

Info Capsule

Monday
February 21, 2022

President : CS Devendra V. Deshpande

Vice President : CS Manish Gupta

❖ Ministry of Finance

Govt. of India, World Bank sign loan agreement of \$115 million for implementation of “Rejuvenating Watersheds for Agricultural Resilience through Innovative Development” (REWARD) Project (February 18, 2022).

The Government of India, the State Governments of Karnataka and Odisha and the World Bank have signed a \$115 million (INR 869 crore) Programme (Rejuvenating Watersheds for Agricultural Resilience through Innovative Development Programme) that will help national and state institutions adopt improved watershed management practices to help increase farmers’ resilience to climate change, promote higher productivity and better incomes.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1799348>



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❖ Securities Laws & Capital Markets

Consultation Paper

- **Disclosures for ‘Basis of Issue Price’ section in offer document under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (February 18, 2022)**

SEBI has placed a consultation paper for public comments on Disclosures for ‘Basis of Issue Price’ section in offer document under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Apart from disclosing the financial ratios as per the extant requirements, the Issuer Company shall also make the disclosures on the Key Performance Indicators (KPIs) of the business of the Issuer Company that have been considered / have a bearing for arriving at the basis of issue price. The comments may be sent latest by March 05, 2022.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2022/consultation-paper-on-disclosures-for-basis-of-issue-price-section-in-offer-document-under-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018_56218.html

❖ Indirect Tax

Goods and Services Tax

- **GST Composition Scheme: GSTN enables Window to Opt-in for FY 2022-23 (February 20, 2022)**

The Goods and Services Tax Network (GSTN) has enabled the window to opt in for composition scheme for the Financial Year 2022-23. The eligible taxpayers who avail the composition scheme may opt in for composition before March 31, 2022.

For details:

<https://www.taxscan.in/gst-composition-scheme-gstn-enables-window-to-opt-in-for-fy-2022-23/155454/>

❖ **Technology and Automation**

• **NxtGen plans to invest Rs. 1,300 crore in data centres across the country (February 21, 2022)**

NxtGen Datacenter and Cloud Technologies is gearing up to invest Rs. 1,300 crore to set up around 10 more data centers and 236 edge centers across the country. The company, whose investors include Intel, IFC, and Iron Mountain, is in the process of raising \$100 million by the first quarter of 2022-23. The Cloud storage and computing segment player operates four data centers in Mumbai, Delhi, Ahmedabad, and Bengaluru and is planning to set up centres in Chennai, Hyderabad, and Visakhapatnam.

For details:

https://www.business-standard.com/article/companies/nxtgen-plans-to-invest-rs-1-300-crore-in-data-centres-across-the-country-122022100021_1.html

• **Penalty clause in India's laws worry Twitter (February 21, 2022)**

US-based micro-blogging website Twitter has expressed concern over the possibility of India imposing a fine on the company for failure to remove certain types of content through legislations which are already implemented or are in the process of being rolled out.

It has joined the likes of Google-parent Alphabet and Meta Platforms (formerly Facebook) in flagging such concerns. In its annual 10-K filing to the US Securities and Exchange Commission (SEC), Twitter also said the usage of feature phones and constraints in internet access in countries like India could limit its monetisation prospects. The filing is part of a report on financial performance required from all publicly traded companies in the US.

For details:

<https://economictimes.indiatimes.com/tech/technology/twitter-expresses-concern-over-proposed-indian-legislation/articleshow/89704958.cms>

❖ **Insolvency and Bankruptcy**

HDIL insolvency: RP gets 16 resolution plans from 9 bidders (February 18, 2022)

Crisis-hit realty firm Housing Development and Infrastructure Ltd. (HDIL), which is facing insolvency proceedings, on February 18, 2022 said its resolution professional has received 16 bids from nine applicants to acquire the company. HDIL is under Corporate Insolvency Resolution Process (CIRP) pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. The Mumbai bench of NCLT had directed to initiate insolvency proceedings against HDIL, after allowing the plea filed by Bank of India, claiming default of a loan of Rs. 522 crore by the realty firm.

