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GRETEX CORPORATE SERVICES PRIVATE LIMITED

Category - I Merchant Banker



Targeting The Target

Registered Office

19B, B.B Ganguly Street, 2nd Floor,
West Bengal, Kolkata -700 012, INDIA.
Tel: 9836821999
Email: info@gretexgroup.com
www.gretexcorporate.com

Head Office

Office No.13, Raja Bahadur Mansion
(New Bansilal Building), 9-15 Homi Modi Street,
Near BSE, Fort, Mumbai-400023
Tel.: +91-022- 40055273
Email: info@gretexgroup.com



**GRETEX CORPORATE
SERVICES PRIVATE LIMITED**



**“We make everything
possible for U
as there is  U
in our success”**



Chairman Message

Dear Readers,

India's financial services sector consists of the capital markets, insurance sector and non-banking financial companies (NBFCs). India's Gross Domestic Savings (GDS) as a percentage of Gross Domestic Product (GDP) has remained above 30 per cent since 2004.

According to India Brand Equity Foundation (IBEF), Gross National Savings in India is expected to reach US\$ 1, 272 billion by the end of 2019. India's High Net worth Individuals (HNWI) wealth is also likely to expand at a Compound Annual Growth Rate (CAGR) of 19.7 percent and reach around US\$ 3 trillion by 2020.

The average investment by retail investors in stock market in India is 2 percent as stated in the IBEF report. The Government aims to increase this to 10-15 per cent by 2025. Brokerage firms will also benefit from the expanding Indian equity market in terms of number of listed companies and market cap.

The asset management industry in India is among the fastest growing in the world. Total asset under management (AUM) of the mutual fund industry clocked a CAGR of 12.05 per cent over FY07-15 to reach US\$ 179.6 billion. The annual turnover value in the National Stock Exchange (NSE) witnessed a CAGR of 20.7 per cent between FY96 and FY15 to reach US\$ 718 billion. The corporate investors accounted for around 45.9 per cent of total AUM in India, while HNWI and retail investors account for 28.6 per cent and 22.9 per cent, respectively.

Thus it is witnessed that India's equity market turnover has increased significantly in recent years. The Government of India has also taken various steps to deepen the reforms in the capital markets, including simplification of the Initial Public Offer (IPO) process which allows qualified foreign investors (QFIs) to access the Indian bond markets.

I hope the contents of this newsletter would provide the impetus for savings and help in better understanding of the Indian financial sector.

Thanking You

Arvind Harlalka

Chairman

HAPPY READING!!!

CONTENTS

KEY UPDATES	03
SEBI CORNER	05
Synopsis of Open Offer	08
Market Updates	14
PE Corner	16
Primary Market Updates	17
Article Corner	
1) BREXIT	18
2) Informal Guidance	20

KEY UPDATES

RBI updates

- **RBI decides to simplify and rationalize the process of registration of new NBFCs**

To simplify the process of NBFC registration, RBI has revised application forms and checklist for registration NBFCs.

With effect from now, there would be following types of applications for non-deposit taking NBFCs (NBFC-ND) based on Sources of Funds:

- a. Type I - NBFC-ND not accepting public funds/ not intending to accept public funds in the future and not having customer interface/ not intending to have customer interface in the future.
- b. Type II - NBFC-ND accepting public funds/ intending to accept public funds in the future and/or having customer interface/intending to have customer interface in the future.

- Key features for both types of NBFCs:

Type of NBFCs	Features
Type I - NBFC-ND	CoR issued will be conditional Less due diligence In case these companies intend to avail public fund or intend to have customer interface in the future, they are required to take approval from RBI.
Type II - NBFC-ND	NBFCs accepting public funds/ intending to accept public funds in the future and/or having customer interface/intending to have customer interface in the future

Format of Statutory Auditors' Certificate (SAC) to be submitted by NBFCs

With the reference of the RBI notification DNBS 192/DG (VL) dated 22nd February, 2007, all NBFCs are required to submit a certificate from their Statutory Auditors every year to the effect that they continue to engage in the business of NBFI requiring it to hold a CoR under Section 45-IA of the RBI Act.

With a view to maintain consistency, RBI decided to introduce a uniform format of the SAC.

