

### Vision

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

### Motto

सत्यं वद। धर्मं चर। इष्टार्थं कुरु। तृणैः क्लेशं ह्यु कुरु।

### Mission

"To develop high calibre professionals facilitating good corporate governance"

Wednesday, September 27, 2023

# Info Capsule

President

CS Manish Gupta

Vice President

CS B Narasimhan

## ❖ Latest @ ICSI

### Feedback on Company Forms in MCA21-V3 Portal

As you are aware, the Ministry of Corporate Affairs w.e.f. August 31, 2022 migrated filing of 9 Company Forms from MCA 21 V2 to V3 Portal.

The Ministry of Corporate Affairs w.e.f. January 23, 2023, has launched second set of Company Forms covering 56 forms on MCA21-V3 Portal for filing purposes. The list of all 56 Company Forms is available on MCA website.

The Institute of Company Secretaries of India, in its attempt to further facilitate the stakeholders and ensure smooth transition and implementation, is sharing your feedback to the Ministry of Corporate Affairs (MCA) on regular basis. Such feedback is constantly and closely monitored by MCA at all levels for timely resolution.

We request you to share your inputs/issues/suggestions on filing of Company Forms in MCA V3 at the link given below:

<https://forms.gle/m5NGoCbt4TibuD196>

We thank you for your continued support and hope for association in the future as well.

## ❖ Securities Laws and Capital Market

- Extension of timelines (i) for nomination in eligible demat accounts and (ii) for submission of PAN, Nomination and KYC details by physical security holders; and voluntary nomination for trading accounts (September 26, 2023)

SEBI, vide circular dated July 23, 2021, stipulated that trading accounts and demat account which do not have 'choice of nomination' by September 30, 2023 shall be frozen. As a step towards ease of doing business, SEBI vide this circular has prescribed that submission of 'choice of nomination' for trading accounts has been made voluntary. However, with respect to demat accounts, the last date for submission of 'choice of nomination' has been extended to December 31, 2023. Further, for physical security holders the last date for submission of PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers has been extended to December 31, 2023.

For details:

[https://www.sebi.gov.in/legal/circulars/sep-2023/extension-of-timelines-i-for-nomination-in-eligible-demat-accounts-and-ii-for-submission-of-pan-nomination-and-kyc-details-by-physical-security-holders-and-voluntary-nomination-for-trading-accou-\\_77320.html](https://www.sebi.gov.in/legal/circulars/sep-2023/extension-of-timelines-i-for-nomination-in-eligible-demat-accounts-and-ii-for-submission-of-pan-nomination-and-kyc-details-by-physical-security-holders-and-voluntary-nomination-for-trading-accou-_77320.html)

- Master Circular for Merchant Bankers Registered with SEBI (September 26, 2023)

In order to enable the stakeholders to have access to all such circulars at one place, this Master Circular in respect of Merchant Bankers has been prepared by SEBI. With the issuance of this Master Circular, all directions/instructions contained in the circulars listed out in the Appendix to this Master Circular shall stand rescinded to the extent they relate to the Merchant Bankers.

For details:

[https://www.sebi.gov.in/legal/master-circulars/sep-2023/master-circular-for-merchant-bankers\\_77368.html](https://www.sebi.gov.in/legal/master-circulars/sep-2023/master-circular-for-merchant-bankers_77368.html)

## ❖ *Indirect Tax*

### Goods & Services Tax

#### Online gaming companies plan to move court against GST demand (September 27, 2023)

Online gaming companies, including the likes of Dream 11, Games 24x7 and Head Digital Works, which are facing cumulative demands for goods and services tax (GST) demands of over Rs 55,000 crore, have sought or are planning to seek redressal from the courts after they were served pre-show cause notices in the last week, multiple people aware of the matter told ET. People in the know of the legal discussions within gaming companies said these platforms are primarily looking at contesting the GST being applied "retrospectively" on their revenues prior to the GST Council's decision in July to impose a 28% tax on full-face value. ET reported on Tuesday that the Directorate General of GST Intelligence (DGGI) has sent out a dozen pre-show cause notices to online real money gaming (RMG) companies, including Dream11, Games 24x7 and Head Digital Works over goods and services tax dues of about Rs 55,000 crore. These include a GST notice of over Rs 25,000 crore to fantasy sports platform Dream11, possibly the largest indirect tax notice served in the country. "I think the rough consensus among investors is that this is retrospective taxation, similar to the Vodafone case a few years ago. The larger point is that this changes the unit economics for future investments, because the way you look at cash flows and the way you look at underwriting an investment changes," a Bengaluru-based venture capital investor told ET.

