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Victoriam Legalis - Advocates & Solicitors | Newsletter



In this Month's Issue:

Media & Entertainment	1
Technology & E-Commerce	3
Fashion & Sports Law	4
Corporate & Commercial Law	6
Hospitality & Real Estate	8
Litigation & Dispute Resolution	9
Start-Up Advisory & Consultancy	11
Stockbroking Advertisements by Influencers	13
Get in Touch	15

We here, at Victoriam Legalis, believe in continuous learning and growth, and agree that one way to do the same is to keep up with the developments and changes taking place around us.

We live in an Information Age, and while there is no dearth of knowledge and information, we, through this newsletter, hope to give you a consolidated account of relevant updates and developments.

In light of the same, we present to you the first issue of our newsletter, which we hope, you find beneficial!

Happy Reading!

4. Delhi High court grants ex-parte ad interim injunction in favour of AMAZON

The Delhi High court restrained various rogue websites from using the trademark of the marketplace 'AMAZON'. The Court restrained website <https://amazonbuys.com> and its Facebook page and <https://estoreamazon.in>

Amazon easy store is a program introduced by Amazon which allows parties to set up an Amazon Easy Store through the amazon easy marketing team.

The Court recognised that the defendants were infringing on and defrauding innocent members who wanted to register with Amazon easy store. The court accepted the plaintiff's argument that the balance of convenience is in their favour and that such activities will likely cause irreparable harm.

5. A New Lawsuit Claims Kanye West Owes Over \$400K to a New York Stylist

A new lawsuit filed by a New York-based stylist is alleging rapper Kanye West, has failed to return a number of high-value apparel items. According to a complaint filed by David Casavant, LLC in Los Angeles County Superior Court earlier this week, the rapper owes Casavant's fashion rental service, David Casavant Archive, more than \$416,000 after skipping out on monthly fees and neglecting to hand back 13 "rare, esteemed pieces." Kanye, along with his company Yeezy Apparel, LLC, are listed in the complaint.

6. Ohio State University Trademark "THE" – Their Sports Rallying Cry

The Ohio State University has successfully obtained a trademark registration for the word "THE," which has been the university's moniker and rallying cry at sporting events for decades. The trademark registration covers "clothing, namely, t-shirts, baseball caps and hats; all of the foregoing being promoted, distributed, and sold through channels customary to the field of sports and collegiate athletics."

7. Facebook removes Afghan media pages controlled by Taliban

Facebook confirmed that it had deactivated the accounts of at least two Afghan state-owned media outlets, citing compliance with US laws that designate the Taliban as a "terrorist organisation."

Since seizing power in August of last year, the Taliban have made extensive use of social media platforms such as Facebook and Twitter, and they have a firm grip on the country's state-owned media, which includes radio and television stations as well as newspapers.

While Facebook parent Meta did not name the prohibited media outlets, state broadcaster National Radio Television Afghanistan (RTA) and the government-owned Bakhtar news agency both confirmed that they had been blocked.





Technology and E-Commerce Updates

1. Apple introduces Lockdown Mode to protect users from spyware

Apple said it is extreme and optional protection for the very small number of users “who face grave, targeted threats to their digital security.” “Lockdown Mode is a groundbreaking capability that reflects our unwavering commitment to protecting users from even the rarest, most sophisticated attacks,” said Ivan Krstić, Apple’s head of Security Engineering and Architecture. Lockdown Mode is designed to protect against sophisticated digital threats, such as those from NSO group and other private companies developing state-sponsored mercenary spyware. The new feature will strictly limit certain functionalities, reducing the attack surface.

2. Crypto for calories: Web3 startup rewards users with digital tokens for working out

Co-founded by Viren Baid, Rohit Sharma, and Anurag Meena in January 2022, Fitmint aims to create a community of fitness enthusiasts and make people across the world fitter. The trio discovered Web3 could be a medium to solve real-world problems and promote a healthy lifestyle. FitMint is a move-to-earn game, with the game contract built on Polygon. The decentralised in-app wallet enables users to hold their NFTs, cryptocurrencies, and other digital assets. Apart from gamification and decentralised finance, the firm is focusing on the social-fi aspect where they can tokenise social influence and award users.