➤ **FDI amendment**

The Union Government has radically liberalized the FDI regime. This is the second major reform after the last radical changes announced in November 2015. Now most of the sectors would be under automatic approval route. Key highlights of this amendment are presented below:

Sector	Proposed FDI regime	Existing FDI regime	Implication
Defence	100% FDI in defence via govt approval	49% for foreign entities under automatic route and beyond 49% on government approval on a case-by-case basis subject to access to state-of-the-art technology	Foreign defence firms can set up manufacturing facilities in India
Pharmaceuticals	74% FDI through automatic route in brownfield	100% FDI in brownfield through govt approval	More private equity deals in pharma as new regulation clears uncertainty over FIPB approvals
Aviation	100% FDI for foreign entities	49% for foreign entities	Local airlines can attract more capital
Broadcast	100 % FDI allowed via automatic route	100% FDI allowed, only 49% allowed via automatic route	More investment opportunities
●Cable networks			No FDI expected till cross-media ownership cap removed
●Direct to home (DTH)			
●Headend-in-the sky (HITS)			

Source: Department of industrial policy and promotion

SEBI CORNER

INFORMAL GUIDANCE

In the matter of Ginni Filaments Limited under SEBI (SAST) Regulations, 2011

Facts: Ginni Filaments Limited (hereinafter referred to as 'Target Company') is listed on the National Stock Exchange of India Ltd (NSE) and traded under permitted category of BSE Ltd.

As on 31st March, 2016, shareholding of the Promoter and Promoter group is 4,36,75,468 shares i.e 61.82% of the paid up capital of the Target Company.

The Promoter and Promoter group of the Target Company holds entire share capital of Raghukul Trading Private Ltd (hereinafter referred to as 'Raghukul') and Raghukul is the part of the Promoter and Promoter group. Part of the Promoter group (hereinafter referred to as 'Transferor entities') intends to transfer their shareholding i.e more than 5% of the paid up capital of the Target Company to Raghukul as interse transfer. Transferor entities hold 84.20% of the shareholding of the Raghukul.

Observation: Inter se Transfer is exempted from making open offer as per Regulation 10(1)(a)(iii) of SEBI Takeover regulations. In accordance with the provision of SEBI (Informal Guidance) Scheme, 2003, Raghukul Trading Private Ltd (hereinafter referred to as 'Raghukul') seek guidance on the following:

Whether the propose transfer would qualify for exemption under Regulation 10(1)(a) of Takeover Regulations.

Reply: SEBI has granted exemption under Regulation 10(1)(a) of Takeover Regulations.

SEBI ORDER

Settlement Order

In the matter of Elantas Beck India Limited (EBIL)

Fact of the case: Elantas Beck India Limited(EBIL) and ElantasGmbh promoter and promoter group of the EBIL(Hereafter referred to as "Noticees") failed to meet the minimum public shareholding norms and violated the Securities Contracts (Regulation) Rules, 1957. SEBI had imposed various restrictions on the firm for its failure to comply with the norms within the mandated timeframe.

SEBI directed the freezing of Promoter / Promoter Group shareholding and restricted the corporate benefits and restrained the shareholders forming part of the Promoter / Promoter Group and Directors of the Company from holding any new position as a Director in any listed Company, till such time the Company complies with the minimum public shareholding requirement. Thereafter, the notices had submitted settlement application.

Decision: SEBI asked the Company to settle the case by payment of Rs 8,84,000/- and the Company and promoter paid the sum of Rs 8.84,000/- as settlement charges.

Date of Order: 08.06.2016.

In respect of Southern Fuel Limited.

Fact of the Case: Pursuant to Share Purchase Agreement between the Promoters and Acquirers on November 16, 2012, the Open Offer has been triggered. After completion of Open Offer on May, 24, 2013, the Acquirers have failed to honour their commitment and have not made the payment of balance Rs. 4.50 Crores. The Promoters still continue to manage the affairs of the company and are in-charge of the management of the Company. Pursuant to closing of the Open Offer the total Promoters shareholding remained at 90% and the Public shareholding continues to be less than the mandated 25% under Rule 19A of the Securities Contracts (Regulation) Rules, 1957 read with Section 21 of the Securities Contracts (Regulation) Act, 1956.

