

Info Capsule

Monday
September 28, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ Recognitions given to the Company Secretaries under Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulations, 2020 (September 25, 2020)

The Petroleum and Natural Gas Regulatory Board has approved the Petroleum and Natural Gas Regulatory Board (Gas Exchange) Regulations, 2020 on September 25, 2020 and accorded following recognitions to the Company Secretaries:

- 1) Appointment of Company Secretary as '**Compliance Officer**' in every Gas Exchange or Clearing Corporation ;
- 2) Practicing Company Secretary to certify the shareholding pattern of a Gas Exchange;
- 3) Practicing Company Secretary to certify the shareholding pattern of a Clearing Corporation.

<https://www.pngrb.gov.in/pdf/approvedReg/Gas%20Exchange25092020.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 Laws & Capital Market**

• **DCB Bank employees under SEBI glare for alleged insider trading (September 25, 2020)**

SEBI has issued show cause notices to ten officials of DCB Bank for alleged insider trading. The regulator's probe into trading activities of these executives in the private lender's shares between September 19, 2015 and October 13, 2015 revealed that they had sold their holdings before the bank's growth plans became public.

For details:

<https://economictimes.indiatimes.com/markets/stocks/news/dcb-bank-employees-under-sebi-glare-for-alleged-insider-trading/articleshow/78320057.cms>

SEBI ADJUDICATION ORDERS (September 25, 2020)

S. No.	Name of Entity on which penalty is imposed	Alleged Violations	Penalty (INR)
1.	Rosita Rabindra (In the matter of NIIT Technologies Ltd.)	Failed to disclose to the Company and the stock exchange about the sale transaction in the scrip of the Company during the relevant period which amounted to Rs. 7.18 lakhs, which was more than Rs. 5 lakhs in value, thereby violating the provisions of Regulation 13(4) read with Regulation 13(5) of the PIT Regulations and Regulation 12 of PIT Regulations 2015.	2 lakh
2.	Vishvjyoti Trading Limited	Failed to submit the desired details/information/ records/documents sought by the Investigating Authority vide summons dated February 22, 2017 and March 03, 2017 which resulted in violation of the provisions of section 11C(3) of the SEBI Act.	10 lakh
3.	M/s Bonanza Portfolio Ltd. ('Noticee')	Noticee being a registered intermediary is required to comply with various Circulars, Rules and Regulations as laid down by the SEBI to ensure smooth and stable functioning of the capital market and maintain the trust of investors. The Noticee has not exercised the due skill, care and diligence in its operations and failed to comply with various provisions of SEBI rules and regulations.	20 lakh

For details:

<https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes>

❖ **Direct Tax**

• **Faceless Appeal Scheme, 2020 (September 25, 2020)**

The Central Government vide Notification No. 76/2020 makes the Faceless Appeal Scheme, 2020 which shall come into force on the date of its publication in the Official Gazette. The detailed scope, procedure, Penalty & Rectification proceedings, as well as Appellate Proceedings under the scheme are available at following weblink:

For details : https://www.incometaxindia.gov.in/communications/notification/notification_76_2020.pdf

• **Faceless Appeal Scheme - Notification No. 77/2020 (September 25, 2020)**

For the purposes of giving effect to the Faceless Appeal Scheme, 2020 made under sub-section (6B) of section 250 of the Income Tax Act, the Central Government vide Notification No. 77/2020 directs that the provisions of clause (16A) of section 2, section 120, section 129, section 131, section 133, section 134, section 136 and Chapter XX of the Income Tax Act shall apply to the procedure in appeal in accordance with the said Scheme subject to the certain exceptions, modifications and adaptations.

For details : https://www.incometaxindia.gov.in/communications/notification/notification_77_2020.pdf

❖ **Banking and Insurance**

• **Positive pay system for cheque payments to come into effect from January 1, 2021 : RBI (September 25, 2020)**

In order to check banking fraud, the Reserve Bank of India has decided to introduce from January 1, 2021, the 'positive pay system' for cheque, under which re-confirmation of key details may be needed for payments beyond Rs. 50,000.