3. Dubai Unveils Metaverse Strategy, Aims To Create 40,000 Virtual Jobs

Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Prime Minister and Crown Prince of Dubai, unveiled the Dubai Metaverse Strategy on July 18, which aims to turn the emirate into a global hub for crypto and blockchain technologies. The strategy focuses on developing talent and investing in future capabilities by providing the necessary support in metaverse education for metaverse developers, content creators, and users of digital platforms. The metaverse, in particular, would aid in the provision of innovative solutions and accelerate Dubai’s transformation into a global hub for new economic opportunities.

4. Music on blockchain: How The Swaraj Projekt is helping indie artistes earn through NFTs

The startup is building an NFT project in collaboration with upcoming musicians. The startup enables the creation of NFTs (Non-Fungible Tokens) as handcrafted audio-visual work born out of the collaboration between vocalists, producers, and visual artists. They will be primarily sold through an auction on the Swaraj platform, and users can later resell them on OpenSea or put them on exhibit in their own galleries. Every transaction involving the NFT, which is created by the musician, is stored on the Ethereum blockchain, enabling them to earn royalties on all subsequent sales in the secondary market. Each NFT will have a base price of 0.1 to 0.2 ETH (as of July 26, 2022, it ranges from Rs 11,042.99 to Rs 22,106.06). The startup claims that 75 percent of revenue from the auction will be given to artistes, including vocalists, producers, and visual artistes. The rest 25 percent will go to Swaraj treasury, which will be further used for community-related initiatives.

5. Elon Musk’s Tesla reports \$64M profit from Bitcoin sale

Electric car company Tesla disclosed in its 10-Q filing that it had earned a profit of \$64 million from the sale of 75% of its bitcoin (BTC) holdings, which brought in \$936 million in net revenue for the company in the second quarter. The filing also revealed that the company had incurred an impairment of \$170 million on its remaining holdings. Even though the company did not disclose the selling price for its bitcoin in the second quarter but analysts believe around \$29,000 per bitcoin was sold, helping Tesla avoid a much more substantial impairment charge.





Fashion & Sports Law Updates

1. Cartier beats Louis Vuitton in fight over VENDOME Trademark Registration

Louis Vuitton has lost in a clash with Cartier and Van Cleef & Arpels over one of its trademark registrations in France. In a newly-published decision, the French intellectual property office sided with the two Richemont-owned brands and cancelled Louis Vuitton's registration for VENDÔME for use on jewellery and watches, holding that the term lacks the necessary distinctiveness to function as a trademark, largely because consumers are likely to link the mark to the famous square in Paris (which plays home to the Ritz hotel and an array of upscale brick-and-mortar stores) – and influence purchasing decisions as a result – before associating it with the offerings of any single brand.

2. Selena Gomez Files New Trademark

American singer and actor Selena Gomez is set to launch her own beauty line. A new trademark application has been filed with the USPTO under her name in class 03, which includes a number of products namely fragrances, cosmetics, skincare preparations, moisturizers, haircare preparations, soaps, essential oils, and more. The singer had also filed trademarks under her name for jewelry, sound recordings, entertainment services as well as handbags.

3. Luxury shoemaker Manolo Blahnik wins decades-long legal battle in China over trademark dispute

Manolo Blahnik announced Tuesday that they had won a 22-year legal battle in China over a trademark dispute after a court ruled in their favour. The battle began when a Chinese competitor began using the name 'Manolo Blahnik,' which was approved by Chinese authorities. As a result, in 2000, the British company filed a trademark infringement suit in China. One of the major issues was that the Chinese system favours the first-come, first-served principle in trademark registration. However, the case has only recently been resolved by China's Supreme People's Court.

4. Puma Is Suing Brooks Over Use of the Word 'Nitro' and Alleged Copycat Shoes

Puma is coming after Brooks over its use of the word "Nitro" and for allegedly infringing on the design patent of one of its shoes. In a complaint filed Friday in a U.S. district court in the Southern District of Indiana, Puma accused Brooks of trademark infringement, patent infringement and unfair competition.