For details:

https://www.business-standard.com/article/companies/hdil-insolvency-rp-gets-16-resolution-plans-from-9-bidders-122021801271_1.html

❖ **Banking & Insurance**

• **Regulations Review Authority (RRA 2.0) - Interim Recommendations- Second tranche move (February 18, 2022)**

The Reserve Bank of India has set up a Regulations Review Authority (RRA 2.0) with an objective to reduce the compliance burden on Regulated Entities (REs). RRA had recommended withdrawal of 150 circulars in the first tranche of recommendations. In continuation of the exercise, RRA has now recommended withdrawal of additional 100 circulars in the second tranche of recommendations. The RRA has recommended elimination of paper-based returns and has identified 65 regulatory returns which would either be discontinued/ merged with other returns or would be converted into online returns. The RRA has also recommended creation of a separate web page “Regulatory Reporting” in the RBI website to consolidate information relating to regulatory reporting and return submission by the regulated entities at a single source. These recommendations are expected to ease regulatory compliance for the regulated entities while improving the accuracy, speed and quality of data submission.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53293

• **National Asset Reconstruction Company begins search for senior executives (February 18, 2022)**

The National Asset Reconstruction Company (NARCL), operationalised in January, has begun its search for senior executives in investment and operational roles. The bad bank is looking to hire 13 full-time employees, including a Chief Investment Officer (CIO) and a Chief Operating Officer (COO).

For details:

<https://www.financialexpress.com/industry/narcl-begins-search-for-senior-executives/2438241/>

• **IDFC Ltd., IDFC First Bank merger may get pushed to FY24**

There is little progress on the proposed merger of IDFC First Bank and its ultimate holding company IDFC Limited. In October 2021, IDFC Limited, through its step-down subsidiary - IDFC Financial Holding Company Limited which holds 36.51 per cent stake in IDFC First Bank, sought the bank's consent for merger, to which the bank agreed in December 2021.

For details:

<https://www.thehindubusinessline.com/money-and-banking/idfc-ltd-idfc-first-bank-merger-may-get-pushed-to-fy24/article65068890.ece>

- **One Chairman for two insurers: IRDAI raises red flags over new Government move (February 21, 2022)**

The insurance regulator has raised Corporate Governance concerns over the Government's move to appoint one person as Chairman of two state-run insurers. The Government had sought Insurance Regulatory and Development Authority of India's (IRDAI) approval to appoint Anjan Dey as acting Chairman of New India Assurance, a charge he already holds at New Delhi-based Oriental Insurance. IRDAI shared its concerns last week after the Government sought its formal nod for the appointment. Section 203 of the Companies Act, 2013 says a Whole-Time Managerial Personnel shall not hold office in more than one company except in its subsidiary.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-red-flags-one-chairman-for-2-insurers/articleshow/89712876.cms>

❖ *Terminology for today*

Systematic Sampling

Systematic sampling is a type of probability sampling method in which sample members from a larger population are selected according to a random starting point but with a fixed, periodic interval. This interval, called the sampling interval, is calculated by dividing the population size by the desired sample size. Despite the sample population being selected in advance, systematic sampling is still thought of as being random if the periodic interval is determined beforehand and the starting point is random.

Market Watch

Stock Market Indices as on 21.02.2022	
S & P BSE Sensex	57683.59 (-149.38)
Nifty 50	17206.65 (-69.65)

Foreign Exchange Rates as on 18.02.2022 <i>(https://www.geojit.com/currency-futures)</i>			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
74.64	84.71	101.54	0.65

❖ **Ethics and Governance News**

● **Big firms ask SEBI to reverse 'tedious, complicated' related-party rule (February 21, 2022)**

Companies want India's capital market regulator to change proposed rules on transactions between group firms, founders and related entities as they will lead to an increase in compliance costs and delay decision making. Engineering major Larsen & Toubro Ltd. and lobby groups including the Confederation of Indian Industry want the Securities and Exchange Board of India (SEBI) to scrap the mandatory shareholder approval for deals beyond 10 billion rupees (\$134 million). Instead, the existing rule of 10% of annual turnover should prevail even after the new rules kick in on April 1.

For details:

https://www.business-standard.com/article/markets/big-firms-ask-sebi-to-reverse-tedious-complicated-related-party-rule-122022100115_1.html

● **NSE fraud: CBI quizzes ex-CEO Ravi Narain (February 21, 2022)**

The CBI on February 19, 2022 interrogated former NSE director Ravi Narain, who served it's CEO before Chitra Ramakrishna, in connection with its ongoing probe related to the alleged abuse of colocation facility by an NSE stockbroker, officials said on February 20, 2022. The investigators lobbed several sharp questions, but Narain was reportedly evasive. He may be called again for further questioning. On February 18, 2022, the agency had questioned Ramkrishna.

For details:

<https://timesofindia.indiatimes.com/business/india-business/nse-fraud-cbi-quizzes-ex-ceo-ravi-narain/articleshow/89712824.cms>

Prepared by Directorate of Academics

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