



NEWS CHRONICLE

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Editorial Team: Knowledge Management @ Acquisory

RBI UPDATES

1. REPO rates unchanged

RBI has kept the REPO rates unchanged at 5.15% and preserved its accommodative stance if it is necessary to revive growth while ensuring that inflation remains within target.

2. GDP projection for FY-21:

The GDP is expected to grow in the range of 5.5 – 6.0% in FY 2020-21. The rationalization in personal income tax slabs is expected to support domestic demand along with measures to boost rural and infrastructure spending.

3. Upward revision in projected Inflation rates

The inflation rates have been revised and projected higher than before at 6.5% for the present quarter and expected to be between 5 – 5.4% in first half of FY 2020 – 21.

4. Focus on Small Savings Scheme

RBI may look for adjustment in interest rates on small savings schemes in near future. During the present quarter, the MPC refrained from revising any rates on small savings scheme including PPF and NSC, despite moderation in bank deposit rates.

5. Measures for MSMEs

- ✓ In order to create more credit for productive sectors, RBI has decided to link loans to SMEs to external benchmark which will be made effective from April 1, 2020.
- ✓ The One – time restructuring scheme for SMEs has been extended till December 2020 from March 2020.

6. Liquidity Management Framework (LMF)

RBI will revise its LMF through which is responsible for controlling cash being circulated in the economy and banking channels, strengthening monetary transmissions, regulation and supervision and broadening and deepening of financial markets.

7. Relief for Real Estate

In a measure to provide boost to the real estate sector, the RBI has extended the Date for Commencement of commercial operations (DCCO) of project loans for commercial real estate sector. This facility will be available for projects where the delay caused is not due to any causes by promoter.

Acquisory's View:

We expect accommodative stance of the RBI to continue in the foreseeable future given the subdued state of the economy and temporary effects of COVID-19 outbreak.

SEBI UPDATES

1. Amendment in InvIT and REIT Regulations:

- ✓ SEBI approved provisions for fast track rights issue by InvITs and ReITs
- ✓ Alternative criteria for investment manager of an InvIT was approved by SEBI where a combined relevant experience of at least 30 years is required for directors/ partners/ employees of investment manager.

2. Amendment in Mutual Funds Regulations:

- ✓ As a step to reduce concentration of custodial services for gold or gold related instruments, the amended rules provide for non – banking custodians as well to offer custodian services for gold or gold related instruments of Gold ETFs.
- ✓ The sponsor or AMC is now allowed to invest even in closed – ended schemes.

3. Regulatory Sandbox Framework

Regulatory sandbox is a framework that allows live – testing of new financial products or services in a controlled environment on a limited set of customers or investors.

SEBI has approved the Regulatory sandbox which will not only allow companies to test their fintech solutions in isolation but will also enable SEBI to form policies and regulations encouraging them. SEBI has operationalized this framework by inserting a common chapter in respective SEBI regulations for granting limited certificate of registration to entities interested in applying for testing in the regulatory sandbox.

4. Amendment in Investment Advisers (IA) Regulations

SEBI has tightened its Regulations for IA and introduced following changes:

- ✓ Segregation of services between Advisory and Distribution at client level to avoid conflict of interest. IA cannot provide distribution services.
- ✓ Introduction on the upper limit on the fees charged by IA to investors.
- ✓ Prohibition on use of nomenclature “Independent Financial Adviser”(IFA) or “Wealth Adviser” or any such other name by persons dealing in distribution of securities, unless registered with SEBI as “Investment Advisers”(IA).

5. Amendment in Depositories and Participants Regulations:

The word “pledge” was redefined to include re-pledge of securities for margin and/or settlement obligations of the client or such other purpose as may be specified by the Board from time to time.

6. Modification in guidelines for Portfolio Managers

- ✓ As per the modified regulations, Portfolio Managers (PMs) cannot charge any upfront fees from clients, either directly or indirectly and brokerage to be charged on actuals.
- ✓ Operating expenses charged should not exceed 0.50% p.a. of client’s average daily AUM.
- ✓ Revision in exit load charges when portfolio is redeemed in part or full.

Acquisory’s View

We believe, with these amendments, SEBI has made efforts to close any existing loopholes and offer more clarity for execution of these regulations.

CORPORATE UPDATES

1. Infosys to pay \$250 million to acquire stake in Simplus

Infosys will pay \$250 million for acquisition of Simplus, a Salesforce consulting company. Through this deal, Infosys expects to strengthen its digital transformation capabilities.

2. NTPC to acquire government stake in THDC

NTPC is all set to acquire 74.50% of issued and paid – up share capital of THDC India Limited from the GOI. THDC is a government company with 74.50% of its total shares held by GOI and the remaining 25.50% stake is held by the Government of Uttar Pradesh.

3. ZF Friedrichshafen acquires stake in WABCO for \$7 billion

CCI has approved acquisition of 100% shares of WABCO by ZF through its wholly owned subsidiary Verona Merger Sub Corp. This will be an all – cash transaction where ZF will acquire all outstanding shares of WABCO for \$136.50 per share. The overall transaction is estimated to be of over \$7 billion (approx. ₹49,700 crores). Through this deal, ZF is expected to cater to wider market needs of the commercial vehicles industry.

OTHER UPDATES

1. Online portal to integrate property dealings in Maharashtra

Maharashtra is all set to roll – out an integrated online portal which will provide all information on all checks related to property transactions. The process will first be launched in Mumbai and then consequently will be followed by other cities in the state. The e-portal will enable users to check land titles, records of rights, mutation records, payment of property, electricity and water tax dues and history of past transactions.

This process is expected to facilitate validation of facts by any common man, which at present is a tedious task as it involves physical visits to various authority offices and too much dependence upon middle-men i.e. agents.

GLOSSARY

AMC	Asset Management Company	MPC	Monetary Policy Committee
AUM	Assets Under Management	MSME	Ministry of Small and Medium Enterprises
CCI	Competition Commission of India	NSC	National Savings Certificate
DCCO	Date of Commencement of Commercial Operations	NTPC	National Thermal Power Corporation Limited
ETF	Exchange Traded Fund	PM	Portfolio Managers
GDP	Gross Domestic Product	PPF	Public Provident Fund
GOI	Government of India	RBI	Reserve Bank of India
IA	Investment Advisers	ReIT	Real Estate Investment Trust
IFA	Independent Financial Advisers	REPO	Re-Purchase Agreement
InvIT	Infrastructure Investment Trusts	SEBI	Securities and Exchange Board of India
LMF	Liquidity Management Framework	THDC	Tehri Hydro Power Complex

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- Compliances
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- Financial Audits
- FEMA / RBI Regulatory Compliances
- RERA Compliance
- Secretarial

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- Information Security Management Services
- Forensics
- Technology Risk Solution
- Security Risk Management
- Creative Training Solution