Specifically, Puma says in the filing it owns the rights to the "Nitro" mark that it uses on and in connection with certain shoes. As such, the German athletic brand has taken issue with Brooks' use of the word "Nitro" to advertise its running shoes on its website, in-person and via social media.



5. The Court Of Arbitration For Sport (CAS) Dismisses The Appeal Filed By The Danish Modern Pentathlon Association

The Court of Arbitration for Sport (CAS) has dismissed the appeal filed by the Danish Modern Pentathlon Association (MPADK) against the award rendered by the UIPM Court of Arbitration on 1 February 2022. The Challenged Decision investigated and confirmed the legality of a decision made by the Executive Board (EB) of the Union Internationale de Pentathlon Moderne (UIPM) on October 31, 2021, in which it resolved to submit to the International Olympic Committee (IOC) a proposal of a new format for modern pentathlon for the Los Angeles 2028 Olympic Games without an equestrian discipline, which could be replaced by another discipline to be determined after a consultation procedure.

6. Hailey Bieber's Skincare Brand Rhode Lands its First Win in Lawsuit Over Name

In the trademark dispute involving Hailey Bieber's new skincare brand Rhode, a federal court in New York ruled in her favour. It specifically refused to issue a preliminary injunction requiring her brand to cease using the name Rhode for the duration of a trademark lawsuit filed against it by a fashion label of the same name.

In June, the latter filed a trademark infringement and unfair competition lawsuit against Bieber and her companies Rhodedeoato Corp. and Hrbeauty, LLC d/b/a Rhode under federal and New York state law.

In addition to preventing Bieber from using the name Rhode (her middle name) and “swamping Rhode’s market presence,” the injunction was necessary as a result of the fact that Bieber was planning to release a documentary about her brand titled, “The Making of Rhode,” which would further the risk of consumer confusion.





Corporate & Commercial Law Updates

1. NCLAT Holds Lease Rental As Operational Debt Under The Insolvency And Bankruptcy Code, 2016

A five judge bench of National Company Law Appellate Tribunal comprising of Justice Ashok bhushan, Justice Rakesh Kumar, Justice Rakesh Jain, Mr. Naresh Salecha and Mr. Barun Mitra held that the lease rental qualifies as an operational debt under the provisions of the Insolvency and Bankruptcy Code.

NCLAT noted that the definition of operational debt as mentioned under Section 5(21) of the Code provides that the operational debt means a claim arising out of provision of goods and services but the term "services" is not defined anywhere under the IBC.

NCLAT also held that the term operation is derived from "operate" and "operating cost" is an expense incurred in the conduct of the principal activities of the enterprise and similarly operational debt is also a debt which is incurred in the conduct of the principal activities of the enterprise.

2. NCLT Mumbai Initiates Insolvency Proceedings Against Sahara Hospitality, Owner Of Hotel Sahara Star

The National Company Law Tribunal's (NCLT) Mumbai bench has admitted an insolvency petition against Sahara Hospitality, following an alleged default of Rs 51.78 crore. Mamta Binani is appointed as Interim Resolution Professional.

Sahara Hospitality had given a work order to Delta Electro Mechanical for supply, installation, testing and commission of heating, ventilation and air conditioning (HVAC) and electrical system at Hotel Sahara Star, Mumbai. The principal amount was about Rs 32 crore, which Sahara defaulted, according to petition filed by Delta Electro Mechanical. Delta Electro Mechanical had first approached the NCLT in 2018, which was disposed of in 2021, after Sahara agreed to settle the claim for Rs 20 crore to be paid in 14 monthly instalments. However, the company moved NCLT again later after Sahara Hospitality failed to pay the amount.

