



Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टार्थं कुरु। अज्ञानं ह्यु कुरु।

Mission

"To develop high calibre professionals facilitating good corporate governance"

Info Capsule

Friday, March 01, 2024

President

CS B Narasimhan

Vice President

CS Dhananjay Shukla

❖ **International Financial Services Centres Authority (IFSCA)**

Consultation paper on the IFSCA (Payment Services) (Amendment) Regulations, 2024 (February 29, 2024)

IFSCA has uploaded a consultation paper on its website seeking comments/views/suggestions from the public on the proposed amendments to the International Financial Services Authority (Payment Services) Regulations, 2024

It is proposed to amend the regulations by substituting the existing section 2(1) (l) of the regulations with "escrow service" means the service provided by a payment service provider, under an agreement, whereby money is held by such payment service provider in an escrow account with an IFSC Banking Unit ('IBU') or an IFSC Banking Company ('IBC') on behalf of one or more parties that are in the process of completing a transaction;

The comments/suggestions may be sent through e-mail at supriyo.b@ifsc.gov.in and at vaibhav.sattavan@ifsc.gov.in on or before March 21, 2024 in the prescribed format.

For details:

<https://ifsc.gov.in/ReportPublication?MI d=dptk20JAhMo=>

❖ **Reserve Bank of India**

Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024(February 29, 2024)

The current regulations covering Bharat Bill Payment System (BBPS) (RBI Circular DPSS.CO. PD. No.940/02.27.020/2014-15 dated November 28, 2014) provide for a tiered structure with (a) NPCI Bharat Bill Pay Ltd (NBBL) as a Central Unit (BBPCU) (b) Bharat Bill Payment Operating Units (BBPOUs) and (c) Agent network/s of the BBPOUs.

In view of significant developments in the payments landscape, a need was felt to review and update these regulations. Accordingly, as announced in Statement on Developmental and Regulatory Policies dated June 08, 2023, it has been decided to put in place a revised regulatory framework - Bharat Bill Payment Systems Directions, 2024.

These Directions seek to streamline the process of bill payments, enable greater participation, and enhance customer protection among other changes.

These Directions shall be applicable from April 01, 2024 and shall supersede the regulations cited in para 1. This is issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems (PSS) Act, 2007.

For details:

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12616&Mode=0>

❖ *Case Snippets*

Bharti Cellular Limited (Now Bharti Airtel Limited) Vs Assistant Commissioner of Income Tax (28.02.2024)

Whether there is liability to deduct tax at source under Section 194-H of the Income Tax Act, 1961 on the amount to be earned by the distributors or franchisees by selling the pre-paid coupons and SIM cards to the consumers?

Facts of the Case: A batch of appeals was filed by the assesseees who were cellular mobile telephone service providers and the issue was related to the liability to deduct tax at source under Section 194-H of Income Tax Act, 1961 'the Act' on the amount which as per the Revenue was a commission payable to an agent by the assesseees under the franchise or distributorship agreement between the assesseees and the franchisees or distributors. As per the assesseees, neither they were paying a commission or brokerage to the franchisees/distributors, nor the franchisees/distributors were their agents. The High Courts of Delhi and Calcutta had held that the assesseees were liable to deduct tax at source under Section 194-H of the Act, whereas the High Courts of Rajasthan, Karnataka and Bombay held that Section 194-H of the Act is not attracted to the circumstances under consideration.

As per the facts of the case, the telecom firms enter into agreements with distributors or franchisees to sell their prepaid mobile services including subscriber identification mobile (SIM), recharge vouchers or top-up cards. The telecom firms sell 'the start-up kits and recharge vouchers of the specified value at a discounted price to the franchisee/distributors' and the discounts are given on the printed price of the packs. The discount, as per telecom firms, is not a 'commission or brokerage' under the IT law and hence, they are not obligated to deduct tax at source. The IT department, on the other hand, said the difference between 'discounted price' and 'sale price' in the hands of the distributors being in the nature of 'commission or brokerage' is their income and hence, the telecom firms were liable to deduct tax at source under Section 194-H of the Act.

Supreme Court Judgement: The assesseees would not be under a legal obligation to deduct tax at source on the income/profit component in the payments received by the distributors/franchisees from the third parties/customers, or while selling/transferring the pre-paid coupons or starter-kits to the distributors. Section 194-H of the Act is not applicable to the facts and circumstances of this case. Accordingly, the appeals filed by the assessee – cellular mobile service providers, challenging the judgments of the High Courts of Delhi and Calcutta are allowed and these judgments are set aside. The appeals filed by the Revenue challenging the judgments of High Courts of Rajasthan, Karnataka and Bombay are dismissed.