Observation: As per shareholding pattern dated June 30, 2015, the Promoters had not been changed. The Public shareholding of the Company is continuously below 25% since the year 2006 and the same has not been brought to 25%.

Decision: SEBI directed the freezing of proportionate Promoter / Promoter Group shareholding in the Company, till such time Company complies with the minimum Public shareholding requirements.

SEBI also prohibits the Promoters/ Promoter Group and the Directors of the Company from buying, selling or otherwise dealing in securities of Company, either directly or indirectly.

SEBI restrained the shareholders forming part of the Promoter / Promoter Group and Directors of the Company from holding any new position as a Director in any listed Company, till such time the Company complies with the minimum Public shareholding requirement.

Date of Order: 14.06.2016

Eco Friendly Food Processing Park Limited

In the Matter of Eco Friendly Food Processing Park Limited, Esteem Bio Organic Food Processing Limited, Channel Nine Entertainment Limited and HPC Biosciences Limited.

Facts & Observation of the Case: Pursuant to detection of huge rise of prices & Volume of above four Companies, Preliminary investigation was conducted. It was observed that before IPO, despite having poor financials during FY 2010-11 and FY 2011-12, all these companies raised capital through Preferential Issue and Bonus Issue. Same funding Group financed the allottees of IPO directly / indirectly and subscription money were routed back to the funding group by the Companies. After Lock - in period, pre IPO transferees existed at high prices. Preferential allottees & Pre IPO transferee have collectively made a profit of Rs. 614 Crore.

Decision : Interim Order was passed by the SEBI on January 04, 2016, which restrained 254 entities (including the above four entities) from accessing the Capital Market. Direction shall remain in force till further directions.

Date of Order: 13.06.2016

In the Promoters of M/s. Rama Paper Mills Limited

Fact of the case : Shareholding of the Promoter and Promoter group (hereinafter referred to as noticee) of the Rama Paper Mills Limited was increased by 16.21% pursuant to preferential allotment, which exceeded the creeping acquisition and triggered the open offer under regulation 11(1) of the Takeover Regulations. But no open offer was made.

Promoter and Promoter group had filed an application to settle the above violation through consent order.

Decision: The High Powered Advisory Committee (HPAC) directed the notice to pay Rs 21,25,000/- as Settlement charges.

Date of Order: 30.06.2016

In the Promoters of Tak Machinery and Leasing Limited (TMLL)

Fact of the case: TMLL is listed at BSE Ltd and Ahmedabad Stock Exchange Ltd. An open offer was made by E-Ally Consulting (India) Private Limited and Shree Jaisal Electronics & Industries Limited along with the Persons Acting in Concert in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (SAST Regulations, 1997). It was observed in the open offer document that Mr. Manan

(Noticee) was the member of erstwhile promoter group of TMLL and the total shareholding of the erstwhile promoter group of TMLL as on February 08, 2011 was 52.02%. On February 08, 2011 Manan had sold 17,890 shares of TMLL, constituting 2.54% of then total share capital of TMLL. And by which he was liable to make disclosure as per Regulation 7(1A) read with 7(2) of SAST Regulations, 1997 to the company and to the stock exchanges, within two days from the date of sale of shares. But no disclosure was made.

With the reference of above violation, Mr. Manan had filed an application to settle the above violation through consent order.

Decision: The High Powered Advisory Committee (HPAC) directed the notice to pay Rs 2,00,000/- as Settlement charges.

SYNOPSIS OF OPEN OFFER

Name of the Target Company: Crompton Greaves Consumer Electricals Limited

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	13.05.2016
Background of the Offer	Parent Company: Crompton Greaves Limited (CGL) by letter dated 09.03.2015, filed a scheme of arrangement to demerge the consumer product division into its Wholly owned subsidiary (WOS) Crompton Greaves Consumer Electricals Limited (CGCEL). Avantha Holdings Limited (Seller) is the promoter of CGL and holds 34.37% of total share capital of the Target Company which was allotted on a fully diluted on the allotment date. Acquirer 1 and Seller entered into SPA. Acquirer 1 agreed to acquire 22.34% Shares and Acquirer 2 agreed to acquire 12.03% shares in the Target Company. Acquirers and PAC1 had also executed interse agreements. Above SPA , triggered the open offer as per Regulation 3 (1) & 4 of SAST.
Listed at	National Stock Exchange Limited and BSE Limited
Offer Price	Rs. 104

