



Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टं कुरु। तृप्तये।

Mission

"To develop high calibre professionals facilitating good corporate governance"

Wednesday, May 07, 2025

Info Capsule

President

CS Dhananjay Shukla

Vice President

CS Pawan G Chandak

❖ Ministry of Commerce

Most comprehensive trade deal India has negotiated, to be the template for future engagements: (May 07, 2025)

The India-UK trade deal is significant in being the most comprehensive free trade deal that New Delhi has entered into so far and could serve as the template for future trade engagements, including the multiple bilateral deals currently under negotiation.

These include the complex trade deal under discussion with the 27-nation European Union and the fast-tracked deal being negotiated with the US.

The impetus to wrap up the trade deal comes against the backdrop of the US catalysing a major reset in global trade order after the series of protectionist measures rolled out by the Donald Trump administration.

For details

<https://indianexpress.com/article/business/india-uk-free-trade-deal-commerce-ministry-9986413/>

❖ Capital Market and Securities Laws

SEBI: Publishing Investor Charter for KYC (Know Your Client) Registration Agencies (KRAs) on their Websites (May 06, 2025)

1. In order to facilitate investor awareness about various activities where an investor/client has to deal with KRAs for availing Investor Service Requests, SEBI has developed an Investor Charter for KRAs, inter-alia, detailing the services provided to Investors, Rights of Investors, various activities of KRAs, Dos and Don'ts for Investors and Grievance Redressal Mechanism.

2. In this regard, all the registered KRAs shall take necessary steps to bring the Investor Charter, as provided at 'Annexure - A' to the notice of existing and new investors by way of:

- disseminating the Investor Charter on their websites / through e-mail;
- displaying the Investor charter at prominent places in offices etc.

3. These disclosure requirements are in addition to those already mandated by SEBI.

For details: https://www.sebi.gov.in/legal/circulars/may-2025/publishing-investor-charter-for-kyc-know-your-client-registration-agencies-kras-on-their-websites-_93811.html

❖ View/ Comment Sought by Regulators

SEBI: Consultation Paper on Separate carve out for Voluntary Delisting of Public Sector Undertakings (May 06, 2025)

The objective of this consultation paper is to seek comments / views / suggestions from the public on creating a separate carve out for voluntary delisting under SEBI (Delisting of Equity Shares) Regulations, 2021 (hereinafter referred to as "Delisting Regulations") for public sector undertakings, where the shareholding of promoter / promoter group equals or exceeds 90% of the total issued shares.

Public Comments are solicited on the aforesaid proposals. The comments / suggestions along with rationale may be submitted not later than May 27, 2025 through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

For details: https://www.sebi.gov.in/reports-and-statistics/reports/may-2025/consultation-paper-on-separate-carve-out-for-voluntary-delisting-of-public-sector-undertakings_93820.html

❖ **ESG update**

• **National Buildings Construction Corporation Limited (NBCC)**

- NBCC committed to adopting several key standards to demonstrate dedication to ESG principles. These include ISO 26000 for Social Responsibility, ISO 20400 for Sustainable Procurement, ISO 37001 for Anti-Bribery Management Systems, and ISO 45001 for Occupational Health and Safety Management Systems.
- NBCC is currently implementing ISO 20400: Sustainable Supply Chain Management and cognizant with the requirements of E-waste Management Rules, 2022.
- Adopt energy management techniques (such as energy audits and renewable energy) to reduce the risk of GHG emissions surpassing expectations. Tree Plantation initiatives as per applicable statutes, Air pollution monitoring at all project sites to adhere to legal compliance and enhance air quality, regularly monitor and report GHG emissions to track progress and identify areas for improvement, implementing water-saving technologies.
- The Company indulges in constant dialogue periodically with various value chain partners to ensure adherence to National Guidelines for Responsible Business Conduct (NGRBC) principles in letter and spirit.
- The Company has a Risk Management Committee to supervise the implementation of the Business Responsibility and Sustainability Reporting (BRSR) Framework. The Risk Management Committee comprises of 4 Directors and BRSR Executive Committee comprising of 5 senior officials.