3. DOJ files antitrust suit to block Booz Allen's acquisition of EverWatch

The US Department of Justice has filed a civil antitrust lawsuit to block Booz Allen Hamilton's proposed acquisition of cybersecurity firm EverWatch. The DOJ complaint, filed in a US District Court in Maryland, alleges the merger would eliminate competition for a defense contract with the National Security Agency (NSA), leaving the agency to face a monopoly bidder. According to the DOJ, the NSA periodically issues a contract for provision of operational modeling and simulation services in support of signals intelligence missions. Booz Allen and EverWatch previously competed head-to-head to win this contract, and shortly before the scheduled request for proposals, Booz Allen decided to buy its rival, the DOJ said in a press release. The department alleges the merger agreement violates Section 1 of the Sherman Act by reducing each company's incentive to bid aggressively and violates Section 7 of the Clayton Act by substantially lessening competition.



4. Aditya Birla Group's Grasim to launch B2B e-commerce platform for building materials

Grasim, an Aditya Birla Group company, announced plans to launch a business-to-business (B2B) e-commerce platform for the building materials segment with a Rs 2,000 crore investment over the next five years. The platform will target micro, small, and medium-sized enterprises (MSME) in the building materials sector. Expansion into additional relevant categories will be considered. The e-commerce platform's key value proposition would be an integrated procurement solution that included on-time delivery and competitive pricing. It will address a variety of issues within existing supply chains.

5. PM Modi to launch India's first international gold exchange

Prime Minister Narendra Modi will launch India's first International Bullion Exchange - International Bullion Exchange (IIBX) - in the GIFT city (Gujarat International Finance Tec-City). It offers a diversified portfolio of products and technology services at a cost which the exchange claims is far more competitive than the Indian exchanges as well as other global exchanges in Hong Kong Singapore, Dubai, London and New York. This exchange will facilitate efficient price discovery with the assurance of responsible sourcing and quality, apart from giving impetus to the financialisation of gold in India. The bourse will allow qualified jewelers to directly import gold, a change from current rules where only some banks and nominated agencies approved by the central bank can do so. Apart from qualified jewellers, foreign bullion suppliers who follow OECD guidelines, public, and private firms, non-resident individual (NRIs) are also eligible to become members of the IIBX.

6. Reliance New Energy, Ola Electric among three firms to sign Rs 18,000-cr PLI scheme

Reliance New Energy, Ola Electric Mobility Private Limited and Rajesh Exports Limited have been signed under the government's Rs 18,000- crore Production Linked Incentive (PLI) Scheme for Advanced Chemistry Cell (ACC) Battery Storage. In addition to the capacities allocated by the Ministry of Heavy Industries under the PLI Program, private players are expected to create battery manufacturing capacity to the tune of around 95 GWh. The Ministry of Heavy Industries added that the manufacturing facility would have to be set up within a period of two years and the incentive will be disbursed thereafter over a period of five years on sale of batteries manufactured in India.





Hospitality & Real Estate

1. NRAI to issue advisories to members on service charge declaration on menu, in-store posters, tables

The National Restaurants Association of India (NRAI) will advise its 5 lakh members to prominently display in all of their outlets that they levy a service charge not only on the menus but also on the consumers' bills, posters within outlets, and tent cards on tables. This is in response to Delhi High Court guidelines issued by the Central Consumer Protection Authority, which prohibited restaurants and hotels from adding service charges to their bills.

However, they cannot levy charges on takeaways. If a restaurant doesn't comply, then the consumer can escalate the matter.

2. South Mumbai's Pratibha, city's first tower of graft, to be rebuilt

1. Pratibha, located off Breach Candy in south Mumbai, will be rebuilt almost 40 years after one of the biggest building violation scams rocked Mumbai and three years after the skeleton of the illegal skyscraper was demolished. Apartments in the area cost around Rs 1 lakh per square foot.

The 36-story tower, which rose to prominence in the 1980s, was mockingly dubbed Mumbai's Original Tower of Corruption. According to reports, the plan is to construct a new tower on the nearly two-acre plot in Sophia College Lane.

3. Berkshire Hathaway HomeServices Orenda India to enter into hospitality

Berkshire Hathaway HomeServices Orenda India has announced plans to enter the hospitality industry. Across the country, the hospitality vertical will provide end-to-end club management services through innovative business models.