Name of the Target Company: Rajkumar Forge Limited

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	18.05.2016

Background of the Offer	As on date of PA, the Acquirers are not forming part of the present Promoter Group of the Target Company. Pursuant to Share Purchase Agreement, acquirers propose to acquire 66.71% of Shares in the Target Company , which has resulted into the triggering of Open Offer under Regulation 3 (1) & 4 of SEBI (SAST) Regulation, 2011. Upon completion of the offer, assuming full acceptance , Acquirer will hold 92.71% shares of the Target Company. Acquirers have to dilute the shares to maintain minimum public shareholding.
Listed at	BSE Limited
Offer Price	Rs. 32

Name of the Target Company: MRO-TEK REALTY LIMITED

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	19.05.2016
Background of the Offer	Pursuant to Share Purchase Agreement, acquirers propose to acquire 36.99% of Shares in the Target Company, which has resulted into the triggering of Open Offer under Regulation 3 (1) & 4 of SEBI (SAST) Regulation, 2011. No acquirers hold any shares of the Target Company. Acquirer 1 and Acquirer 2 are the present Directors and hold entire shares of the Acquirer 3.
Listed at	National Stock Exchange Limited and BSE Limited
Offer Price	Rs. 42

Name of the Target Company: UV BOARDS LIMITED

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	20.05.2016
Background of the Offer	Pursuant to Share Purchase Agreement, acquirers propose to acquire 8.78% of Shares in the Target Company. After SPA, Acquirer will acquire control over the Target Company and will become the Promoter of the Target Company in terms of Regulation 31A (5) of the SEBI (LODR) Regulation 2015.
Listed at	BSE Limited
Offer Price	Rs. 13.50

Name of the Target Company: ASIAN OILFIELD SERVICES LIMITED

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	23.05.2016
Background of the Offer	Pursuant to Share Purchase Agreement, acquirer propose to acquire 56.32% of Shares in the Target Company , which includes 20% shares which are under Lock-in and 25.45% shares are under pledge, which has resulted into the triggering of Open Offer under Regulation 3 (1) & 4 of SEBI (SAST) Regulation, 2011.
Listed at	BSE Limited
Offer Price	Rs. 32.40

Name of the Target Company: AMARNATH SECURITIES LIMITED

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	26.05.2016
Background of the Offer	As on date of PA, acquirer holds 21.67% of Shares in the Target Company and Sellers are the part of the Promoter Group. The Target Company is NBFC Company. Pursuant to Share Purchase Agreement, acquirer proposes to acquire 34.50% of Shares in the Target Company, which has resulted into the triggering of Open Offer under Regulation 3 (1) & 4 of SEBI (SAST) Regulation, 2011.
Listed at	BSE Limited
Offer Price	Rs. 16

Name of the Target Company: ADCC INFOCAD LIMITED

Applicable Regulation	Regulation 3(2) of SEBI (SAST) Regulation, 2011
Date of Public Announcement	01.06.2016
Background of the Offer	As on 31 st March 2016, Promoter & Promoter Group shareholding in the Target Company is 45.38%. Acquirers are the part of the Promoter Group. As on the date preceding the date of PA, Promoter & Promoter Group collectively holds 49.14% i.e. increase of 3.75% in the financial year. Acquirer intends to consolidate their holdings.
Listed at	BSE Limited
Offer Price	Rs. 53.40

Name of the Target Company: EXCEL CROP CARE LIMITED

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	05.06.2016
Background of the Offer	Pursuant to Share Purchase Agreement between acquirer, PAC and two selling shareholders, acquirer (along with PAC) propose to acquire 44.98% of shares in the Target Company , which has resulted into the triggering of Open Offer under Regulation 3 (1) & 4 of SEBI (SAST) Regulation, 2011. As per the terms of SPA , selling shareholders may undertake inter se transfers amongst themselves within seven business days from June 05,2016 or extended period. Acquirer is the subsidiary of the PAC. PAC holds 94.17% of the issued and paid up capital of acquirer.
Listed at	National Stock Exchange Limited and BSE Limited
Offer Price	Rs. 1259.36

