

# NEWS CHRONICLE

May 2020

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## MONTH AT A GLANCE

### PRESS ADDRESSES BY FINANCE MINISTER:

The Finance Minister addressed a series of press conferences between 13 – 17 May, 2020, in which the Finance Ministry spelt out various sectoral reforms to allocate the budget of ₹20 lakh crore towards social upliftment and provide a major push to the weakening economy.

*The Highlights of the Press Conferences can be accessed on the following links:*

S. No.	Dated	Topic	Links
1	13.05.2020	Intent Towards Self - Reliance	<a href="#">Click Here</a>
2	14.05.2020	Stimulus for Less Privileged	<a href="#">Click Here</a>
3	15.05.2020	Stimulus for Agriculture and Rural Reforms	<a href="#">Click Here</a>
4	16.05.2020	Reforms in 8 Sectors	<a href="#">Click Here</a>
5	17.05.2020	Additional Reforms	<a href="#">Click Here</a>

### PRESS ADDRESS BY RBI GOVERNOR:

The RBI in its press conference on 22<sup>nd</sup> May 2020 provided much awaited extension and further amendments to various announcements which were made earlier. The MPC of the RBI was of the view that the macroeconomic impact of the pandemic is turning out to be more severe than initially anticipated, and various sectors of the economy are experiencing serious pressure. The announcements, focusing on 6 areas, were aimed at countering the fallout from the ongoing nationwide lockdown:

1. Reduction in REPO and Reverse REPO Rates
2. Major Announcements w.r.t. extension of timelines
3. Permission to Lending Institutions
4. Working Capital Cycle Measures
5. Limit on Group Exposure under the Large Exposures Framework
6. Relaxation in CSF

The complete document can be viewed [here](#)

**CORPORATE UPDATES****❑ DEALS UNLOCKED FOR RELIANCE DURING LOCKDOWN IN MAY 2020**

**SILVER LAKE PARTNERS:** The private equity player bought 1% stake in Jio for ₹5,655.75 crores. The deal took telecom's enterprise value to ₹5.15 lakh crore. The Company hopes to reduce its debt and achieve a zero – net debt position in times to come.

**VISTA EQUITY:** Vista Equity has picked up a 2.32% stake in Reliance Jio for ₹11,367 crores. The deal is expected to establish Jio as a next – gen software and platform company.

**GENERAL ATLANTIC:** GA acquired 1.34% stake in Reliance Jio for ₹6,598 crores. General Atlantic is a leading global growth equity firm with a track record of investing in the technology, consumer, financial services and healthcare sectors.

**KKR:** KKR made its largest investment in Asia by investing ₹11,367 crores in Reliance Jio acquiring 2.32% stake in the company.

By entering into the above deals and the one with Facebook in April 2020, Reliance Jio has announced an aggregate investment of ₹78,562 crores into Jio Platforms. By selling its stakes to technology driven enterprises, Reliance Jio not only hopes to leverage upon the technological insights but also aims at achieving a zero – net debt position in the times to come.

RIL's market capitalisation has risen by ₹1.29 trillion (over 16.5%) during this period.

**❑ BHARTI TELECOM SELLS 2.75% STAKE IN AIRTEL FOR ₹8,433 CRORES**

Bharti telecom has sold 2.75% stake in Airtel to institutional investors in secondary market, raising ₹8,433 crores. The sale proceeds were to be utilized to pay off debts at Bharti Telecom. With this transaction, Bharti Telecom has become a zero – debt company which is expected to provide the Company with a strong financial flexibility and an ability to provide additional shareholder support to Bharti Airtel, as may be required from time to time.

**❑ OLA FINANCIAL RAISES ₹205 CRORES**

Ola Financial Services, which is responsible for regulating OlaMoney services has raised around ₹205 crores from Falcon Edge and Matrix Partners in its first institutional financing round. The fundraising activity has followed a separate deal by Ola Financial which raised \$20 million in working capital debt. With the help of these fundings, Ola expects to diversify its services beyond cab operatorship.

In January, the company had applied for NBFC license and has also struck partnerships with Religare for health insurance, Zipcash for wallet business and with SBI to launch credit cards.

**CORPORATE UPDATES****❑ KOTAK BANK LAUNCHED QIP TO RAISE ₹7,500 CRORE**

The Kotak Bank had launched a QIP of up to ₹7,500 crore and set a floor price of ₹1,147.75 per share. The fundraising will help the Bank to dilute its promoter shareholding to comply with regulations and present a healthier balance sheet. The Bank expects better dealing with contingencies or future financing opportunities after the fundraising.

**❑ CCI APPROVES ACQUISITION OF EMAMI CEMENT BY NIRMA ARM**

CCI has approved acquisition of 100% of total issued and paid – up share capital of Emami Cement Ltd. on a fully diluted basis by Nuvoco Vistas Corporation Ltd. (NVCL). Emami had entered into agreement with NVCL for divestment of 100% equity stake in Emami Cement Ltd. for an enterprise value of ₹5,500 crore in Feb 2020. This is Nirma's second acquisition in eastern India since 2016. This acquisition is expected to take Nuvoco's total cement capacity to 23.5 mtpa.

## REGULATORY UPDATES

### ❑ UP RERA INVOKES “FORCE MAJEURE”: 6 MONTHS EXTENSION FOR BUILDERS

UP RERA has decided to invoke the “Force majeure” clause and extend the deadline for completion of projects by 6 months. This decision has been taken in view of the difficulties faced by builders due to coronavirus outbreak.

All registered projects whose completion date falls on or after 25<sup>th</sup> March 2020 are eligible for the extended deadline. Six – months extension will also be provided to those projects which have already availed one – year extension as provided under RERA on or after 25<sup>th</sup> March 2020.

### ❑ SEBI EXTENDS POA NORMS IMPLEMENTATION DATE

SEBI has extended the date for implementation of norms pertaining to POA given by clients to TM/ CM. In order to curb misuse of POA granted by clients to TM/ CM, SEBI had prescribed that margin obligations be given in the form of securities to clients by way of pledge/ re – pledge in depository system. SEBI had prescribed that where POA has been given by the client in favour of TM/ CM, it will not be considered as equivalent to collection of margin by TM/ CM in respect of securities held in the de-mat account w.e.f. 1<sup>st</sup> June 2020. But due to procedural difficulties faced during COVID outbreak, the implementation of the scheme has been postponed till 1<sup>st</sup> August 2020.

### ❑ CLARIFICATION ON DISPATCH OF NOTICE U/S 62(2) OF COMPANIES ACT

Section 62 (2) provides for dispatch of notice for rights issue through registered or speed post or through any electronic mode or courier to all the shareholders at least 3 days before opening of issue.

As per latest clarification by the MCA, any inability to dispatch notice through courier or postal services will not be treated as violation of law.

**GLOSSARY**

<b>CCI</b>	Competition Commission of India	<b>QIP</b>	Qualified Institutional Placement
<b>CSF</b>	Consolidated Sinking Fund	<b>RBI</b>	Reserve Bank of India
<b>GA</b>	General Atlantic	<b>REPO</b>	Re-Purchase Option
<b>MCA</b>	Ministry of Corporate Affairs	<b>RERA</b>	Real Estate (Regulation and Development) Act
<b>MPC</b>	Monetary Policy Committee	<b>SBI</b>	State Bank of India
<b>NVCL</b>	Nuvoco Vistas Corporation Ltd	<b>SEBI</b>	Securities and Exchange Board of India
<b>PoA</b>	Power of Attorney	<b>TM/ CM</b>	Trading Member/ Clearing Member

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