The company will be offering services like feasibility report, member management technical and design support, food and beverage operations, event management, asset management, manpower management, procurement management, sports and fitness management and many more. Berkshire Hathaway HomeServices Orenda India will collaborate with leading developers across the country and offer end-to-end management facilities for their clubs.

4. To Maximise Delhi's Potential as Food Capital, Government to Redevelop Key Hubs

1. In order to maximise Delhi's potential as the food capital, Chief minister Arvind Kejriwal announced that the city's government is going to redevelop Delhi's food hubs starting with Majnu Ka Tilla and Chandni Chowk in the first phase.

He stressed that with the development of these food hubs, business will increase in Delhi. "With the strengthening of the economy, a large number of new employment opportunities will be generated. The Delhi government is working day and night to create 20 lakh jobs in the next five years," Kejriwal said.

He said the food hubs will be branded across the country and around the world so that people coming to Delhi from around the country and the world can come to Delhi's food hubs too.





Litigation & Dispute Resolution

1. Subsequent Refusal to Marry After Sex Not Sufficient to Constitute Offence of Rape: Kerala High Court

While granting bail to a Central Government Counsel in a sexual assault case, the Kerala High Court held that a subsequent refusal to marry or a failure to lead the relationship into a marriage is not sufficient to constitute the offence of rape even if the partners indulged into a physical relationship. It was observed that a sexual relationship between two willing adult partners will not amount to rape coming within the purview of section 376 of the IPC unless the consent for sex was obtained by a fraudulent act or misrepresentation.

2. Section 11(6A) Arbitration Act Does Not Prevent Courts from Considering Issue Of Arbitrability: Supreme Court

Despite the insertion of Section 11(6A) in the Arbitration and Conciliation Act 1996, the Courts are not denuded of the power to examine the issue of non-arbitrability and jurisdiction at the stage of considering application of appointment of arbitrators under Section 11, held the Supreme Court recently.

In *Indian Oil Corporation Limited v. NCC Limited*, the Supreme Court disagreed with the High Court's conclusion that, following the addition of Subsection (6A) to Section 11 of the Arbitration Act, the Court's scope of inquiry in Section 11 petitions is limited to determining whether or not a binding arbitration agreement exists qua the parties before it.

3. S.138 NI Act | Evidence of Power of Attorney Holder Not Credible Unless They Possess Due Knowledge of The Transaction: Kerala High Court

According to Justice A. Badharudeen, a complainant alleging an offence under Section 138 of the Negotiable Instruments Act, 1881, must make a specific assertion about the knowledge of the power of attorney holder in such transactions. The judge also stated that the power of attorney holder, who had no knowledge of the transactions, could not be called as a witness in the case.

4. Simultaneous Prosecution of Accused U/S 420 IPC & S.138 NI Act On Same Set Of Facts Not "Double Jeopardy": J&K&L High Court

The Jammu and Kashmir and Ladakh High Court ruled that the test for determining and upholding the fundamental right against "double jeopardy," guaranteed by Article 20(2) of the Constitution, is whether the former offence and the offence now charged have the same ingredients in the sense that the facts constituting the one is sufficient to justify a conviction of the other, rather than whether the facts relied on by the prosecution are the same in two trials.

A single bench of Justice Sanjay Dhar was dealing with two petitions filed under section 482 CrPC seeking quashing of two complaints on the ground that the petitioner cannot be prosecuted twice on the basis of some set of facts as it would amount to double jeopardy.



5. SC stays Arbitral Proceedings between Dhoni & Amrapali Group over Commercial Dispute

The Supreme Court has stayed the arbitral proceedings initiated by former India captain M S Dhoni against the Amrapali group of companies, now a defunct real estate firm for which the cricketer was the brand ambassador, over some financial dispute.

According to the apex court-appointed forensic auditors, Amrapali Group entered into "sham agreements" with Rhiti Sports Management Pvt Ltd (RSMPL), which promotes Dhoni's brand, to "illegally divert" home buyers' money, and a total of Rs 42.22 crore was paid to RSMPL between 2009 and 2015.

Dhoni had moved the Delhi High Court, which appointed former judge Veena Birbal as the sole arbitrator to resolve the commercial dispute between the cricketer and the real estate firm on October 16, 2019.