Name of the Target Company: INTERACTIVE FINANCIAL SERVICES LIMITED

Applicable Regulation	Regulation 3(1) and 4 of SEBI (SAST) Regulation, 2011
Date of Public Announcement	09.06.2016
Background of the Offer	As on date of PA, Acquirer 1 holds 23.90% of paid up capital. Pursuant to Share Purchase Agreement between acquirers and seller, acquirer propose to acquire 21.21% of shares in the Target Company , which has resulted into the triggering of Open Offer under Regulation 3 (1) & 4 of SEBI (SAST) Regulation, 2011.

Listed at	BSE Limited
Offer Price	Rs. 8

Name of the Target Company: O.P. CHAINS LIMITED

Applicable Regulation	Regulation 3(2) of SEBI (SAST) Regulation, 2011
Date of Public Announcement	14.06.2016
Background of the Offer	As on date of DPS, acquirers are the part of Promoter Group and holds 38.66% of paid up capital in the Target Company. Total shareholding of Promoter & Promoter Group is 38.76%.The acquirers intends to acquire more share through off market purchase and market purchase, which has resulted into the triggering of Open Offer under Regulation 3 (2) of SEBI (SAST) Regulation, 2011.
Listed at	BSE Limited(SME Platform)
Offer Price	Rs. 13

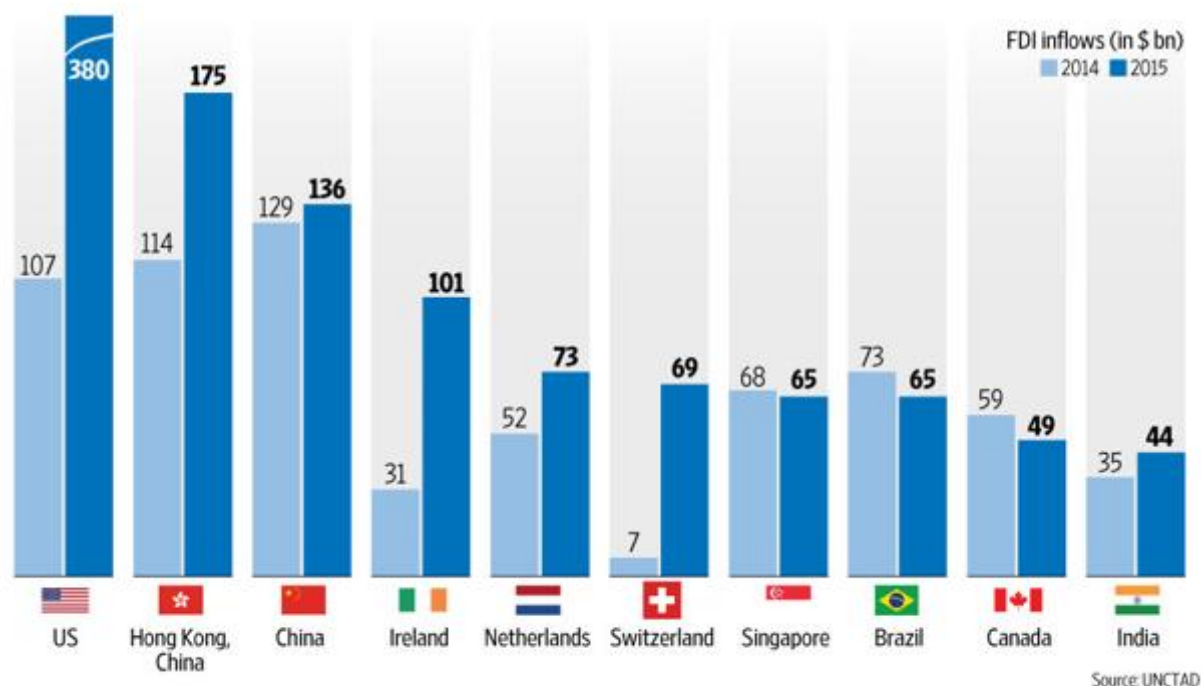
MARKET UPDATE

India continues to be among the top ten countries in terms of foreign direct investment (FDI) inflows globally and the fourth in developing Asia, as per the World Investment Report 2016 by the United Nations Conference for Trade and Development (UNCTAD).

