

# Info Capsule

Tuesday  
December 21, 2021

**President :** CS Nagendra D. Rao

**Vice President :** CS Devendra V. Deshpande

## ❖ **Securities Laws & Capital Markets**

### **Brokers want time limit be imposed on SEBI to issue Show-Cause Notices (December 20, 2021)**

Ahead of the Union Budget, stock brokers' association Anmi has urged the government to prescribe a time limit on SEBI for issuance of show-cause notices and cut down minimum fine on small investors to Rs. 1 lakh from Rs. 5 lakh at present for market violation rules. At present, the SEBI Act, 1992 does not prescribe any period of limitation for issuance of a Show-Cause Notice (SCN) or for completion of the adjudication proceeding. This results into several proceedings being initiated by the regulator several years after the alleged violation resulting into unnecessary hardship and grave prejudice to market participants and affects their ability to effectively respond to such notice, Anmi said in a statement on Monday.

*For details:*

<https://economictimes.indiatimes.com/markets/stocks/news/brokers-want-time-limit-be-imposed-on-sebi-to-issue-show-cause-notices/articleshow/88389801.cms>



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## ❖ **Banking and Insurance**

- **Banks recovered Rs. 13,109 crore from sale of fugitives' asset: Finance Minister Nirmala Sitharaman informs Parliament (December 21, 2021)**

Banks have recovered as much as Rs. 13,109 crore from the sale of assets belonging to fugitive economic offenders Vijay Mallya, Nirav Modi and Mehul Choksi, finance minister Nirmala Sitharaman told Parliament on December 20, 2021. The government had sought Parliamentary clearance to spend an additional Rs. 3.74 lakh crore during the current fiscal. It involves a higher-than-expected net cash outgo of Rs. 2.99 lakh crore.

*For details:*

<https://www.financialexpress.com/industry/banking-finance/lok-sabha-clears-supplementary-demands-finance-minister-says-banks-recovered-rs-13109-crore-from-sale-of-fugitives-asset/2384912/>

- **PCA norms unlikely to impact NBFCs for now (December 21, 2021)**

Many non-bank lenders have recently raised capital and kept bad loans under control, experts tracking the sector said, ahead of the new Prompt Corrective Action (PCA) framework that kicks in from October. As a result, the Reserve Bank of India (RBI) move to regulate Non-Banking Financial Companies (NBFCs) on a par with banks is not expected to impact them immediately. The new regulations will be based on the financials of NBFCs as on March 31, 2022. As NBFCs are interconnected with the banking system, RBI has been trying to bridge the gap in regulations between them and banks.

*For details:*

<https://www.livemint.com/industry/banking/pca-norms-unlikely-to-impact-nbfc-for-now-11640022355534.html>

### ❖ *Insolvency and Bankruptcy*

#### **NCLT rejects GVFL plea against Hubtown (December 20, 2021)**

The National Company Law Tribunal (NCLT), in a relief to real estate developer Hubtown, has rejected venture finance firm GVFL Trustee Company's claim of around Rs. 150 crore against the company. The Mumbai bench of the bankruptcy court, while dismissing the petition filed by GVFL under the Insolvency and Bankruptcy Code (IBC) against the BSE-listed company, has also clarified that "a shareholder is different from a lender". The ruling is expected to impact several such investment structures entered into by developers and financiers. GVFL had filed four petitions, claiming that it, as a secured shareholder, was entitled under the shareholder pact to call upon the developer, as the original promoter, to buy back shares at a minimum 26% IRR per annum.

*For details:*

<https://economictimes.indiatimes.com/industry/banking/finance/nclt-rejects-gvfl-plea-against-hubtown/articleshow/88381075.cms?from=mdr>

### ❖ *Ethics and Governance News*

#### **Pressure mounts on power PSUs to split CMD post after ITDC's compliance (December 19, 2021)**

With a regulatory requirement for top-500 listed firms to split the position of chairperson and managing director being less than four months away, pressure is mounting on several PSUs including from the power sector to ensure compliance, especially after state-run ITDC complied with this rule following Sambit Patra's appointment as chairman.

*For details:*

[https://www.business-standard.com/article/companies/pressure-mounts-on-power-psus-to-split-cmd-post-after-itdc-s-compliance-121121900211\\_1.html](https://www.business-standard.com/article/companies/pressure-mounts-on-power-psus-to-split-cmd-post-after-itdc-s-compliance-121121900211_1.html)

### ❖ *Market Watch*

#### **Stock Market Indices as on 21.12.2021**

S & P BSE Sensex	56319.01 (+497)
Nifty 50	16770.85 (+156.65)

#### **Foreign Exchange Rates as on 20.12.2021**

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

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
75.87	85.25	100.42	0.67

## ❖ *Competition Law*

### **CCI approves acquisition of controlling stake in Forbes Enviro Solutions Limited by Lunolux Limited (December 21, 2021)**

The Competition Commission of India (CCI) approves acquisition of controlling stake in Forbes Enviro Solutions Limited (Target / FESL) by Lunolux Limited (Acquirer / LL) under Section 31(1) of the Competition Act, 2002.

The proposed combination pertains to the acquisition of controlling stake in FESL by LL through the primary acquisition of up to 72.56% and the subsequent acquisition of up to 26% by way of an open offer under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. FESL will house the Health and Safety Business of Eureka Forbes Limited - i.e., business of (a) water purifiers, (b) air purifiers, (c) security solutions, (d) vacuum cleaners and (e) electric air cleaning systems.

The proposed combination is in the nature of an acquisition and falls under Section 5(a) of the Competition Act, 2002.

#### **LL**

LL is a special purpose vehicle incorporated by AI Global Investments (Cyprus) PCC Limited (AI Global). AI Global operates as the investment hub for Asia for all the funds managed by Advent International.

#### **FESL**

FESL is presently a subsidiary of Eureka Forbes Limited (EFL).

For details: <https://pib.gov.in/PressReleseDetail.aspx?PRID=1783743>

## ❖ *Terminology for today*

### **Allocational Efficiency**

Allocational efficiency, also known as allocative efficiency, is a characteristic of an efficient market where capital is assigned in a way that is most beneficial to the parties involved.

### **Prepared by Directorate of Academics**

For any suggestions, please write to [academics@icsi.edu](mailto:academics@icsi.edu), or call at 01204082116

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