

Info Capsule

Wednesday
October 07, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ Latest @ ICSI

• Post Membership Qualification (PMQ) courses (October 6, 2020)

The ICSI is offering Post Membership Qualification (PMQ) courses to its Members in specialized subjects, namely- Corporate Governance, Internal Audit, Arbitration and Corporate Social Responsibility (CSR).

For details:

https://www.icsi.edu/media/webmodules/PMQ_Brochure_Corporate_Governance1.pdf

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

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

https://www.icsi.edu/media/webmodules/092220_PMQ_course_CSR_Brochure_Revised.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 Law

• SEBI CIRCULARS

Issuance, listing and trading of Perpetual Non-Cumulative Preference Shares (PNCPS) and Innovative Perpetual Debt Instruments (IPDIs)/ Perpetual Debt Instruments (PDIs) (commonly referred to as Additional Tier 1 (AT 1) instruments) (October 6, 2020)

SEBI, based on the recommendations of the Corporate Bonds and Securitization Advisory Committee (CoBoSAC), has prescribed the additional framework related to issuance, listing and trading of PNCPS and IPDIs which are proposed to be listed. The framework, inter-alia, states that with effect from October 12, 2020, the issuance of AT1 instruments shall be done mandatorily on the Electronic Book Provider (EBP) platform irrespective of the issue size. More importantly, issuers and stock exchanges shall ensure that only qualified institutional buyers are allowed to participate in the issuance of AT1 instruments. Further, the minimum allotment size and trading lot size for AT1 instruments shall be Rs.1 crore.

For details : <https://www.sebi.gov.in/legal/circulars/oct-2020/issuance-listing-and-trading-of-perpetual-non-cumulative-preference-shares-pncps-and-innovative-perpetual-debt-instruments-ipdis-perpetual-debt-instruments-pdis-commonly-referred-to-as-additi-47805.html>

• SEBI IN NEWS

More trouble for Franklin Templeton Asset Management (India), as audit report finds several wrongdoings by key management personnel (October 6, 2020)

Certain key officials of the fund had redeemed their personal investments just before the formal announcement of the closure of six debt schemes and made money during that time, the audit report by Choksi & Choksi pointed out. The SEBI may look into these redemptions from the perspective of insider trading regulations.

For details:

<https://www.moneycontrol.com/news/business/more-trouble-for-franklin-templeton-as-audit-report-finds-several-wrongdoings-by-key-management-personnel-5929461.html>

❖ ***Economic Laws***

- **Central Government amended the Export Policy of Personal Protection Equipments/Masks (October 06, 2020)**

According to the amendment in Export Policy of Personal Protection Equipments (PPEs)/ Masks such as N95/FFP2 masks or its equivalent exported either as part of kits or as individual items is amended from “Restricted” to “Free” category making all types of masks freely exportable.

For details : <http://egazette.nic.in/WriteReadData/2020/222264.pdf>

❖ ***Business and Economic News***

- **Government names 3 new members to RBI monetary panel (October 6, 2020)**

The government has finally appointed three economists — PMEAC member Ashima Goyal, NCAER’s Shashanka Bhide and IIM-Ahmedabad Professor Jayanth Varma- as new members of the RBI’s monetary policy committee (MPC) to decide on interest rates.

For details: <https://timesofindia.indiatimes.com/business/india-business/govt-names-3-new-members-to-rbi-monetary-panel/articleshow/78503120.cms>

- **Why Amtek's bidder enforced India's first force majeure in IBC case (October 7, 2020)**

US hedge fund Deccan Value Investors LP (DVI), the winning bidder for Amtek Auto, has stirred a hornet’s nest by enforcing the *force majeure* clause for the first time in insolvency proceedings in India. The move has upset the Committee of Creditors’ (CoC) hopes of becoming second –time lucky, after Sanjeev Gupta-owned Liberty House, the highest bidder then, wriggled out of buying Amtek. Following this, the Supreme Court ruled fresh bidding for Amtek after staying the liquidation order of NCLAT.

For details: <https://www.pressreader.com/india/the-hindu-business-line/20201007/281616717828610>

❖ ***International Business***

- **World Bank abandons pandemic bond instrument after disastrous Covid-19 response (October 6, 2020)**

The World Bank has scrapped plans to launch a second sale of its Pandemic Emergency Financing Facility (PEF) bond. After facing significant criticism for PEF’s delayed pay-out to developing countries during the Covid-19 pandemic, a spokesperson for the World Bank told the FT that there are “no plans for a PEF 2.0”.

