SEBI LURES FOREIGN INVESTORS, TIGHTENS BUYBACK NORMS

In a wide-ranging overhaul of rules to make India an easier, safer and attractive investment destination, Sebi unveiled a new set of streamlined entry norms for foreign investors, while putting in place checks against any wrongdoing by the company promoters.

About a dozen of these steps, which were approved by the board of Sebi (Securities and Exchange Board of India) come at a time when Indian markets have been going through turbulent times amid concerns over falling value of and huge outflows of overseas funds from the country. Foreign investors have sold over $5 billion in debt and equities this month alone. The government is keen to attract foreign flows to narrow its widening current account deficit that hit a record high of 6.7% of GDP in the December quarter.

Foreign Portfolio Investors category

With regard to foreign investors, the board of capital markets regulatory authority simplified and eased the registration and compliance requirements, especially for government entities and large investors like insurers, asset management companies and university funds from abroad. The board also approved merging different classes of investors such as FIs, their Sub Accounts and Qualified Foreign Investors into a new category, Foreign Portfolio Investors (FPIs), to put in place a simplified and uniform set of entry norms. The SEBI board accepted the recommendations of the committee headed by former cabinet secretary K.M. Chandrasekhar on ‘rationalisation of investment routes and monitoring of foreign portfolio investments’.

In another major step, Sebi has decided to define all investments of up to 10 per cent by any single investor or group as ‘portfolio investment’, while investments beyond that would be considered as Foreign Direct Investment (FDI).

The request regulator has also approved making it mandatory for the companies to buyback at least 50 per cent of their repurchase offers. Besides, companies would have to complete their buyback offers within six months, from 12 months currently, while those not being able to meet the target would be barred from launching another offer for a period of one year.

The measures, which also include companies being asked to keep 25 per cent of proposed buyback offer amounts in an escrow account, are aimed at averting the promoters from making non-serious offers to wrongly influence stock prices. Those failing to meet the buyback target would not be allowed to come up with another offer for one year.

Angel funds can invest in start-ups

To encourage entrepreneurship and help new and small companies access the market for funds, Sebi also allowed start-ups and SMEs to get listed on bourses without making an IPO and decided to put in place new rules for angel investors. To ensure that investments are genuine, angel investors would be allowed to put in their money only firms incorporated in India and that are not more than three years old. Sebi also unveiled measures to give a boost to the newly introduced separate debt segments of bourses, by easing entry norms and waiving off deposit and annual fee requirements for intermediaries already registered in other segments.

Government may decide on raising natural gas prices

The cabinet may this week decide on raising natural gas prices for the first time more than three years, a move which will earn the government over Rs 3,000 crore more in taxes and other levies annually, reports PTI.

The cabinet committee on economic affairs may this week decide to price all domestically produced natural gas as per a formula suggested by a panel headed by Prime minister’s economic advisor C R Rangarajan.

The price as per this formula currently is set to $6.775 per million British thermal unit, 60% more than current rate of $4.2 per million.

The price will be applied to all producers with state-owned firms getting the new rates from current year itself while reliance industries would benefit from April next year.

In a research note, Deutsche Bank estimated that 55 per cent of the increase in price of regulated (or APM) gas (produced by state-owned firms like ONGC) flows back to the government in the form of royalty, tax and dividends.

Mistry wants more women at leadership roles in Tata group

Pressing on the importance of harnessing talent of women workers, Tata group chairman Cyrus Mistry has batted for the fairer gender taking up more leadership roles in the over $100 billion salt-to-software conglomerate, reports PTI.

In his first address to shareholders as the chairman of Tata Global Beverages Ltd, Mistry said women have been and continue to be an integral part of the company across the world.

“I look forward to seeing women in important roles and positions of leadership in the years ahead. I am also confident that this initiative will be increasingly embraced by other Tata companies in the years to come,” he said in the annual report of TGBL for 2012-13. Mistry, who took over as the chairman of the group after Ratan Tata retired last year, lamented that when women are insufficiently represented in the workplace, “we lose out on 50% of the talent pool”.

