus violated the provisions of regulations 31(1) and 31(2) r/w 31(3) of SAST Regulations, 2011.

https://www.sebi.gov.in/enforcement/orders/jul-2020/adjudication-order-in-respect-of-cedar-infonet-private-ltd-in-the-matter-of-pipavav-defence-and-offshore-engineering-company-ltd-parshvanath-developers-ltd-goldyne-technoserve-ltd-and-tulip-telecom_-47235.html

SEBI PROHIBITORY ORDER (July 31, 2020)

• Recovery proceedings have been initiated by SEBI against Mr. Hariharan Vaidyalingam for failure to pay dues of Rs. 1.32 crore along with further interest, all costs, charges and expenses. SEBI also prohibited Mr. Hariharan Vaidyalingam from disposing, transferring, alienating or charging in respect of the attached properties in execution of the Recovery Certificate.

https://www.sebi.gov.in/enforcement/recovery-proceedings/jul-2020/prohibitory-order-in-the-matter-of-hariharan-vaidyalingam-recovery-certificate-no-2659-of-2019_47236.html

PUBLIC NOTICES (July 31, 2020)

- The Justice (Retd.) R.M. Lodha Committee (in the matter of PACL Ltd.) has now extended the last date for checking the status of claim applications (having claim amount upto Rs. 5,000/-) and/or rectification of deficiencies to October 31, 2020. Investors / applicants whose claim applications were found deficient, are requested to check the status of their claim applications online on www.sebiapaclrefund.co.in and rectify deficiencies, if any, in their claims on or before October 31, 2020.
https://www.sebi.gov.in/media/public-notices/jul-2020/public-notice-for-extension-of-time_47227.html
- The Justice (Retd.) R.M. Lodha Committee (in the matter of PACL Ltd.) has as on date, successfully effected refunds to 9,71,565 investors in PACL Ltd. (with claims upto Rs. 8,000) aggregating to Rs. 268.47 crore
https://www.sebi.gov.in/media/public-notices/jul-2020/public-notice-for-status-of-refund_47226.html

❖ Banking & Insurance

- Government expands MSME Loan Guarantee Scheme to include Lawyers, Doctors & Large Firms**

The government has expanded its Loan Guarantee Scheme for Micro, Small and Medium Enterprises to include loans given to professionals like doctors, lawyers and chartered accountants for business purposes as well as to firms with a turnover of Rs. 250 crore.

The Rs. 3 lakh crore's Loan Guarantee Scheme was announced as part of Government's Atma Nirbhar package to provide liquidity support to such firms. Under the scheme, Government provides full loan guarantee to the incremental loans given to borrowers.

<https://theprint.in/economy/govt-expands-msme-loan-guarantee-scheme-to-include-lawyers-doctors-large-firms/472571/>

- UPI clocks its highest monthly volume with 1.5 billion transactions in July**

As per the latest data released by NPCI on August 1, 2020, it is showed that National Payments Corporation of India (NPCI) operated channel had seen 1.34 billion transactions worth Rs.2.61 lakh crore processed in June. The value of transactions at Rs.2.90 lakh crore in July is also a record,

<https://economictimes.indiatimes.com/industry/banking/finance/banking/upi-clocks-its-highest-monthly-volume-with-1-5-billion-transactions-in-july/articleshow/77304913.cms>

- Bank Privatisation : IDBI Bank stake sale in FY21, no call yet on other PSBs**

As per the source of Finance Ministry, Government intends to go ahead with its proposed stake sale in IDBI Bank in the current fiscal and there is no decision as yet on privatizing more banks. The statement comes amid growing speculations about the government privatizing more banks, including UCO Bank, Punjab & Sind Bank and Bank of Maharashtra, following reported recommendations by Niti Aayog.

<https://www.financialexpress.com/industry/banking-finance/bank-privatisation-idbi-bank-stake-sale-in-fy21-no-call-yet-on-other-psbs/2042252/>

- Assessing the Financial Sector's Stability post COVID**

Just when banks were beginning to see light at the end of the NPA tunnel, the pandemic brought the spectre back again. With sizeable loan portfolios under moratorium (over 60 per cent of banks and 49 per cent of NBFCs), forecasts about the NPA levels and the capital to be raised are grim.

The RBI is more sanguine. With its latest FSR projects, the NPAs to rise to 12.5 per cent of advances by next March, but does not seem unduly worried about the safety and resilience of the system. Its optimism perhaps comes from the fact that banks are well capitalized and have sufficient High-Quality Liquid Assets (HQLAs). The inter-bank linkages are also lower now.

