

Info Capsule

Tuesday
January 25, 2022

President : CS Devendra V. Deshpande

Vice President : CS Manish Gupta

❖ Ethics and Governance News

Future Retail independent directors to decline Amazon's offer to help (January 24, 2022)

Independent directors of Future Retail are set to turn down Amazon's offer of financial support to the company through a deal with private equity firm Samara Capital. In a letter dated January 22, Amazon reiterated its willingness to financially assist Future Retail through the Samara Capital deal and also sought access to conduct due diligence of Future Retail in an expedited manner. However, the engagement, Amazon said, will proceed under the condition that the Rs 25,000 crore Reliance-Future Retail deal be called off.

For details:

<https://www.cnbc18.com/business/companies/future-retail-independent-directors-to-decline-amazons-offer-to-help-12229692.htm>



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❖ Securities Laws & Capital Markets

SEBI Notification

SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2022 (January 24, 2022)

SEBI vide its notification dated January 24, 2022, has amended the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall come into force on the date of their publication in the Official Gazette. The amendments *inter alia* provide that-

- The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders. **[Proviso to Regulation 17(1C)]**
- Issuance of duplicates or new certificates in cases of loss or old decrepit or worn out certificates in dematerialised form. This will improve ease, convenience and safety of transactions for investors. **[Regulation 39(2)]**
- The requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Further, transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. **[Proviso to 40(1)]**

For details:

https://www.sebi.gov.in/legal/regulations/jan-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2022_55526.html

SEBI News

- **Consultation Paper on Environmental, Social and Governance (ESG) Rating Providers for Securities Markets (January 24, 2022)**

SEBI, through this consultation paper, is seeking public comments on a proposed regulatory framework to regulate ESG ratings providers (ERPs) and oversight there on, periodicity of disclosure etc. The activities of ERPs are typically not subject to regulatory oversight at present, increasing reliance on such unregulated ESG rating providers in securities markets raises concerns about the potential risks it poses to investor protection, the transparency and efficiency of markets, risk pricing, and capital allocation, among others. Moreover, a lack of transparency in this area gives rise to the risk of greenwashing and misallocation of assets which could lead to infirmity in such ESG rating and a consequent lack of trust thereof. Therefore, there arises an imperative need, more than ever before, to ensure that the providers of such products operate in a transparent and regulated environment that balances the needs of all stakeholders. The comments/ suggestions may be provided as per the prescribed format latest by March 10, 2022.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/jan-2022/consultation-paper-on-environmental-social-and-governance-esg-rating-providers-for-securities-markets_55516.html

- **Mumbai investment banking officials under SEBI scanner for leaking GMM Pfaudler price information (January 23, 2022)**

Officials from one of Mumbai's leading investment bank cum brokerage house are under the scanner of market regulator SEBI for leaking price sensitive information ahead of the offer for sale (OFS) of GMM Pfaudler in September 2020. Large quantities of shares were borrowed via the Securities Lending and Borrowing (SLB) window and sold in open market days ahead of the company's OFS with insider knowledge. SEBI has found that the information that the OFS price of GMM Pfaudler would be much lower than the then prevailing market price was leaked by officials of one of the investment banks.

For details:

<https://www.thehindubusinessline.com/markets/stock-markets/mumbai-investment-banking-officials-under-sebi-scanner-for-leaking-gmm-pfaudler-price-information/article64930513.ece>

❖ **Banking and Insurance**

• **Fintechs issue BNPL cards to push usage at offline stores (January 25, 2022)**

Fintech lenders active in the 'Buy Now Pay Later' (BNPL) space are now issuing physical cards to customers to push usage in the offline mode. PayU Finance, Slice and Uni Cards have tied up with banks to issue BNPL cards, which are essentially prepaid payment instruments (PPIs) bearing a credit line.

For details:

<https://www.financialexpress.com/industry/fintechs-issue-bnpl-cards-to-push-usage-at-offline-stores/2414758/>

• **Hero Fincorp to raise Rs. 2,000 crore for growth (January 25, 2022)**

Hero Fincorp could raise Rs. 2,000 crore equity funding from existing and new investors to create a capital buffer for its business, according to people familiar with the matter. As part of the funding plan that is under deliberation, Hero Motocorp and members of the Munjal family through their investment companies could bring in Rs.1,100-1,200 crore of equity funding with new investors bringing in the remaining amount. The Munjal family are the promoters of Hero MotoCorp and also have substantial shareholding in Hero Fincorp, which is registered as a non-bank finance company.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/hero-fincorp-to-raise-rs-2000-cr-for-growth/articleshow/89104552.cms>

❖ **Terminology for today**

Unicorn, Decacorn and Hectocorn

Unicorns, as we all know now, are companies valued at more than \$1 billion. Similarly, Decacorns & Hectocorns are sister terms of 'Unicorn'. Decacorns are companies having a valuation of more than \$10 billion. Hectacorns are companies having a valuation of more than \$100 billion. As of 2021, only two companies, i.e., ByteDance & SpaceX are part of this elite club of Hectocorn companies.

❖ **Market Watch**

Stock Market Indices as on 25.01.2022	
S & P BSE Sensex	57858.15 (+366.64)
Nifty 50	17277.95 (+128.85)

Foreign Exchange Rates as on 24.01.2022 <i>(https://www.fbil.org.in/#/home)</i>			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
74.48	84.32	100.61	0.65

❖ ***Insolvency and Bankruptcy***

NCLT allows liquidation of Nitin Fire Protection (January 25, 2022)

The dedicated bankruptcy court has ordered the liquidation of BSE-listed Nitin Fire Protection Industries, a leading player in fire protection systems in the country which owes more than ₹618 crore to its lenders. The Mumbai-based company was admitted under the corporate insolvency resolution process (CIRP) in November 2019 through a petition filed by its lender, Dena Bank. The RP had informed the tribunal that since there was no revival plan for the company and the statutory period of 270 days for the revival of the company had expired, the lenders had decided to file a liquidation application for the company.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/nclt-allows-liquidation-of-nitin-fire-protection/articleshow/89104185.cms>

❖ ***Competition Law***

CCI imposes penalty on maritime transport companies for indulging in cartelisation (January 24, 2022)

The Competition Commission of India ('CCI') passed a final order against four maritime transport companies namely Nippon Yusen Kabushiki Kaisha ('NYK Line'), Kawasaki Kisen Kaisha Ltd. ('K-Line'), Mitsui O.S.K. Lines Ltd. ('MOL') and Nissan Motor Car Carrier Company ('NMCC') for indulging in cartelisation in the provision of maritime motor vehicle transport services to automobile Original Equipment Manufacturers (OEMs) for various trade routes. Amongst these four companies, NYK Line, MOL and NMCC were lesser penalty applicants before CCI.

The evaluation of available evidence revealed that there was an agreement between NYK Line, K-Line, MOL and NMCC with the objective of enforcement of "Respect Rule", which implied avoiding competition with each other and protecting the business of incumbent carrier with the respective OEM. To achieve the said objective, the maritime transport companies resorted to multi-lateral as well as bilateral contacts/ meetings/ e-mails with each other to share commercially sensitive information which, inter alia, included freight rates. They also aimed to preserve their position in the market and maintain or increase prices, including by resisting requests for price reduction from certain OEMs.

For details: <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1792247>

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082269

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