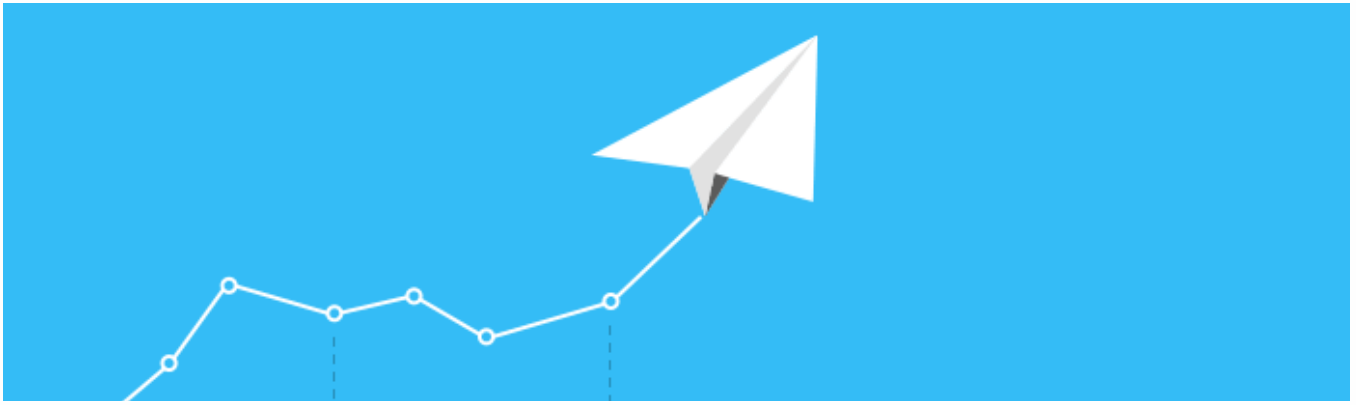
6. CBI files charge sheet against builder Avinash Bhosale in Yes Bank-DHFL scam

The CBI has filed a charge sheet against noted Pune-based builder Avinash Bhosale and his companies in connection with the Yes Bank-DHFL scam.

The agency has also named Satyan Gopaldas Tandon, Metropolis Hotels LLP, ABIL Infra-projects Pvt Ltd, ABIL Hospitality Pvt Ltd, Arindam Developers, Avinash Bhosale Group, and Flora Developments Ltd in connection with the case in its supplementary charge sheet filed before the special CBI Court in Mumbai.

The CBI claims that Rs 4,727 crore was misappropriated through various builders, including Bhosale's companies, in the form of loans and consultancy services.





Start-Up Advisory & Consultancy

1. KPMG jumps into metaverse with new collaboration hub

Formally launched by the US and Canada businesses of KPMG, the firm's new metaverse collaboration hub is said to offer a private place where employees, partners and clients can conduct virtual team meetings and share ideas. This includes the use of 'virtual whiteboards', for example. The staff would be able to conduct training sessions, job interviews and employee evaluations in the metaverse, as well as meetings to demonstrate KPMG's services and capabilities. Within the hub, KPMG is also understood to have formed dedicated teams of members with technology and innovation experience. These groups will offer support to clients around metaverse design, use cases of NFTs, cryptocurrency assets, community engagement and broader Web3 integrations. This includes services such as vendor selection, business and technical requirements design, systems integration and program governance for different metaverse activations.

2. Hyderabad startup TRST01 is tackling climate action through blockchain technology

TRST01, a blockchain startup founded by investment bankers Prabir Mishra, Suraj Teja, and Puru Modani, recently launched NFT tokens Bhu and Arka to digitise carbon and solar credits. The trio launched TrayamBhu Tech Solutions in 2019, a blockchain platform digitising carbon credits to make the market more accessible to all.

The NFT tokens are currently available on several marketplaces, including OpenSea and Rarible and will be available on JupiterMeta in future. The carbon credits from the solar project were digitised into NFTs and sold at \$10 per credit on NFT marketplaces. The income generated will be distributed among villagers and women the project developer worked with. The startup has sold 500 NFTs to date.