Mistry also talked about the need to support women workforce and need to retain talents. “It is true that many talented women drop out of the workforce in several countries including India, creating a porous pipeline of talent. Therefore, companies need to do much more to retain, develop and grow their women.”

NTPC buries row with Coal India, to sign fuel pact

After refusing to sign pacts to buy coal over quality issues, state-run power utility NTPC said it will sign the fuel supply agreements with Coal India but with riders. The country’s largest power producer has said that the company’s board has approved signing of Fuel Supply Agreements with Coal India for 9,370 MW capacity plants and the sampling will take place at the loading point.

“NTPC will accept coal quality below 3,100 kilocalorie but will incentivise Coal India for 25% of that quantity and the remaining will not be incentivised,” NTPC CMD Arup Roy Choudhury said. Coal supplied below 3,100 kilocalorie will be accounted for separately. “Coal India informed that the third-party sampling and analysis at loading end shall be introduced before September 30, this year,” he said. Auto Mechanical Samplers wherever installed and not working shall be made operational in a time-bound manner.

SOURCE: PTI

SOURCE: PTI

SOURCE: PTI
OVL-OIL to buy Videocon’s stake in Mozambique field for $2.5 bn

OVL said the deal would mark its entry into the emerging world-class offshore gas basin

In its third acquisition in ten months, Oil and Natural Gas Corp (ONGC) along with Oil India Ltd will buy Videocon Industries’ 10% stake in a giant Mozambique gas field for $2.5 billion and may pay a similar amount to buy a further 10% stake from Anadarko of US. ONGC Videsh Ltd, the overseas arm of Oil and Natural Gas Corp (ONGC), sewed India’s second biggest energy acquisition ever when it along with OIL agreed to pay $ 2.475 billion for Videocon’s 10% stake in Rovuma-1 field.

Shares of ONGC gained nearly 4% at Rs 310.20 on the BSE while shares of Oil India fell by 2.10% to Rs 544.20. The Rovuma field may hold as much as 65 Trillion cubic feet (Tcf) of in-place gas reserves, more than 10 times the reserves in Reliance Industries’ eastern offshore KG-D6 fields, and has the potential to become one of the world’s largest liquefied natural gas (LNG) producing hubs by 2018. Besides the acquisition price, OVL-OIL will have to pay their share of the field development cost and the LNG plant. Field development and the LNG unit will cost a total of $1.5 billion and their share will come to $1.5 billion.

“OVL and OIL signed definitive agreements in Singapore on June 25 with Videocon Mauritus Energy Ltd to acquire 100% of shares in Videocon Mozambique Rovuma 1 Ltd, the company holding a 10% participating interest in the Rovuma Area 1 Offshore Block in Mozambique (Area 1) for $2.475 million,” the two firms said in a statement. OVL-OIL need approval of the Mozambican and Indian government, regulatory permissions and existing partners in Rovuma-1 area waiving off their pre-emption rights for the deal to go through. Since September last year, OVL has announced deals worth about $8.5 billion. OVL completed the acquisition of Hess Corp’s 2.7% stake in Azerbaijan’s largest oil field and an associated pipeline for $1 billion.

Gitanjali to cut sale of gold coins, bars

The country’s largest jewellery retailer Gitanjali Gems said it will reduce sale of gold coins and bars items and rather focus on lower carat jewellery and value-added products. On Monday, the All India Gems and Jewellery Trade Federation (GJF) had asked its 42,000 members across India to suspend sale of gold coins and bars in order to reduce investment demand and curb imports to improve the country’s current account deficit situation. “We are supporting the Federation’s call. We are going to reduce sale of gold coins and bars. Instead we will focus on lower carat jewellery and value added products,” Gitanjali Gems Managing Director Meuhl Choki said. At present, Gitanjali has more than 100 stores in the country and plans to add 300 more by the end of this year. Largest selling brands from the Gitanjali Group include Nakshatra, Gili, D’damas, Asmi, Sangini and others. Meanwhile, the Reserve Bank tightened norms for lending against gold coins as well as units of gold ETFs and mutual funds by Regional Rural Banks (RRBs) to curb demand.