For details: <https://www.brettonwoodsproject.org/2020/10/world-bank-abandons-pandemic-bond-instrument-after-disastrous-covid-19-response/>

❖ **Banking and Insurance**

• **DHFL case : Auditor reports fraudulent transactions worth Rs. 2,150 crore (October 06, 2020)**

Debt-ridden mortgage lender DHFL said that fraudulent transactions worth Rs. 2,150.84 crore by way of undervaluing the company's insurance subsidiary have been detected by transaction auditor Grant Thornton. DHFL is undergoing resolution process under the Insolvency and Bankruptcy Code.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/dhfl-case-auditor-reports-fraudulent-transactions-worth-rs-2150-crore/articleshow/78520405.cms>

• **SBI veteran Dinesh Khara to take charge as Chairman (October 07, 2020)**

The Government appointed Dinesh Kumar Khara as Chairman of State Bank of India (SBI), with Rajnish Kumar stepping down at the end of his three-year tenure. The Banks Board Bureau (BBB) had recommended that managing director Khara be made the next chairman. The bureau, which suggests names for the government to accept for senior management roles in public sector banks, had also kept another Managing Director, Challa Sreenivasulu Setty, as the candidate on the reserve list.

For details:

<https://www.livemint.com/industry/banking/sbi-veteran-dinesh-khara-to-take-charge-as-chairman-11602034797453.html>

• **General insurance companies received Covid claims worth over Rs 5,400-crore (October 7, 2020)**

General insurance companies have received claims for over Rs 5,400 crore from Covid-19 patients across 3.49 lakh applications. Insurers have settled 2.17 lakh claims amounting to Rs 2,175 crore as on October 5. Companies in the general insurance industry say that if claims continue to rise than the loss ratio in the health portfolio could increase by 8-10% only due to the ongoing pandemic.

For details:

<https://www.financialexpress.com/money/insurance/general-insurance-companies-received-over-rs-5400-crore-covid-claims/2099458/>

❖ **Market Watch**

Capital Market	
S & P BSE Sensex	39878.95 (+304.38)
Nifty 50	11738.85 (+76.45)

Reference Rate			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
73.07 (-0.07%)	85.91 (+0.29%)	94.68 (+0.17%)	0.69 (-0.34%)

❖ **Pronouncements**

September 21, 2020	Dr. Rajesh Kumar Yaduvanshi vs. Serious Fraud Investigation Office (SFIO) & Anr.	Delhi High Court
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Delhi High Court set aside the summon issued by the Trial Court against Petitioner- a Nominee Director, in respect of offences under Sections 128, 129, 448 read with Section 447 of the Companies Act, 2013.

Fact of the case

The petitioner has filed the present petition impugning a summoning order dated August 16, 2019 issued by the learned ASJ in *Complaint Case No. 770/2019* captioned "*Serious Fraud Investigation Office (SFIO) vs. Bhushan Steel Limited and Ors.*", to the limited extent that it directs issuance of summons to the petitioner in respect of offences under Sections 128, 129, 448 read with Section 447 of the Companies Act, 2013. The petitioner was Punjab National Bank Limited's nominee on the Board of Directors of Bhushan Steel Limited ('BSL') at the material time. The principal issue that arises for consideration is whether the petitioner can be prosecuted for the alleged fraud committed by BSL and/or promoters solely for the reason that the petitioner was a director of BSL and, whether there is any material on record to indicate that the petitioner was complicit in the commission of the alleged offence.

Judgement

Delhi High Court observed that SFIO Investigation report does not contain any specific allegations against the Petitioner of being complicit or having acted in bad faith. There is a material difference between the allegation that a Nominee Director has been negligent or has failed to discharge his responsibility and an allegation that he has connived or has been complicit in approving financial statements, which he knows to be false or conceal material information. The reasoning of the learned Trial Court that the petitioner had connived with the Promoters and is liable to be proceeded against, is clearly unsustainable and not supported by the allegations made in the complaint or the SFIO Investigation Report. Hence, the impugned summons issued to the petitioner and the impugned order, to the limited extent that it directs issuance of summons to the petitioner, are set aside.

For details: <https://taxguru.in/wp-content/uploads/2020/09/Rajesh-Kumar-Yaduvanshi-Vs.-Serious-Fraud-Investigation-Office-Sfio-High-Court-Delhi.pdf>

Prepared by Directorate of Academics

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

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

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इष्टार्थं तत्रैव श्रेयते।
Speak the truth. Abide by the law.

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

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