For details:

[https://m.economictimes.com/tech/startups/e-gaming-companies-plan-to-move-court-against-gst-demand/amp\\_articleshow/103969488.cms](https://m.economictimes.com/tech/startups/e-gaming-companies-plan-to-move-court-against-gst-demand/amp_articleshow/103969488.cms)

## ❖ *Terminology for today*

### ASHRAE

The American Society of Heating, Refrigerating and Air-Conditioning Engineers is an American professional association seeking to advance heating, ventilation, air conditioning and refrigeration systems design and construction. ASHRAE has more than 57,000 members in more than 132 countries worldwide.

## ❖ *Market Watch*

Stock Market Indices as on 27.09.2023	
S & P BSE Sensex	66118.69 (+173.22)
Nifty 50	19716.45 (+51.75)

Foreign Exchange Rates as on 27.09.2023 ( <a href="https://m.rbi.org.in//scripts/ReferenceRateArchive.aspx">https://m.rbi.org.in//scripts/ReferenceRateArchive.aspx</a> )			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
83.21	87.92	101.10	.5581

## ❖ *Direct Tax*

### **CBDT notifies changes to Rule 11UA in respect of ANGEL TAX [PIB Dated September 26, 2023]**

The Finance Act, 2023, brought in an amendment to bring the consideration received from non-residents for issue of shares by an unlisted company within the ambit of section 56(2)(viib) of the Income-tax Act, 1961(the Act), which provides that if such consideration for issue of shares exceeds the Fair Market Value (FMV) of the shares, it shall be chargeable to income-tax under the head 'Income from other sources'.

Taking into consideration the suggestions received in this regard and detailed interactions held with stakeholders, Rule 11UA for valuation of shares for the purposes of section 56(2)(viib) of the Act has been modified vide notification no. 81/2023 dated 25<sup>th</sup> September, 2023.

#### **The key highlights of the changes in Rule 11 UA are:**

- a) In addition to the two methods for valuation of shares, namely, Discounted Cash Flow (DCF) and Net Asset Value (NAV) method, available to residents under Rule 11UA, five more valuation methods have been made available for non-resident investors, namely, Comparable Company Multiple Method, Probability Weighted Expected Return Method, Option Pricing Method, Milestone Analysis Method, Replacement Cost Method.
- b) Where any consideration is received for issue of shares from any non-resident entity notified by the Central Govt., the price of the equity shares corresponding to such consideration may be taken as the FMV of the equity shares for resident and non-resident investors, subject to the following:
  - (i) To the extent the consideration from such FMV does not exceed the aggregate consideration that is received from the notified entity, and
  - (ii) The consideration has been received by the company from the notified entity within a period of ninety days before or after the date of issue of shares which are the subject matter of valuation.
- c) On similar lines, price matching for resident and non-resident investors would be available with reference to investment by Venture Capital Funds or Specified Funds.
- d) Valuation methods for calculating the FMV of Compulsorily Convertible Preference Shares (CCPS) have also been provided.
- e) A safe harbor of 10% variation in value has been provided.

*For details:*

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1961031>

❖ **ESG**

- **The Road to Effective ESG governance: Beyond Good Intentions (September 26, 2023)** Greenomy, an ESG and sustainability reporting software developer, recently explored the critical significance of ESG's integration into governance. To effectively tackle these issues, comprehensive integration of ESG principles into every governance layer is required. This article underscores the significance of ESG's incorporation into governance, emphasising capabilities, transparency, accurate data, and the consequential impacts of overlooking ESG concerns. Furthermore, the role of sustainable finance reporting in fostering good ESG governance is explored.

*For details:*

<https://fintech.global/2023/09/26/the-road-to-effective-esg-governance-beyond-good-intentions/>

- **The In-House View: ESG Among Companies' Top Five Legal Risks (September 27, 2023)**

Companies' approaches to the environmental, social, and governance ("ESG") elements of their businesses are coming under the microscope, as consumers, investors, and regulators ramp up demands that companies bring greater sustainability and transparency to their operations.

*For details:*

<https://www.thefashionlaw.com/the-in-house-view-esg-among-companies-top-five-legal-risks/>

**Prepared by Directorate of Academics**

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

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