“...it is advised that while granting advance against the security of specially minted gold coins sold by banks, RRBs should ensure that the weight of the coin(s) does not exceed 50 gram(s) per custom(mer)...” a RBI notification said. Earlier, RBI had imposed similar restrictions on commercial banks and NBFCs. RBI also asked RRBs that the amount of loan to any customer against gold ornaments, gold jewellery and gold coins (weighing up to 50 grams) should be within the Board approved limit.

HPCL to set up refinery at Pachpadra

State-run Hindustan Petroleum Corporation will set up a refinery at Pachpadra, a desert village in Barmer district of western Rajasthan. A HPCL team, after evaluating two sites at Leelala and Pachpadra decided to set up the refinery at Pachpadra. The foundation stone laying ceremony will take place in July and is expected to be attended by UPA chairperson Sonia Gandhi. The Rajasthan government, which is a partner in the project has approved the suggestion of HPCL to shift the location. It is planning to complete the project by the end of 2017. “The 11,000 bigha land on which the refinery will come up belongs to the state government and there is no need for any land acquisition,” said Sudhanshu Pant, secretary, mines and petroleum. The company is expected to start construction work at the site in the next six months while the state government will start the process of handing over the land to the JV company.

 Mines Min panel moots 50% hike in iron ore royalty

The Mines Ministry-appointed study group has proposed revising royalty rate on iron to 15% from 10% now, a proposal miners’ body FIMI said could sound a death knell for the industry. Sources told PTI that the study group, constituted in 2011 under the chairmanship of an additional secretary in Mines Ministry, has suggested the hike in its second draft report which would be finalised later. It had made the same recommendation in the first report which was circulated among stakeholders in May last year. The decision is understood to have taken as- suming that the sector, in general, is making huge profits. However, Federation of Indian Miners Association (FIMA) said it will have a cascading effect on the industry, which has already seen huge job cuts and shutting shops.

 Satyam merges with Tech Mahindra, breaks into top 5 IT league

The merged entity will aim to almost double the turnover to $5 billion by 2015 with focus on telecom, manufacturing, BFSI among others

Software firm Mahindra Satyam was formally merged with its parent Tech Mahindra to create the country’s fifth largest software services firm with a turnover of $2.7 billion. The merged entity will be called Tech Mahindra which will aim to almost double the turnover to USD 5 billion by 2015 with focus on telecom, manufacturing, BFSI among others. Anand Mahindra will be the chairman of the combined entity.

“Over the past 4 years we worked through the statutory and legal issues, our teams worked closely on the ground to integrate processes, eliminate overlaps, leverage best practices and deliver enhanced value to all our share- holders,” Tech Mahindra Executive Vice Chairman Vinay Nayar said at a press conference here. The $16.2 billion Mahindra Group had in 2009 taken over Satyam Computers after a multi-billion-dollar scam by its founding chairman B Ramalinga Raju was unearthed.

The board of Tech Mahindra and Mahindra Satyam had approved the merger on March 21, 2012. After an approval from the Mumbai High Court, the merger had been awaiting clearances from the Andhra Pradesh High Court, which gave the nod on June 11, 2013.

Nayar announced that Milind Kulkarni will be the CFO of the combined entity. On the path ahead, Tech Mahindra Managing Director CP Gurnani said: “We will continue to focus on telecom and manufacturing. And we strongly believe that by 2015 we will be a USD 5 billion company.”

Gantanjali to cut sale of gold coins, bars
Customers Bancorp to buy 6% stake in Religare for Rs 300 cr

The multi-structured deal is an attempt by Religare to enter the banking sector.

Financial service provider Religare Enterprises Ltd (REL) said Customers Bancorp Inc of USA has agreed to buy 6% stake in the Delhi-based banking aspirant for USD 51 million (about Rs 300 crore), reports PTI. The multi-structured deal is part of Religare’s attempt to enter the banking fray, under which the promoters have to bring down their stake to under 49 percent, the company said.

The promoters are selling the shares as part of their 22 percent divestment to qualify REL to setup NOFHC as per RBI guidelines for licencing of new banks in the private sector issued on February 22, 2013.