India's FDI inflows have increased to \$44 billion in 2015 as compared to \$35 billion in 2014.

FDI RANKINGS

The US tops in FDI inflows, with China at third place and India at 10th.



➤ Cabinet Approves Fund Of Funds For Start-Ups

In a bid to extend funding support for start-ups, the union cabinet approved the establishment of Fund of Funds for Startups (FFS) at Small Industries Development Bank of India (SIDBI) for contribution to various Alternative Investment Funds (AIF)

The government provided Rs 500 crore to the corpus in 2015-16 and Rs.600 crore was earmarked in the 2016-17. Department of Industrial Policy and Promotion (DIPP) will monitor and review performance in line with the Start up India Action Plan while SIDBI will manage day to day operations of FFS.

➤ **Cabinet Clears Rs. 6000 Crore Package for Textile Sector**

The government has announced a Rs6,000-crore package for the textiles and apparels sector to help it wrest a bigger share of the global market. The package also provides the sector more flexible labour laws and financial incentives. The package will help in realizing the true potential of employment generation in the textile and apparel sector

➤ **Cabinet approves SBI's merger with five Subsidiaries**

The Union Cabinet approved the merger of five associate banks -- State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Patiala, State Bank of Mysore and State Bank of Hyderabad as well as BharatiyaMahila Bank with State Bank of India.

CCI clears Blackstone _ Mphassis Deal

Competition Commission has cleared private equity major Blackstone's multi-billion dollar deal to buy over 50% stake in Mphasis from HP Enterprise.

The acquisition will be done through Marble II Pte, part of Blackstone Group.

In April this year, Blackstone had said it will buy out 50% stake of HP Enterprise in Mphasis for up to Rs 7,071 crore (\$1.1 billion), marking the largest IT deal for the US-based firm in India.

Fund Raising through QIP& IPO

April-June 2016

Q1	IPO	OFS	QIPs	Total money
2011-2012	2365	0	603	7546
2012-2013	444	274	0	718
2013-2014	942	4507	1222	10455
2014-2015	237	427	12967	14049
2015-2016	2322	1610	7460	11392
2016-2017	5855	3033	473	

On an overall basis, money raised through equity in the June quarter was down 18% compared to same period last year.

Source: prime database.

PE CORNER

Top five PE deals this year

The top five deals this year accounted for 44.3% of the total investment in terms of deal value. The largest deal has been Blackstone Advisors India investing \$1,200 million in Mphasis.

Date	Target	Buyer	Deal Value (\$ mn)
Apr 4	Mphasis	Blackstone Advisors India	1,200.00
Mar 28	Bangalore Intl. Airport	Fairfax India Holdings Corporation ¹	369.50
Mar 31	Greenko Energy Holdings	GIC, Abu Dhabi Investment Council	230.00
Feb 11	Janalakshmi Fin. Services	QRG Enterprises ²	210.00
Jan 25	Jasper Infotech	Ontario Teachers Pension Plan ³	200.00
¹ includes Fairfax Financial Holdings; ² Includes Morgan Stanley Private Equity Asia IV , IPG Asia Buyout Fund VI , GIC , Havells India; ³ Includes Bennett Coleman and Co., Iron Pillar			

Source: News Corp VCCEdge

Liquidity events/exits this year

The year has seen 79 exits. There were 37 M&A exits worth \$298.89 million. Arisaig Asia Consumer Fund sold 1.91% & 1.10% stake in Marico and Britannia Industries for \$84 million and \$55.8 million, respectively.