For details: <https://nbccindia.in/pdfData/investorAnnouncements/NBCC%20BRSR%20REPORT%202023-24.pdf>

• **Sustainable transport to find way into national climate action plan (May 07, 2025)**

In a move aimed at formalising its efforts to decarbonise the highly polluting transport sectors, the Centre will add a mission for “sustainable transport” in its National Action Plan for Climate Change (NAPCC), it is learnt. This will be the first inclusion of a new mission in the NAPCC in over a decade. And with this, India will join the European Union, a few developed nations, and African nations, which have similar programmes. The new mission would address vehicular emissions and develop green policies in the transport sector to achieve net-zero targets, said three officials who did not wish to be named. The plan, being prepared by the Ministry of Road Transport and Highways (Morth) as the nodal body, would be divided into various sub-sectors like road transport, railways, ports, shipping, and civil aviation.

For details: https://www.business-standard.com/india-news/sustainable-transport-to-find-way-into-national-climate-action-plan-125050601477_1.html

❖ **Directorate General of Foreign Trade**

Amendments to Para 10.10 of the Handbook of Procedures (HBP) 2023 - Revised Framework for Stock & Sale Authorization of SCOMET Items (May 06, 2025)

In exercise of the powers conferred under Paragraphs 1.03 and 2.04 of the Foreign Trade Policy 2023, as amended from time to time, the Director General of Foreign Trade hereby amends Paragraph 10.10 (Issue of export authorisation for "Stock and Sale" of SCOMET items) of the Handbook of Procedures (HBP) 2023 with immediate effect.

Para 10.10 of the HBP 2023 is amended as under:

Issue of export authorization for 'Stock and Sale' of SCOMET items

Application for grant of authorization for bulk export of SCOMET items (excluding Category 0, Category 3A401, Category 6 and transfer of technology under any category) from an Indian exporter to an entity abroad (hereinafter referred to as 'Stockist') for subsequent transfer to the ultimate end users shall be considered by IMWG, on the following conditions:

'Stockist' refers to an entity abroad to whom the SCOMET items are originally exported by Indian Exporter. The stockist entity should be a subsidiary/principal (parent) company abroad of the Indian exporter. The stockist entity could also be an affiliate of the Indian Exporter, Indian or Foreign Original Equipment manufacturer (OEM)/ Electronic Manufacturing Services (EMS)/Contract Manufacturer (CM).

For Details: <https://www.dgft.gov.in/CP/>

❖ **Direct Tax**

May 2, 2025	Olympia Builders Pvt. Ltd. v. CIT (A), NFAC	ITAT Delhi
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Inapplicability of penalty under Section 270A in cases where disallowance under Section 14A read with Rule 8D is made on an estimated basis.

Facts of the Case

The assessee is engaged in the business of real estate for AY 2017-18 in question. The assessee filed return of income at INR 23,76,310. The assessment under section 143(3) of the Act was framed wherein additions of INR 7,99,580 were made under section 14A of the Act on account of estimated expenditure supposedly incurred in relation to earning of exempt dividend income. The assessee has statedly incurred aggregate expenditure of INR 8,97,477 comprising of bank charges, printing and stationary etc. during Financial Year which were claimed to be necessary for survival of the business and has no connection with exempt income per se and hence, there is neither under-reporting nor mis-reporting of any income per se. The AO has invoked the provision of section 270A as an automatic consequence on mere disallowance of expenditure in stereo-typed manner merely on the grounds of resultant increase in taxable income. The AO has not pinpointed any expenditure actually incurred in relation to the exempt income in the quantum proceedings. The AO has merely disallowed estimated expenditure owing to exempt income reported. The CIT(A) has confirmed the action of the AO and hence, this appeal.

