



*Your Growth, Our Business*

# NEWS CHRONICLE

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In continuation of its efforts to support the economy further, the RBI Governor in his 2<sup>nd</sup> press conference on 17<sup>th</sup> April 2020, unveiled a 2<sup>nd</sup> set of incentives to support our economy in combating the effects of the COVID-19 contagion. Several of these steps are aimed at further easing the liquidity situation in the country.

Liquidity Management (Targeted Long -Term Repo Operations – TLTRO)	Refinancing Facilities for All India Financial Institutions (AIFIs)
<ul style="list-style-type: none"> <li>✓ TLTRO 2.0 targeting INR 50,000 crore to be undertaken in tranches based on pattern of utilization</li> <li>✓ TLTRO investments can be classified as HTM (Held – to – Maturity)</li> <li>✓ Money raised through TLTRO 2.0 must be invested in Investment Grade Bonds of NBFCs</li> <li>✓ Banks required to invest 50% of these funds from TLTRO 2.0 in small and mid – sized NBFCs and MFIs</li> </ul>	<ul style="list-style-type: none"> <li>✓ INR 50,000 crores to be provided to financial institutions to ensure smooth lending in the specific areas catered by them:               <ul style="list-style-type: none"> <li>▪ NABARD – INR 25,000 crores</li> <li>▪ SIDBI – INR 15,000 crores</li> <li>▪ NHB – INR 10,000 crores</li> </ul> </li> <li>✓ Advances under this facility will be charged at RBI’s policy repo rate at the time of availing this facility.</li> </ul>
Liquidity Adjustment Facility (LAF)	Ways & Means Advances (WMA)
<ul style="list-style-type: none"> <li>✓ Reduction in Reverse Repo Rate by 25 bps to 3.75% in a move to encourage Banks to lend more</li> <li>✓ Absorption of INR 6.9 lakh crore by RBI as on 15.04.2020 under Reverse Repo operations</li> </ul>	<ul style="list-style-type: none"> <li>✓ The WMA for States was earlier increased by 30%</li> <li>✓ Further increase by 60% in WMA for states, over and above the level as on 31.03.2020, to combat difficulties in these times</li> </ul>
Regulatory Services	
<ul style="list-style-type: none"> <li>➤ <b>Liquidity Coverage Ratio (LCR)</b> <ul style="list-style-type: none"> <li>✓ LCR of Scheduled Commercial Banks brought down to 80% from 100%</li> <li>✓ To be restored in phases: up to 90% by 01.10.2020 and 100% by 01.04.2021</li> <li>✓ Loans granted by NBFCs to receive similar benefit as given by SCBs</li> </ul> </li> <li>➤ <b>No dividend payouts from Banks till further notice</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>NPA Norms:</b> <ul style="list-style-type: none"> <li>✓ 90 – day NPA norm to exclude the moratorium period</li> <li>✓ Banks to maintain a higher provisioning of 10% on standstill accounts</li> </ul> </li> <li>➤ <b>Date for commencement for commercial operations (DCCO)</b> <ul style="list-style-type: none"> <li>✓ DCCO w.r.t loans to commercial real estate projects delayed due to uncontrollable reasons can be extended by an additional year</li> </ul> </li> </ul>

### Other Pointers

- ✓ Inflation may settle below target of 4% by H1FY21
- ✓ CPI Inflation for March 2020 declined by 70 bps to 5.9% (data as on 19.03.2020)
- ✓ RBI’s liquidity injection marked at 3.2% of GDP since 06.02.2020 to 27.03.2020
- ✓ Forex Reserves valued at \$476.5 billion which is equivalent to 11.8 months of imports for India
- ✓ Systematic liquidity Surplus averaged at INR 4.36 lakh crores as of March end 2020
- ✓ Period for implementation of resolution plan for stressed assets extended by 90 days

### Our View

“Liquidity enhancements for the SMEs and NBFCs and increase in WMA for the states portray a sense of urgency in the efforts by the RBI to provide relief for NBFCs, MFIs and other small institutions that have been facing a liquidity crunch. Not only will they get an infusion of liquidity from the new TLTRO facility, but they would now also find it easier to borrow from their traditional lending sources (NABARD, SIDBI and NHB) following the refinancing move. Asset re-classification of NPAs will enable borrowers to obtain further credit from other institutions to tide over their needs during these hard times.”

## RBI UPDATES

### ➤ Special Liquidity Facility for Mutual Funds

The RBI has setup a special liquidity facility of ₹50,000 crores for MFs to tide over their liquidity crisis in the wake of the recent Franklin Templeton Mutual Fund fiasco. To avoid such scenario in future, this facility has been set – up where RBI will conduct repo operations of 90 days tenor at the fixed repo rate. Major features of the facility are:

- On – tap and open – ended
- Banks can avail bids from Monday to Friday (excluding holidays)
- Facility is available from 27.04.2020 to 11.05.2020 or utilization of allocated amount, whichever is earlier
- Funds availed by Banks under SLF – MF are to be utilized solely for the purpose of meeting MF obligations
- The scheme was extended to all the Banks, irrespective of whether they avail funds from RBI or deploy their own funds for meeting liquidity requirements of MFs.