Exit Type	Deal Volume	Deal Value (\$ mn)
Initial Public Offering	7	526.33
M& A	37	298.89
Open Market	19	210.00
Buyback	5	70.46
Secondary Sale	11	59.31

PRIMARY MARKET UPDATES

Upcoming Events

Following Companies received SEBI approval for raising funds through Public Issue

Name of the Company	Date of Filing of DRHP	Date of SEBI's observation
CL Educate Limited	30 th March 2016	24 th June 2016
Hinduja Leyland Finance Limited	30 th March 2016	24 th June 2016

Past Events

Companies Listed at SME Platform at the month of June

Name of the Company	Date of Listing	Platform where it is listed
Yash Chemex Limited	20.06.2016	BSE SME
Shanti Educational Initiatives Limited	14.06.2016	BSE SME
United Polyfab Gujarat Limited	07.06.2016	NSE EMERGE

Brexit : All You Need To Know and its Impact on India

Contributed by Ankit Gandhi, Marketing Head

What is Brexit?

Brexit is an abbreviation of Britain's exit from European Union membership

The European Union - often known as the EU - is an economic and political partnership involving 28 European countries. The EU has developed an internal single market through a standardised system of laws that apply in all member states. EU policies aim to ensure the free movement of people, goods, services, and capital within the internal market. The United Kingdom Prime Minister, David Cameron at the time of his election had promised to hold a referendum on whether the UK should remain in the EU? The referendum has been held and the people of the UK have voted 52:48 in favour of an Exit.

Membership fee

Leaving the EU would result in an immediate cost saving for Britain, as the country would no longer contribute to the EU budget. Last year, Britain paid in £13bn, but it also received £4.5bn worth of spending, "so the UK's net contribution was £8.5bn". That's about 7 per cent of what the Government spends on the National Health Service each year.

What happens next?

Technically, MPs could block an EU exit - but it would be seen as political suicide to go against the will of the people as expressed in a referendum. The referendum result is not legally binding - Parliament still has to pass the laws that will get Britain out of the EU.

The greatest uncertainty associated with leaving the EU is that no country has ever done it before, so no one can predict the exact result.

Brexit and Indian economy

It is hard to make a case of any meaningful impact on Indian economy of Brexit – either direct or indirect. The UK is a small trading partner of India – UK alone accounts for only 3.4% and 1.4% of India's merchandise exports and imports, respectively, as of FY16. Even that should not be impacted as Brexit will change the terms of trade between UK and EU and not with India.

FDI flows from UK to India stood at only US\$1bn in FY15 and US\$0.8bn in FY16; hence, not that significant.

Effect on Indian Currency: Investor may exit from emerging market currencies and in turn park their funds in safe haven of dollar and US treasury leading to strengthening the dollar against Indian Rupee.

Impact on Indian Companies

Brexit can have some impact on Indian companies that have businesses in UK/ EU. The medium term impact, if any, will be clear only post the revised terms of trade between UK and EU are finalized. This should take 2-3 years from now.

The event will hurt revenues of a number of Indian companies, which have huge business interest in European Union

India has become an increasingly important investor for Britain. It is now the third-biggest provider of foreign direct investment into the UK, according to UK Trade and Investment. Indian companies employ 110,000 individuals in the UK.

Capital outflows

A pessimist may argue that Brexit will lead to FII outflows from India due to risk aversion. While there is no meaningful link between Brexit and Indian economy, India is in a strong position even if there are some outflows. Consensus expects India's CAD to remain manageable at about ~1.5% of GDP in FY17. Foreign exchange reserves at ~US\$363bn seem adequate to withstand volatility in the case of global risk aversion. Net FDI inflows have increased to an all-time high of US\$36bn in FY16. Impact of any FII outflows even if it does happen will not be felt by the economy.

INFORMAL GUIDANCE

Contributed by Amina Khatoon, General Manager

The Securities and Exchange Board of India (SEBI) has introduced the Scheme called “SEBI (Informal Guidance) Scheme 2003” with effect from 24th June, 2003 to have better regulation and orderly development of the Securities Market.

In this Scheme, an entity/ies can seek guidance or recommendation on the interpretation of the provisions of SEBI Act, Rules, Regulations and Circulars. It is a formal scheme launched by SEBI in the name of providing Informal Guidance.