3. Govt rolls out schemes for pharma sector MSMEs

The government has launched three schemes to strengthen Micro, Small and Medium Enterprises (MSMEs) in the pharmaceutical sector. The chemicals and fertilisers ministry rolled out the schemes under the banner of 'Strengthening Pharmaceuticals Industry' (SPI).

The schemes provide for credit linked capital and interest subsidy for technology upgradation of MSME units in pharmaceutical sector, as well as support of up to Rs 20 crore each for common facilities, including research centre, testing labs and ETPs, in pharma clusters.

The scheme has provisions for a capital subsidy of 10 per cent on loans up to a maximum limit of Rs 10 crore with a minimum repayment period of three years or interest subvention of up to 5 per cent (6 per cent in case of units owned by SC/ST) on reducing balance basis.

Similarly, Assistance to Pharma Industries for Common Facilities Scheme (API-CF) would strengthen the existing pharmaceutical clusters' capacity for sustained growth. It provides for an assistance of up to 70 per cent of the approved project cost or Rs 20 crore, whichever is less. The scheme is aimed at creating a database of pharma and medical device sectors.



4. PayNearby to start cross-border remittance services by October

Fintech startup PayNearby will start a facility for inward cross-border remittance by October, allowing beneficiaries to withdraw the amount as per their requirement rather than taking the whole amount in one go. PayNearby has created a dedicated IFSC code which will act as the router to deposit the money to the Aadhaar-linked bank account of the receiver. Users can go to BC (business correspondent) agents anywhere in their village or gram panchayat and give their thumb impression to match with the Aadhaar ID. And one can withdraw as little as 10%, 5% or 2% of the remittance money unlike earlier where one had to withdraw the full amount in one go.

5. A greentech startup making sustainable packaging from bamboo, sugarcane

Bengaluru-based Bambrew uses its proprietary technology to provide alternatives to ecommerce mailer bags, food packaging in the F&B industry, pouches and foldable cartons in the FMCG industry and PVC in the pharmaceutical industry. The greentech startup uses sustainable materials developed in-house to make these products. It has so far replaced more than 1,000 tons of plastic from the supply chain.

Bambrew produces eco-friendly packaging products that are made out of bamboo, sugarcane, and seaweed. The startup sources its raw materials from tribes in Assam, Tripura, Maharashtra, Madhya Pradesh, Kerala, and Karnataka.

The greentech startup caters to 170 clients across sectors such as hospitality, FMCG, retail, and logistics sectors. Its clientele includes Amazon, Nykaa, 1MG, Puma, Chumbak, Zomato, Myntra, BigBasket, and Zepto among others.

6. Former Harley-Davidson assembly plant in India now manufacturing Mayuri e-rickshaws

Electric vehicle maker Saera Electric Auto Pvt Ltd (SEAPL) has commenced production at its Bawal plant in Haryana, which it acquired from American cult bike maker Harley Davidson. The firm, which first introduced e-rickshaw under the Mayuri brand, is producing e-rickshaws and e-carts at the plant spread across five acres, where it has invested over Rs 350 crore. The new plant has a production capacity of two lakh units of electric two-wheelers and 36,000 units of electric three-wheelers in a year. The company also manufactures popular low-speed e-scooters under the brand 'Yogo Bikes'.





Stockbroking Advertisements by Influencers

- Sneha Maurya

RISE OF THE FINANCIAL MARKET INFLUENCERS

If we learned anything from the earlier GameStop stock price chaos, it is that we ought to by no means underestimate the power of young people on the internet. That historical moment irrevocably altered the dynamics of investment, and it all started with an internet movement that brought down a hedge fund. Today's youthful generation uses online technologies to influence others' financing decisions, proving that the GameStop craze was not an instance happening only once. In particular, Gen Z is establishing itself as a powerful online force, dominating the market for social media influencers, and set to revolutionize money management for the whole new generation.