<https://www.thehindubusinessline.com/opinion/assessing-the-financial-sectors-stability-post-covid/article32229360.ece>

❖ Indirect Tax

Goods and Services

- GST Revenue Collection for the month of July, 2020**

The gross GST revenue collected in the month of July, 2020 is Rs. 87,422 crore of which CGST is Rs. 16,147 crore, SGST is Rs. 21,418 crore, IGST is Rs. 42,592 crore (including Rs. 20,324 crore collected on import of goods) and Cess is Rs. 7,265 crore (including Rs. 807 crore collected on import of goods).

<https://pib.gov.in/PressReleasePage.aspx?PRID=1642870>

- Upcoming Changes in GSTN and its impact on the present GST Return Filing System**

The areas of inconsistency between GST Law and GSTN portal will soon be changed for better compliance.

<https://economictimes.indiatimes.com/small-biz/gst/upcoming-changes-in-gstn-and-its-impact-on-the-present-gst-return-filing-system/articleshow/77280479.cms>

- DGGI detects evasion of GST by 2 Liquor Manufacturers in Maharashtra**

The Directorate General of Goods and Services Tax Intelligence (DGGI) has found alleged evasion of GST collectively worth over Rs. 108 crore by two liquor manufacturers in Aurangabad and Nanded districts of Maharashtra.

<https://www.hindustantimes.com/india-news/dggi-detects-evasion-of-gst-by-2-liquor-manufacturers-in-maharashtra/story-uSRABGtzE79zW53EAo3cgL.html>

❖ Market Watch

Capital Market	
S & P BSE Sensex	36939.60 (-667.29)
Nifty 50	10891.60 (-181.85)

Reference Rate			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
74.62 (+0.01%)	88.32 (+0.41%)	97.89 (+0.73%)	0.71 (-0.08%)

❖ Business and Economic News

- Regulations proposed by Draft Report on Non-Personal Data need a Relook**
<https://indianexpress.com/article/opinion/columns/licence-raj-data-protection-bill-regulation-6529852/>
- India Biggest Investment Avenue, Overseas Operations see Profit : Amazon**
India is the biggest country for Amazon's new investments even as the Seattle-based tech giant has accelerated its push for prime benefits for the subscribers, according to company CFO Brian Olsavsky. This comes when the e-commerce major swung into quarterly profits of \$345 million for the first time in its international business (which includes India), in the last five years led by a pick up in demand.
<https://timesofindia.indiatimes.com/business/india-business/india-biggest-investment-avenue-overseas-operations-see-profit-amazon/articleshow/77286734.cms>
- Does Principal Borrower has to be Corporate Entity in order to maintain Insolvency Proceedings ? Supreme Court to Examine**
<https://www.livelaw.in/top-stories/does-principal-borrower-has-to-be-corporate-entity-for-ibc-proceedings-160859>
- Auditors finally booked for misconduct. The NFRA rulings in the IL&FS case signal that lapses will be penalized. Audit work must be done sans Company influence.**
https://www.thehindubusinessline.com/opinion/columns/mohan-lavi/auditors-finally-booked-for-misconduct/article32232126.ece?utm_campaign=amp_article_share&utm_medium=referral&utm_source=whatsapp.com

❖ Pronouncements

- In the matter of *Archer Power System Pvt. Ltd. vs. Cascade Energy Pvt. Ltd. & Ors.*, the Appellants have filed the petition under Section 241 of the Companies Act, 2013 alleging 'Oppression and Mismanagement' by Respondents. NCLAT upheld the order passed by NCLT, Chennai Bench and held that the Tribunal have the power to make interim orders which it thinks fit for regulating the conduct of the company's affairs. There are allegations of siphoning of funds, breach of agreements and failure to maintain proper books of accounts thus it was required on the part of the Tribunal to conduct a forensic audit by an independent auditor in order to proceed further with the petition. NCLAT opined that imposition of forensic audit and calling for the report of Forensic Audit before the Tribunal is a measure to help the Tribunal to appreciate the issue on the basis of an independent report so as to ensure that the case is processed with due regard to rights and obligations of contesting parties would be in the interest of justice.
- In the matter of *Jayshree Damani vs. Atlas Copco (India) Ltd.*, NCLAT upheld the order of NCLT, Mumbai bench and held that the directions issued by the NCLT and modification proposed by the Board of Directors are the practical method to ensure that the shareholders who want to retain his shares are able to do so which does not prejudice them. The company has done its duty as per statutory requirements of the Companies Act, 2013 by intimating their shareholders, if the shareholder has not attended the EOGM, it is their sweet will but they have to go with decision taken in the matter.

Prepared by Directorate of Academics

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

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