

# Info Capsule

Monday  
May 23, 2022

**President : CS Devendra V. Deshpande**

**Vice President : CS Manish Gupta**

## ❖ **International Business News**

### **Excise duty cut to help reduce logistics cost; promote exports: Exporters (May 22, 2022)**

The government on Saturday, May 21, 2022 announced reduction in excise duty on petrol by a record Rs 8 per litre and that on diesel by Rs 6 per litre. It also cut import duty on raw material of steel and plastic and increased export duty on iron ore and steel intermediates.

Excise duty cut on petrol and diesel and rationalisation of customs duties on goods such as raw material for plastic and steel will help reduce logistics cost, promote competitiveness of manufacturing and exports of value-added goods, exporters said on Sunday, May 22, 2022.

*For details:*

<https://economictimes.indiatimes.com/news/economy/foreign-trade/excise-duty-cut-to-help-reduce-logistics-cost-promote-exports-exporters/articleshow/91726700.cms>



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## ❖ **Ministry of Corporate Affairs**

### **The Companies (Incorporation) Second Amendment Rules, 2022 (May 20, 2022)**

The Ministry of Corporate Affairs (MCA) vide its Notification dated May 20, 2022 has notified the Companies (Incorporation) Second Amendment Rules, 2022 which shall come into force with effect from June 01, 2022. As per the amendment, Form No. INC-9 (Declaration by Subscribers and First Directors) is substituted. The substituted Form *inter-alia* consist declaration in respect of compliance under Foreign Exchange Management (Non-debt Instruments) Rules by inserting below checkboxes:

- I am required to obtain the Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith. or
- I am not required to obtain the Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares.

Further, the Ministry has inserted new declaration in Form No. INC 32 (SPICe+), in part B, namely:

“I, on behalf of proposed directors, hereby declare that person seeking appointment is a national of a country which shares a land border with India, necessary security clearance from Ministry of Home Affairs, Government of India shall be attached with the consent.

Yes  No. (if yes is opted, a copy of the security clearance is to be attached).”

*For details:*

<https://www.mca.gov.in/bin/dms/getdocument?mds=QJAZ8U7iIBs%252FRWVx91HwmQ%253D%253D&type=open>

## ❖ *Securities Laws & Capital Markets*

### SEBI News

- **SEBI asks exchanges to conduct cyber audit twice a year (May 20, 2022)**

Stock exchanges and all other Market Infrastructure Institutions (MIIs) would be required to conduct cyber audits twice within a fiscal year, as per a circular issued by the Securities and Exchange Board of India (SEBI) on May 20, 2022. Along with the cyber audit reports, all MIIs are directed to submit a declaration from the managing director or chief executive officer "certifying compliance by the MII with all SEBI circulars and advisories related to cyber security issued from time to time", the market regulator added.

*For details:*

<https://www.moneycontrol.com/news/business/markets/sebi-asks-exchanges-to-conduct-cyber-audit-twice-a-year-8546851.html>

- **SEBI slaps Rs 1 crore penalty on IIFL Securities for 'violation' of norms linked to client funds (May 20, 2022)**

SEBI on May 20, 2022, has slapped a penalty of Rs 1 crore on India Infoline Ltd (IIFL) Securities for "violation" of norms related to client funds. SEBI, which conducted multiple inspections of IIFL's books of accounts, said the company allegedly violated the rules by "failing to segregate its own funds from client funds", "misusing credit balance of client funds for debit balance client funds" and "not appropriately designating client bank accounts." The inspections, which the market regulator referred to, were conducted between April 2011 and January 2017, as per the order.

*For details:*

<https://www.moneycontrol.com/news/business/sebi-slaps-rs-1-crore-penalty-on-iifl-securities-for-violation-of-norms-linked-to-client-funds-8547021.html>

## ❖ *Terminology for today*

### Bankruptcy Remote

The legal position with reference to the creation of the SPV (Special Purpose Vehicle) should be such that the SPV and its assets would not be touched in case the originator of the securitization goes bankrupt and its assets are liquidated.

## Market Watch

### Stock Market Indices as on 23.05.2022

|                  |                   |
|------------------|-------------------|
| S & P BSE Sensex | 54288.61 (-37.78) |
| Nifty 50         | 16214.70 (-51.45) |

### Foreign Exchange Rates as on 20.05.2022

*(<https://www.geojit.com/currency-futures>)*

| INR / 1 USD | INR / 1 EUR | INR / 1 GBP | INR / 1 JPY |
|-------------|-------------|-------------|-------------|
| 77.48       | 81.85       | 96.64       | 0.61        |

## ❖ **Insolvency and Bankruptcy**

### **NCLAT dismisses Hinduja Leyland Finance plea for insolvency proceedings (May 23, 2022)**

The NCLAT has dismissed the plea of Hinduja Leyland Finance Ltd to initiate insolvency proceedings against its creditor Fly Express Logistics. A three-member bench of the appellate tribunal upheld the earlier orders of the Allahabad bench of the National Company Law Tribunal (NCLT), which had on April 5, 2022, rejected the plea of Hinduja Leyland Finance. The NCLT had said the date of default was December 24, 2022 which falls within prohibition period mentioned in Section 10 A of the Insolvency & Bankruptcy Code (IBC) and no petition can ever be filed for initiation of Corporate Insolvency Resolution Process (CIRP) for a default occurring in such period.

This was challenged by the Hinduja Group firm before the National Company Law Appellate Tribunal (NCLAT) contending that December 24, 2022 was wrongly mentioned as the date of default in the petition before NCLT. It wanted to file an amendment application but since the petition was dismissed by NCLT on the first day of the hearing, it could not do so, contended Hinduja Leyland Finance. However, the appellate tribunal also rejected the petition of Hinduja Leyland Finance after observing that December 24, 2022 was clearly mentioned as the date of default.

*For details:*

[https://www.business-standard.com/article/companies/nclat-dismisses-hinduja-leyland-finance-plea-for-insolvency-proceedings-122052300052\\_1.html](https://www.business-standard.com/article/companies/nclat-dismisses-hinduja-leyland-finance-plea-for-insolvency-proceedings-122052300052_1.html)

## ❖ **Technology and Automation**

### **Defence Minister urges youths to indigenise new technologies (May 22, 2022)**

Hon'ble Defence Minister Shri Rajnath Singh on May 20, 2022 called up the youth of the country to ideate, innovate and indigenize new technologies to achieve "Aatmanirbhar Bharat". He described the youth as the biggest strength, catalyst and source of change for any country.

*For details:*

<https://timesofindia.indiatimes.com/city/pune/defence-minister-urges-youths-to-indigenise-new-technologies/articleshow/91716668.cms>

**Prepared by Directorate of Academics**

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