

Info Capsule

Tuesday
October 12, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ **Securities Laws & Capital Market**

SEBI News

Zostel asks SEBI to reject and suspend Oyo's \$1.2-billion IPO (October 12, 2021)

Zostel Hospitality has written to the markets regulator, the SEBI, requesting it to reject Oyo's draft red herring prospectus (DRHP) and suspend its proposed initial public offering (IPO). The move can potentially lengthen SEBI's clearance process. The representation filed to the regulator alleges that the \$1.2-billion IPO is "non-maintainable as Oravel Stays' capital structure is not final". Accordingly, Oravel's filing of the DRHP in the current circumstances is illegal, in view of the stipulation contained under Regulation 5(2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations).

For details:

https://www.business-standard.com/article/companies/zostel-asks-sebi-to-reject-and-suspend-oyo-s-1-2-billion-ipo-121101101303_1.html



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❖ **Competition Law**

CCI imposes penalties upon firms for bid rigging in tender floated by GAIL (October 11, 2021)

The Competition Commission of India ('CCI') passed a final order against two firms, viz ; PMP Infratech Pvt. Ltd. and Rati Engineering, for indulging into concerted practices leading to bid rigging of tender floated by GAIL in 2017-18 for the restoration of well site located in Ahmedabad and Anand areas of Gujarat.

Based on investigation and electronic/documentary evidence collected by the DG as well as other evidence available on record, CCI found that the two firms were in regular touch with each other regarding the tender floated by GAIL and even after the submission of their bids. Further the bids of two firms were submitted from same IP address from the premises of PMP Infratech Pvt. Ltd.'s office at Ahmedabad, with a one-day gap. CCI found such conduct to have contravened the provisions of Section 3(3)(d) read with Section 3(1) of the Competition Act, 2002 which prohibit anti-competitive agreements including bid rigging.

The CCI imposed a monetary penalty of Rs. 25 lakh on PMP Infratech Pvt. Ltd., Rs. 2.5 lakh on Rati Engineering and Rs 1 lakh and Rs 50 thousand on their respective individuals who managed and controlled the firms, besides passing a cease-and-desist order.

For details:

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1762993>

❖ *Banking and Insurance*

Action against Statutory Auditors of NBFC under section 45MAA of RBI Act, 1934 (October 12, 2021)

The Reserve Bank of India (RBI) in exercise of the powers vested under section 45MAA of the Reserve Bank of India Act, 1934, has, by an order dated September 23, 2021, debarred M/s Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 103523W / W100048), from undertaking any type of audit assignment/s in any of the entities regulated by RBI for a period of two years with effect from April 1, 2022. This action has been taken on account of the failure on the part of the audit firm to comply with a specific direction issued by RBI with respect to its statutory audit of a Systemically Important Non-Banking Financial Company.

This will not impact audit assignment/s of M/s Haribhakti & Co. LLP in RBI regulated entities for the financial year 2021-22.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52392

❖ *Terminology for today*

Equivalent Annual Cost (EAC)

Equivalent annual cost (EAC) is the annual cost of owning, operating, and maintaining an asset over its entire life. Firms often use EAC for capital budgeting decisions, as it allows a company to compare the cost-effectiveness of various assets with unequal lifespans.

❖ *Market Watch*

Stock Market Indices as on 12.10.2021

S & P BSE Sensex	60284.31 (+148.53)
Nifty 50	17991.95 (+46.00)

Foreign Exchange Rates as on 11.10.2021

(<https://www.geojit.com/currency-futures/rbi-reference-rate>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
74.85	86.60	101.88	0.67

❖ **Business and Economic News**

• **PM Modi to unveil ₹100 lakh-cr Gati Shakti master plan on Wednesday (October 11, 2021)**

Prime Minister Narendra Modi will unveil on Wednesday (13 October) PM Gati Shakti - National Master Plan for multi-modal connectivity to economic zones. Gati Shakti - a digital platform- will bring 16 ministries including rail and roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects. The platform would help in increasing productivity of industry, support local manufacturers, enhance competitiveness of industry and also help in developing new possibilities for the creation of future economic zones.

For details:

<https://www.livemint.com/news/india/pm-modi-to-unveil-rs-100-lakh-cr-gati-shakti-master-plan-on-wednesday-11633961853475.html>

• **Invesco releases open letter to Zee shareholders amid boardroom battle (October 11, 2021)**

Amid spat between Invesco and Zee Entertainment over convening an Extraordinary General Meeting (EGM) for removing the company's Chief Executive and Managing Director Punit Goenka as well as two other directors of ZEEL, the Invesco Developing Markets Fund (formerly Invesco Oppenheimer Developing Markets Fund), has released an open letter reinstating the urgent need for strengthened independence on the board given "governance and leadership failures."

In the letter, Invesco clearly stated, "We are disappointed that the leadership of Zee has resorted to a reckless public relations campaign in response to the overwhelming demand from shareholders for leadership changes at Zee."

For details:

<https://www.livemint.com/companies/news/invesco-releases-open-letter-to-zee-shareholders-amid-boardroom-battle-full-text-11633947938526.html>

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082116

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