For details: <https://economictimes.indiatimes.com/news/economy/policy/positive-pay-system-for-cheque-payments-to-come-into-effect-from-january-1-2021-rbi/articleshow/78322892.cms>

• **Talks for merger with Clix Group on: Lakshmi Vilas Bank (September 28, 2020)**

The capital-starved and loss-making Lakshmi Vilas Bank (LVB) on Sunday, September 27, 2020 said it will continue to evaluate the proposed amalgamation of the Clix Group with it adding the mutual due diligence is substantially complete. The bank is in the midst of a crisis after shareholders on Friday, September 25, 2020 blocked the appointment or re-appointment of seven directors to the board including that of S Sundar, MD&CEO.

For details : <https://www.financialexpress.com/industry/banking-finance/talks-for-merger-with-clix-group-on-lakshmi-vilas-bank/2093029/>

• **Top 6 changes in Insurance Plans during Covid-19 (September 27, 2020)**

The Insurance Regulatory and Development Authority of India (IRDAI) picks up on consumer needs and effected changes in insurance plans so that they become more consumer-friendly. The consumer-friendly changes brought about by the IRDAI (Insurance Regulatory and Development Authority of India) are as under:

- Withdrawal of long-term comprehensive motor insurance plans.
- New COVID health plans.
- Coverage for telemedicine.
- The increasing reliance on the internet for buying insurance.
- Elimination of physical signatures for buying life insurance.
- Concept of instalment premium in health insurance.

For details : <https://www.financialexpress.com/money/insurance/top-6-insurance-changes-in-corona-times-you-should-know/2092923/>

• **LIC, GIC, New India Assurance systemically important insurers : IRDAI (September 26, 2020)**

Insurance regulator IRDAI has identified life insurance behemoth LIC (Life Insurance Corporation), reinsurer GIC (General Insurance Corporation) and non-life insurer NIA (New India Assurance) as domestic systemically important insurers (D-SIIs) and said that these companies will now be subject to higher standards of regulatory supervision.

For details: <https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-identifies-lic-gic-new-india-assurance-systemically-important-insurers/articleshow/78316642.cms>

❖ **Market Watch**

Capital Market		Reference Rate			
S & P BSE Sensex	38028.92 (+640.26)	INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
Nifty 50	11238.95 (+188.70)	73.75 (+0.30%)	85.98 (+0.10%)	93.91 (+0.36%)	0.70 (+0.10)

❖ **Labour Law****Government looks to implement all Four Labour Codes in one go by December (September 27, 2020)**

The government is aiming to implement all the four labour codes in one go by December this year and complete the final stretch of labour sector reforms according to Santosh Gangwar, Minister of State, Independent Charge, Ministry of Labour and Employment, Government of India.

Parliament in its just concluded session passed three labour code bills: The Industrial Relations Code, the Social Security Code, and the Occupational Safety, Health and Working Conditions Code. The Wage Code Bill, 2019 was passed by Parliament last year.

For details : <https://m.economictimes.com/news/economy/policy/govt-looks-to-implement-all-4-labour-codes-in-one-go-by-december-gangwar/articleshow/78344096.cms>

❖ **Judicial Pronouncement**

September 23, 2020	<i>Alibaba Nabibasha (Petitioner) vs. Small Farmers Agri-Business Consortium & Ors. (Respondents)</i>	Delhi High Court
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After resignation, Director can't be held responsible for daily affairs of Company including Cheques issued and dishonoured**Fact of the case :**

The petition was filed seeking quashing of five complaint cases initiated against the petitioner. These complaint cases are primarily grounded on the return of five cheques which were issued on behalf of the respondent No.2 for a total amount of Rs. 45 Lakhs. Petitioner submitted that he ceased to be the Director of the respondent No. 2 w.e.f. October 27, 2010, at least eight years prior to the issuance of the cheques in question and the resignation of the petitioner was also notified to the Registrar of Companies by the respondent No.2 by filing Form 32 dated January 04, 2011, which is a public document.

Judgement :

The court held that, in cases where the accused has resigned from the Company and Form 32 has also been submitted with the Registrar of Companies then in such cases if the cheques are subsequently issued and dishonoured, it cannot be said that such an accused is in-charge of and responsible for the conduct of the day-to-day affairs of the Company, as contemplated in Section 141 of the Negotiable Instruments Act, 1881. Thus, petitioner after his resignation cannot continue to be held responsible for the actions of the Company including the issuance of cheques and dishonour of the same. Hence, complaint cases filed under Section 138 of the Negotiable Instruments Act, 1881, against the petitioner are quashed.

https://www.livelaw.in/pdf_upload/pdf_upload-382058.pdf

Prepared by Directorate of Academics

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