

Info Capsule

Tuesday
November 17, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ Latest @ ICSI

• Brochure for the 48th National Convention of Company Secretaries (November 14, 2020)

The ICSI has published detailed brochure for the 48th National Convention of Company Secretaries scheduled to be held on 17-19 December, 2020 at Amber Convention Centre, Indore.

For details:

<https://www.icsi.edu/media/webmodules/ICSI-48NC-Brochure.pdf>

https://www.icsi.edu/media/webmodules/Appreciation_Toward_our_SeniorMembers.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)

❖ Direct Tax

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (Removal of Difficulties) Order, 2020 (November 13, 2020)

It is provided that notwithstanding anything contained in the provisions of sub-section (1), (2), (4) & (5) of section 127 of Finance (No. 2) Act, 2019 (23 of 2019) and the rules, namely the Sabka Vishwas (Legacy Dispute Resolution) Scheme Rules, 2019, made under the said Act, for the persons in the Union Territory of Jammu and Kashmir and Union Territory of Ladakh, in respect of cases eligible under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, as on January 15, 2020, following timelines are hereby provided:-

- a. The last date for filing of the declaration referred to in sub-rule (1) of rule 3 of the said rules shall be on or before December 31, 2020;
- b. The last date of issuance of statement under sub-section (1) and (4) of section 127 of the said Act shall be on or before January 31, 2021;
- c. The last date of issuance of estimate of amount payable under sub-section (2) of section 127 of the said Act shall be on or before January 15, 2021;
- d. The last date for payment of dues by declarant under sub-section (5) of section 127 of the said Act shall be on or before February 28, 2021.

For details:

<http://www.egazette.nic.in/WriteReadData/2020/223074.pdf>

❖ **Banking and Insurance**

- **No need to sign life insurance proposal form: IRDAI extends new rule to all products till March 31, 2021 (November 16, 2020)**

The insurance industry is riding the digital wave with the regulator allowing the life insurance companies to obtain the customer's consent through electronic means, i.e., without requiring a wet signature on the proposal form. Insurance Regulatory and Development Authority of India (IRDAI) had earlier allowed insurers to dispense with physical signatures on proposal forms in the case of pure risk products only till December 31, 2020, but now business solicited by individual Insurance Agents and Insurance Intermediaries under all products till March 31, 2021 can be done without requiring wet signatures on the proposal form.

For details:

<https://www.financialexpress.com/money/insurance/no-need-to-sign-life-insurance-proposal-form-irdai-extends-new-rule-to-all-products-till-march-31-2021/2129340/>

❖ **Insolvency Laws**

- **Mistakes Committed by Insolvency Professionals in Conduct of Corporate Insolvency Resolution Process (November 13, 2020)**

The IBBI and Insolvency Professional Agencies (IPAs) have come across some mistakes being committed by some of the IPs in conduct of CIRPs. These mistakes are costs to the CD and the economy, and often amount to contravention of provisions of the law. Most of these are probably unintentional and can be avoided with a little more care and diligence. This communication lists out a few such mistakes with a hope that these will not be committed by any IP, pre-empting the IBBI/IPA to initiate any disciplinary action.

For details:

<https://www.ibbi.gov.in/uploads/legalframework/33ce2304913fe3f24b7bd9b22b631b37.pdf>

❖ **FEMA**

- **Ministry of I&B requests compliance of policy on FDI in digital media within a Month (November 16, 2020)**

Union Ministry of Information and Broadcasting (I&B) has issued a public notice on November 16, 2020 to facilitate eligible entities involved in uploading/streaming of news and current affairs through digital media, to comply with the decision of Union Government on September 18, 2019, which had permitted 26% FDI under Government approval route.

In a Public Notice, available on its website, the Ministry has laid out the detailed actions to be undertaken by eligible entities to comply with this decision, within a month.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1673142>

❖ *Pronouncement*

November 12, 2020	<i>M/s Vintage Hotels Private Limited & Ors. (Appellants) vs. Mr. Ahamed Nizar Moideen Kunhi Kunhimahin (Respondent)</i>	NCLAT
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The Discretionary Power of Directors to refuse ‘Transfer of Shares’ is not to be resorted to in a deliberate or arbitrary fashion but in good faith. The Directors are to give due weightage to shareholder’s right to transfer his share.

Fact of the case

The Respondent herein is an existing shareholder and also one of the Directors of the First Appellant Company. It transpires from the contents of affidavit of ‘T. Shahul Hameed’ dated 10.04.2015 that he was holding 20,000 equity shares of Rs. 100/- each of the First Appellant Company and that he had transferred the aforesaid shares to ‘Mr. Ahamed Nizar Moideen Kunhi Kunhimahin’ (Respondent) and further that the ‘Share Certificates’ were lost and were not in his possession. The deponent of ‘Affidavit’ (T. Shahul Hameed) had averred that he had made a request to the First Appellant Company to issue duplicate share certificates in lieu of the original share certificates in the name of Respondent.

The First Appellant Company through its communication dated 30.10.2015 had rejected the request for transfer of the shares in the name of Respondent. The Appellants submitted that in the ‘Share Transfer Form’ SH-4 furnished by the Respondent, the distinctive number of the share was not mentioned, corresponding certificate numbers were not mentioned, witness signature and name was not found, and the Transferee’s details were not mentioned. Further, the ‘Allotment Letter’ or the ‘Original Share Certificate’ was not enclosed with the share transfer form.

Respondent contended that the Board of Directors had not issued the duplicate share certificates even though request was made by the transferor.

Judgment

The NCLAT observed the discretionary power to refuse ‘Transfer of Shares’ is not to be resorted to in a deliberate, arbitrary, fraudulent, ingenious or capricious fashion. As a matter of fact, the Directors are to exercise their discretion in good faith and to act in the interest of company. The Directors are to give due weightage to shareholder’s right to transfer his share.

When the original share certificates were lost, it is not prudent for the Appellants to insist upon the production of original share certificates in question to give effect to the transfer of shares. Thus, the NCLAT, upheld the order passed by the NCLT, Bengaluru bench and dismissed the present appeal.

For details:

<https://nclat.nic.in/Useradmin/upload/13552131505facd18e80339.pdf>

❖ Finance Commission

• Finance Commission Presents Copy of its Report to the Prime Minister (November 16, 2020)

The Chairman and Members of the 15th Finance Commission on November 16, 2020 presented a copy of the Commission's report for the period 2021-22 to 2025-26, to the Prime Minister Shri Narendra Modi. The Commission had submitted its report to the President of India on November 04, 2020. Chairman Shri N K Singh along with Members of the Commission, Shri Ajay Narayan Jha, Prof. Anoop Singh, Dr. Ashok Lahiri and Dr. Ramesh Chand along with Secretary to the Commission Shri Arvind Mehta were present at the presentation.

The Report will be placed on the Table of the House along with Explanatory Memorandum by way of ATR as prescribed under the Constitution.

For details

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1673205>

❖ Terminology for Today

• Spinoff

When a company creates a new independent company by selling or distributing new shares of its existing business, this is called a spinoff. A spinoff is a type of divestiture. A company creates a spinoff expecting that it will be worth more as an independent entity. A spinoff is also known as a spin out or starbust.

❖ Market Watch

Capital Market	
S & P BSE Sensex	43952.71(+314.73)
Nifty 50	12874.20 (+93.90)

Reference Rate (https://www.fbil.org.in/#/home)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
74.67	88.15	98.00	0.71

Prepared by Directorate of Academics

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

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