## REGULATORY UPDATES

### ➤ Prior Government approval required for FDI by neighboring nations

In a step to curb potential opportunistic takeovers of Indian companies and assets by foreign nations, the Government has made its prior approval mandatory for FDI by countries which share land borders with India. In this state of economic slowdown, this move has been initiated to prevent Indian firms from becoming an easy target for takeovers by foreign companies.

### ➤ 100% FDI allowed under automatic route for Insurance Intermediaries to generate funding

100% FDI has been allowed under automatic route for Insurance Intermediaries including insurance brokers, re-insurance brokers, insurance consultants, corporate agents, third party administrator, Surveyors and Loss Assessors and such other entities, as may be notified by the IRDA from time to time.

Foreign investment of up to 49% of the total paid-up equity of the Indian Insurance Company shall be allowed through automatic route subject to verification by the IRDAI and other conditions as specified in the amended rules.

### ➤ New SEBI Pricing Guidelines now applicable to NRIs for Rights Shares acquired due to renunciation by Resident Shareholders

In case of listed entities, where shares have been renounced by a resident shareholder in favour of a non – resident, such shares will be subject to pricing guidelines issued by SEBI. Earlier, the price to acquire such renunciation shares could not be less than the price determined by the Company. After the amendment, such renounced shares will have to be acquired by the NRI in compliance with the pricing guidelines determined by SEBI.

➤ **RJio - Facebook deal drives India's FDI amid Covid-19**

Facebook and Reliance have entered a transaction that saw the former investing INR 43,574 crores in the latter's Jio platforms. RIL states that this would be the largest investment for a minority stake by a technology company anywhere in the world and the largest FDI in the technology sector in India. The investment value takes Jio Platforms among the top 5 listed companies in India by market capitalization. This will take RJio's market valuation to a whopping INR 4.62 lakh crore pre-money enterprise value (\$62 billion, assuming a conversion rate of INR 75 /\$).

➤ **Solar power generator Mysun raises INR 32 crores to fund expansion**

Rooftop solar energy platform MYSUN has raised INR 32 crores from existing investors in a structured equity deal as part of its pre – series A round of funding. The company is looking to raise INR 250 crores in next few quarters to utilize these funds to improve its technology infrastructure, offer additional services and expand to new geographical areas. MYSUN is an end-to-end solar solutions and services company which provides solar financing solutions to industry, MSMEs and homes/ residential customers.

➤ **FinTech Startup NIRA raises \$2.1 million in Series – A funding**

NIRA announced that it has closed its Series – A round of funding by raising \$2.1 million from its angel investors in Europe and India. NIRA is a start – up FinTech Company which offers small ticket loans to blue and grey collared workers via its app – based credit line.

NIRA is expected to utilize these funds to develop its technology further and enable access to a wider market.

➤ **FarEye raises \$25 million in Series D Funding led by M12**

In these times where the supply chains and logistics have been adversely affected due to global pandemic, FarEye has announced a series D investment of around \$25 million (approx. INR 191 crores) led by Microsoft's venture fund M12. FarEye is SaaS predictive logistics platform which enables enterprises to orchestrate, track and optimize their logistics operations.

These finds are expected to help the company in optimizing its predictive logistics capabilities and accelerate growth in the US, Europe and Asia – Pacific.

<b>AIFIs</b>	All India Financial Institutions	<b>NBFC</b>	Non-Banking Financial Company
<b>CPI</b>	Consumer Price Index	<b>NHB</b>	National Housing Bank
<b>DCCO</b>	Date for Commencememmercial Operations	<b>NPA</b>	Non - Performing Asset
<b>FDI</b>	Foreign Direct Investment	<b>NRI</b>	Non - Resident Indian
<b>GDP</b>	Gross Domestic Product	<b>RBI</b>	Reserve Bank of India
<b>IRDAI</b>	Insurance Regulatory and Development Authority	<b>REPO</b>	Re-Purchase Option
<b>LAF</b>	Liquidity Adjustment Facility	<b>SCBs</b>	Scheduled Commercial Banks
<b>LCR</b>	Liquidity Coverage Ratio	<b>SEBI</b>	Securities and Exchange Board of India
<b>MF</b>	Mutual Funds	<b>SIDBI</b>	Small Industries Development Bank of India
<b>MFI</b>	Micro Finance Institution	<b>SLF</b>	Special Liquidity Facility
<b>MSME</b>	Micro, Small and Medium Enterprises	<b>TLTRO</b>	Targeted Long - Term Repo Operations
<b>NABARD</b>	National Bank for Agriculture and Rural Development	<b>WMA</b>	Ways and Means Advances

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## Our Services

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- Deal Structuring / Negotiation
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- Valuations
- M&A Integration
- Corporate Finance

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- Portfolio Management
- Strategic Advice
- Finance Management
- Dispute Resolution and Litigation Management
- Exit advisory
- Asset Management Tool

Operations &  
Risk Consulting

- Internal Audit
- Risk Management
- IFC Review
- DAS Audit
- Compliance Management
- Process Improvement
- Cost Reduction
- Working Capital Optimization
- Data Analytics
- Physical Verification

Assurance &  
Regulatory

- Compliances
- Accounting & Reporting
- Regulatory Compliance Audits
- Financial Audits
- FEMA / RBI Regulatory Compliances
- RERA Compliance
- Secretarial

## IT Risk, Forensics

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

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