ITAT Observation and Judgement

The Tribunal emphasized that estimated disallowance under Section 14A does not automatically amount to under-reporting or misreporting of income. Penalty provisions cannot be invoked merely due to an upward adjustment in income based on a deeming fiction, unless culpable conduct is evident. Assessment and penalty proceedings are independent. A disallowance sustained in assessment (quantum) proceedings does not ipso facto justify a penalty unless the disallowance results from factual concealment or false claim.

Further, the assessee had provided a reasonable explanation stating that the expenditure claimed was related to business operations and not attributable to exempt income. There was no finding by the AO that the expenditure was actually incurred to earn exempt income.

The Tribunal noted that the Revenue relied solely on Rule 8D for estimating disallowance. In absence of specific nexus between expenses and exempt income, such estimated disallowance lacks the certainty required to trigger a penalty under section 270A. The Tribunal relied on CIT v. Liquid Investment & Trading Co. (Del HC), where it was held that disallowance under Section 14A is a debatable issue and, therefore, cannot attract penalty.

Conclusion: This ruling underscores that penalty under Section 270A cannot be levied merely because income increases due to a disallowance under Section 14A, particularly when the disallowance is estimated and not based on concrete findings of concealment or misstatement.

❖ **Pronouncement**

May 02, 2025	P. Sakthi (Appellant) Versus Government of Tamil Nadu and Ors (Respondents)	Supreme Court of India (@Special Leave Petition (C) No.30700 of 2024) 2025 INSC 620
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Employee has No right to be Promoted but has a Right to be Considered when Selections for Promotions are Carried out

Brief Facts

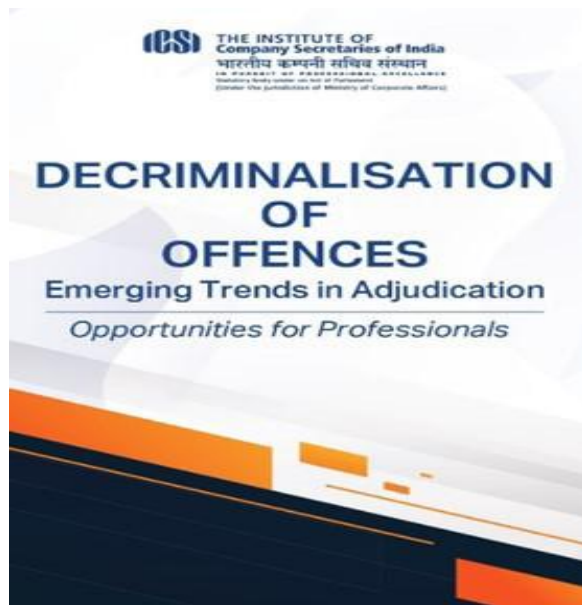
The Appellant, a Police Constable in the service of the State of Tamil Nadu is aggrieved with the denial of consideration for promotion to the post of Sub Inspector of Police. The appellant who was initially appointed on 01.03.2002, was eligible for consideration in the year 2019 when a notification was issued for considering eligible constables for in service promotion in the 20% departmental quota. The appellant applied for the same but he was denied consideration since, according to the Superintendent of Police, he was disentitled as per the rules for reason of a punishment of postponement of next increment for one year without cumulative effect, imposed on 09.05.2005. The recruitment rules provided for disentitling an in-service candidate, if they did not have a clean record of service without any punishment other than minor punishment of black mark, reprimand and/or censure. However, the appellant's punishment was interfered with and set aside by as early as 27.11.2009. The criminal case lodged against him on the similar set of facts had also ended in his acquittal.