❖ **Adjudication Order**

<i>February 21, 2024</i>	<i>Adjudication Order in the matter of First Overseas Capital Limited (Noticee)</i>	<i>Adjudicating Officer, SEBI</i>
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Financial details are important part in any offer document which the investors rely upon for understanding the company's financial position.

SEBI conducted inspection of M/s First Overseas Capital Limited ("Noticee"/"FOCL") to check compliance with provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and SEBI (Merchant Bankers) Regulations, 1992. It was alleged that the Noticee has violated the provisions of Regulation 70(3) of ICDR Regulations, 2018 and Clauses (4) and (6) of Schedule III read with Regulation 13 of Merchant Bankers Regulations, 1992.

It was observed by SEBI that M/s First Overseas Capital Limited was lead manager (LM) for the Rights issue of Sakuma Exports Limited. A draft letter of offer (DLoF) was filed by it with SEBI vide letter dated August 04, 2022 in this regard. Upon processing of the DLoF, it was observed that M/s First Overseas Capital Limited has provided the figures in the DLoF based on its own assumptions, rather than availing assistance of the experts.

With respect to the discrepancies in the financial details, SEBI noted that these details are provided in the DLoF for the purpose of informing potential investors about the financial position of the issuer and its business. Such discrepancies can creep into the final letter of offer if these are not properly checked and rectified. This shows that M/s First Overseas Capital Limited was not been diligent and did not exercise independent professional judgement with regard to incorporating financial details in the DLoF . Thus, by not exercising due care and diligence, Noticee has violated Regulation 70(3) of ICDR Regulations, 2018 and Clauses (4) and (6) of Schedule III read with Regulation 13 of Merchant Bankers Regulations, 1992. Hence, SEBI imposed a penalty of Rs. 3,00,000/- on M/s First Overseas Capital Limited.

For details:

https://www.sebi.gov.in/enforcement/orders/feb-2024/adjudication-order-in-the-matter-of-first-overseas-capital-limited_81612.html

❖ **Ministry of Commerce & Industry**

India stresses need for policy space for digital industrialization at ongoing WTO Ministerial Conference-13 in Abu Dhabi ((February 29, 2024)

At the Working Session on Work Programme on E-Commerce at the World Trade Organization's 13th Ministerial Conference on 29 February 2024, India presented its views on the importance of digital industrialization and how this emerging segment of the global economy holds the promise for economic development and prosperity for the developing countries including the Least Developed Countries (LDCs). India stressed that all policy options should be available for the WTO members to pursue for promoting digital industrialization.

For details: <https://pib.gov.in/PressReleasePage.aspx?PRID=2010096>

S. No	List of ICSI Latest Publication 2023 Onwards
1	Charter of Audit Committee - January 2023
2	Corporate Governance from Compliance to Excellence (Handbook on Best Practices) Version 2.0 - March 2023
3	FAQs on SEBI (Real Estate Investment Trusts) Regulations, 2014 - March 2023
4	FAQs on SEBI (Infrastructure Investment Trusts) Regulations, 2014 - March 23
5	Handbook on IFSCA - April 2023
6	Handbook on Business Responsibility and Sustainability - May 2023
7	FAQs on Section 8 Companies 2 nd Edition - June 2023
8	Ready Reckoner for Private Companies (Revised Edition) - June 2023
9	One Person Company - A Referencer - July 2023
10	NBFC - A Quick Referencer
11	Handbook on Producer Companies
12	Chartered Secretary Collector's Series (First Edition) - September 2023
13	ICSI (Management and Development of Company Secretaries in Practice) Guidelines, 2023 – November 2023
14	Charter of Board of Directors
15	Charter of Nomination and Remuneration Committee - January 24
16	Guidance Note on Annual Secretarial Compliance Report (Revised Edition) - January 24
17	Company Law Exploring Procedural Dimensions VOL I / II / III - December 2023
18	SS-1 (Secretarial Standard on Meeting of the Board of Directors) - February 2024
19	SS-2 (Secretarial Standard on General Meetings) - February 2024
20	CHARTERED SECRETARY COLLECTOR'S SERIES (Second Edition)

Weblink for Purchase: <https://www.icsi.edu/home/icsipublications/>

❖ Market Watch

Stock Market Indices as on 01.03.2024	
S & P BSE Sensex	73745.35 (+1245.05)
Nifty 50	22338.75(+355.95)

Foreign Exchange Rates as on 01.03.2024 (https://m.rbi.org.in/scripts/ReferenceRateArchive.aspx)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
82.87	89.57	104.64	0.55

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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