The Informal Guidance can be sought in two forms:

- i. No Action Letters: In this Letter, SEBI indicates that the Department would or would not recommend any action under any Act, Rules, Regulations, Guidelines, Circulars or other legal provisions administered by SEBI to the Board if the proposed transaction described in a request made by the applicant.
- ii. Interpretive letters: In this guidance, a Department of SEBI provides an interpretation of a specific provision of any Act, Rules, Regulations, Guidelines, Circulars or other legal provision being administered by SEBI in the context of a proposed transaction in securities or a specific factual situation.

The Scheme permits the following persons / entities to make a request for Informal Guidance under this scheme:

- Any intermediaries registered with SEBI under section 12 of the SEBI Act, 1992;
- Any listed companies to seek informal guidance. The term “Listed Company” means a Company defined under Companies Act and whose securities are listed on any recognized stock exchange/(s);
- Any company which intends to get any of its securities listed and which has filed either a listing application with any stock exchange or a draft offer document with the board or the Central Listing Authority;
- Any mutual fund trustee company or asset management company; and
- Any acquirer or prospective acquirer under Takeover Regulations

Process for seeking Informal Guidance:

- i. It shall state that it is being made under this scheme and also state whether it is a request for a no action letter or an interpretive letter;
- ii. It shall be accompanied with a fee of Rs.25,000/- (Where a request is rejected for non-compliance with the procedure of application, the fee if any paid by the

- requestor shall be refunded to him after deducting there from a sum of Rs. 5,000/- towards processing fee.);
- iii. It shall be addressed to the concerned Department of SEBI; and,
 - iv. It shall describe the request, disclose and analyze all material facts and circumstances involved and mention all applicable legal provisions.

Time Frame: SEBI may dispose off the request as early as possible as and in any case not later than 60 days after the receipt of the request. The Department may give a hearing or conduct an interview if it feels necessary to do so. The requestor shall be entitled only to the reply. The internal records or views of SEBI shall be confidential.

SEBI may not respond to the following types of requests:

- i. those which are general and those which do not completely and sufficiently describe the factual situation;
- ii. those which involve hypothetical situations;
- iii. those requests in which the requestor has no direct or proximate interest;
- iv. where the applicable legal provisions are not cited;
- v. where a no-action or interpretive letter has already been issued by that or any other Department on a substantially similar question involving substantially similar facts, as that to which the request relates;
- vi. those cases in which investigation, enquiry or other enforcement action has already been initiated;
- vii. those cases where connected issues are pending before any Tribunal or Court and on issues which are sub judice; and,
- viii. Those cases where policy concerns require that the Department does not respond.

Moreover, such letter giving informal guidance cannot be construed as a conclusive decision or determination of any question of law or fact by SEBI. Letter cannot be construed as an order of the Board under section 15T of the SEBI Act and as such will not be appealable.

Disclosures

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Organization Address: _____

Contact Number: _____

E Mail Address: _____

Observation / Comment: _____

Any recommendations (to any person): _____

Please send your feedback to :

GRETEX CORPORATE SERVICES PRIVATE LIMITED

19B, B.B Ganguly Street, 2nd Floor, West Bengal, Kolkata -700 012, INDIA.

Tel: 8820221999, Telefax.: +91-033-22369295

Email: info@gretexgroup.com, www.gretexcorporate.com

Note

Our Clients



Sar Auto products Ltd



Axtel Industries Ltd



Neil Industries Ltd



Anubhav Infrastructure Ltd



Palco Metals Ltd



Roxy Exports



Arfin India Ltd



Hindustan Safety Glass Industries Limited

Salem Erode Investments Ltd

Umang Commercial Company Ltd

Tine – Valley Tuticorin Investments Ltd

Our Services

CORPORATE COUNSELLING

LOAN SYNDICATION

MANAGERS TO ISSUE

UNDERWRITING

ADVISING ON MERGERS/TAKEOVERS

ARRANGING OFF-SHORE FINANCING

CORPORATE RESTRUCTURING

ISSUE MANAGEMENT

Our Strengths

**INNOVATIVE
ANALYSIS**

INTEGRITY

**EXPERTISE
TEAM**

**ABILITY TO
PROVIDE
OUT OF BOX
SOLUTIONS
TO COMPLEX
BUSINESS
NEEDS**

**CAPITAL
MARKET
FAMILIARITY**

**VAST
NETWORKING**