Judgement

Hon'ble Apex Court noted that Appellant was proceeded against both departmentally and under the criminal law for allegedly having beaten up a colleague when they were posted in a check post. After duty, some dispute arose between them and there was a brawl in which the other constable was injured. This led to a criminal case being lodged in which he was arrested but later acquitted. The departmental proceedings though entered in the finding of guilt with resultant punishment imposed, the same was set aside in 2009 by the Government as is evidenced from Annexure P/4. In such circumstances, the appellant could not have been disentitled from a consideration in the year 2019. The writ petition was also filed in the year 2019. In the above circumstances we are of the opinion that the appellant must be considered for promotion, dehors any disentitlement due to his having become overaged. The consideration will be made and if found eligible, he shall be promoted from 2019 and consequential benefits also shall be paid to him, since it was not his fault that the authority denied his consideration for promotion based on a punishment which had already been set aside. It is trite that the employee has no right to be promoted but has a right to be considered, when selections for promotions are carried out, unless disqualified; which right has been impinged, unjustly, in the above case.

For Details: https://www.sci.gov.in/view-pdf/?diary_no=211662024&type=j&order_date=2025-05-02&from=latest_judgements_order

DECRIMINALISATION OF OFFENCES - EMERGING TRENDS IN ADJUDICATION



About the Book

Diligence, Compliance and Good Governance have always been looked through the lens of absence of non-compliance or default. The law while enlisting the provision for actions to be undertaken and procedures to be followed under different circumstances and situations has been equally wary of the scenarios wherein such compliances may not be made in true letter and spirit. Hence, the outline of punishments in the form of fines & penalties and imprisonment also in certain cases, depending on the severity of default. However, the downside of such punishments is that where criminal prosecution is provided for non-compliance of procedural requirements, it acts as a roadblock in attracting investment. Severe punitive measures for technical nature offences tend to hinder investment both from domestic and foreign investors. Criminalizing procedural lapses and minor non-compliances increases burden on businesses only.

Year of Publication: 2024

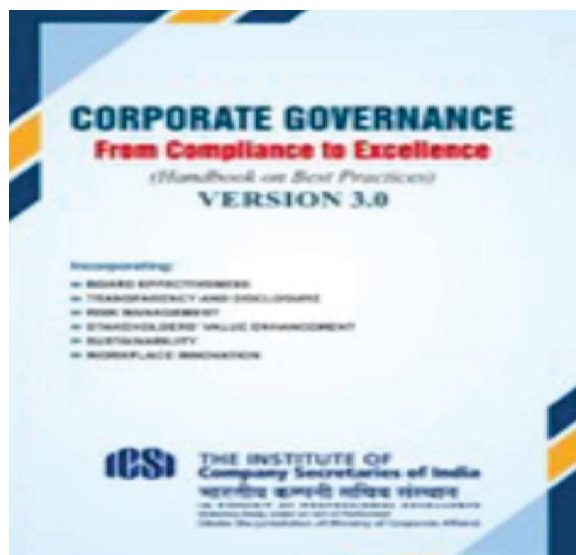
Price: Rs. 450/-

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<https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=327>



CORPORATE GOVERNANCE - FROM COMPLIANCE TO EXCELLENCE



About the Book

The ICSI in its endeavour to identify, foster and reward the best practices of corporate governance among Indian companies had instituted "The ICSI National Awards for Excellence in Corporate Governance" in the year 2001. Based on the analysis of the governance practices adopted by the companies which participated in these Awards in 2021, ICSI rolled out a publication titled 'Corporate Governance – From Compliance to Excellence (Handbook on Best Practices)' in the year 2022.

The publication highlights the governance practices adopted in aspects like Board effectiveness, Transparency and Disclosure, Risk Management, Stakeholders' Value Enhancement, Sustainability and Workplace Innovation.

Year of Publication: 2024

Price : Rs. 1250/-

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<https://smash.icsi.edu/Scripts/ECart/Default/ItemWiseECartSearchOnlineBooks.aspx?ItemId=317>



❖ Market Watch

Stock Market Indices as on 07.05.2025	
S & P BSE Sensex	80746.78(+0.13%)
Nifty 50	24414.40(+0.14%)

Foreign Exchange Rates as on 07.05.2025 (https://m.rbi.org.in/scripts/ReferenceRateArchive.aspx)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
84.57	96.13	112.96	.59

Prepared by Directorate of Academics

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

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