INCREASE IN INFLUENCER MARKETING BY STOCKBROKERS

One of the strangest new words in the world is 'influencer', yet this seems to be a properly developed profession. An Influencer is someone who has the power to persuade prospective customers of a product or service by promoting or endorsing them on social media platforms or in other ways. In its most basic form, an influencer, like traditional media, is a channel for advertising. You may pay a newspaper or a TV channel to run your advertisement, or you can pay someone with a huge social media following to post something on your behalf. Cristiano Ronaldo, the Portuguese footballer with nearly 500 million Instagram followers, charges USD 1.6 million for a promotional post. There are many more like him, including prominent Indian cricketers and actors. However, in my opinion, this is only a new twist on the age-old practice of celebrities promoting products in advertisements. Influencers are completely different people when it comes to savings and finance. They mostly seem to be users of Twitter, Instagram, and YouTube. They do not promote or represent any company or business as that of celebrity endorsers.

Many young professionals who worked from home for most of 2020 participated in the markets this year, spending the time and money they saved on office commutes and other leisure activities on investing in shares. During the pandemic-induced lockdown, a significant number of new investors joined the stock market. Aside from the allure of large profits and the availability of tech-savvy discount brokerages such as Zerodha, these investors were persuaded by a new generation of social media influencers on platforms like Google-owned YouTube and Facebook-owned Instagram. Instead of providing direct advice on buying stocks, which only a SEBI registered investment adviser can provide, creators and fintech companies are focusing on education to attract young investors. These individuals frequently provide stock market tips and investing tactics in simplified language along with some bit of branding. The ability of these new financial gurus to cut through the stock market jargon is what distinguishes them from other experts. These YouTube channels or Instagram reels are very helpful for someone beginning from scratch because they explain all concepts in layman's terms, often with videos having links in their description box that direct the viewer to open their Demat accounts on online



brokerages such as Zerodha, Upstox, Groww, etc. In India, YouTube influencers have attracted millions of day traders to discount brokers such as Zerodha Broking, Angel Broking, and the SoftBank Group-backed Paytm. Thus, online brokers are actively targeting young investors who are just warming up in the financial markets by partnering with financial services influencers and content creators.

Besides receiving 55% of ad revenue from YouTube, these personal finance influencers are also generating revenue from other sources such as online Brokers. For instance, Malik collaborates with brands like insurance aggregator PolicyBazaar and Zerodha to advertise them in his videos. Audiences desire quality brands, and brands desire relevant audiences. So, influencers are the ones who connect these two. Additionally, the majority of these influencers don't only rely on YouTube. Some of them have started their own online learning communities where they provide paid courses. For instance, FinnovationZ.com has a wide selection of stock market investment courses that cost between Rs 400 and Rs 1,100. These courses feature brief videos and tests on various financial and investing-related subjects.

According to a study, 35% of people between the ages of 18 and 34 stated they use social media to explore potential investments, followed by 25% by conversations with family and friends, and 24% by financial guidance or investment websites. Just 7% of people claimed to do their research through direct conversations with a broker or financial advisor. In addition to YouTube videos, influencer marketing campaigns are typically conducted as bundled packages, in which YouTube influencers upload promotional content on their social media accounts on Instagram, Twitter, and Facebook, greatly expanding the campaign's reach.

RESTRICTIONS ON STOCKBROKERS

However, there are some limitations placed on the brokers for the increasing use of influencers in marketing their businesses, goods and services, brokerage plans, and other initiatives, including brand promotion, for which the NSE issued a circular on brokers' use of influencers in advertising their goods and services. According to the NSE in this circular, any content posted by a third party such as influencers that advertises the broker's commercially related goods, services, brokerage plans, etc. should be considered an advertisement and will need prior approval from the Exchange. Furthermore, third-party brand promotion or influencing the investment decisions of any investors would require approval from the Exchange and will be recognized as an advertisement. Additionally, it states that any content used by influencers must adhere closely to the advertising standards established by SEBI and the Exchange before being made public.

In a way, this is advantageous since it will restrict influencers, particularly those who give suggestions or encourage investors to buy penny stocks.



Get in Touch

We hope you enjoyed reading the newsletter, and we would love to hear your thoughts on what you want to be covered in our next edition!

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