Last week, REL promoters billionaire brothers Malvinder Mohan Singh and Shivinder Mohan Singh decided to sell nearly 22.75 percent stake, worth about Rs 1,000 crore, to meet RBI eligibility norms for new banks. Management teams of both the companies have negotiated a term sheet based on which definitive documents are to be completed. The board of the bank has already given its approval to proceed with the transaction, it said.

These teams will also enter into a business alliance agreement to find opportunities to service Religare’s customers across businesses, as well as potential customers. Customers Bancorp of Indian origin in the US for their India investment needs, it added. As per the pact, Wyomissing, Pennsylvania-based Customers Bancorp would make a secondary purchase of Indian Rupee equivalent of USD 22 million of shares of REL from the promoters.

In addition, it said Customers Bancorp would make an investment for the Indian Rupee equivalent of USD 28 million in share Warrants issued by the company on preferential allotment basis, as per SEBI floor price.

March current account deficit narrows to 3.6% in Q4

India’s current account deficit hit a record high 4.8 percent of gross domestic product in the fiscal year that ended in March, fuelled by rising imports of oil and gold, but was lower than an expected gap of 5 percent, giving a boost to the battered rupee.

The current account data was released a day ahead of schedule and a day after the Indian rupee touched a record low of 60.76 to the dollar. The Indian currency rose as high as 60.31 to the dollar in early Thursday trade after the data release.

"I think there was a clear motivation on the part of the RBI to put the market at ease. It shows they were uncomfortable at the recent sell-off, and perhaps, this is the best way to combat that," said Jytinder Kaur, economist at HDFC Bank.

The current account gap for the full fiscal year ending in March was $87.8 billion, compared with $78.2 billion a year earlier.

For the January-March quarter, India’s current account deficit narrowed from the record high touched in the previous quarter, as non-oil and non-gold imports fell due to slowing economic growth.

The current account gap in the March quarter was $18.1 billion, or 3.6 percent of GDP, lower than 4.4 percent gap forecast in a Reuters poll of economists and below the $21.7 billion deficit a year earlier.

Bank licence norms not discriminatory: Birla

The banking licence guidelines are very clear, opines Kumar Birla.

"The banking licence guidelines are very clear. They are not discriminatory towards large corporate houses," Aditya Birla Group chairman Kumar Mangalam Birla said the new norms announced by the Reserve Bank are not discriminatory towards large corporate houses.

The comments come after Mahindras, another large corporate group, had on Monday said it was keeping itself out of the banking fray as it found the licensing norms too strict for a non-banking finance company like Mahindra Finance.

The Reserve Bank had in February said large industrial and business houses, apart from NBFCs and others, could enter banking arena if they meet the fit and proper criteria set by it.

EGOM to seek Trai’s views on spectrum pricing

The empowered group of ministers (EGoM) on telecom has decided to seek fresh views from the Telecom Regulatory Authority of India (Trai) on the reserve price of the spectrum to be auctioned in the 1,800-MHz, 900-MHz and 800-MHz bands.

"The EGoM had a meeting for more than an hour today. It decided to refer the issue of spectrum pricing for the next auction to the regulator. We do not have any expertise to determine the reserve price of the spectrum. We will ask Trai to give its recommendations within 60 days," said Kapil Sibal, minister of communications & information technology and a member of the EGoM.

In April, after two rounds of auction (November 2012 and March 2013) saw poor response from telecom operators, Planning Commission Deputy Chairman Montek Singh Ahluwalia had suggested Trai’s views be sought on the issue.

The EGoM said the Department of Telecommunications should keep the notice inviting applications ready so that the government could start the auction process immediately after it received Trai’s recommendations.

"We want the auction to happen as soon as possible," Sibal said, adding the notice inviting applications would be ready, though it wouldn’t mention the reserve price; DoT would add this after securing suggestions from Trai.

The EGoM didn’t take a decision on re-farming (re-allocation of spectrum). "No decision can be taken before the reserve price is determined," the minister said.

It discussed two other options to finalise the reserve price of the spectrum to be auctioned — retaining the reserve prices for the 800-MHz, 900-MHz and 1,800-MHz bands decided by the Cabinet, and revising the price after considering the developments related to the auctions in November 2012 and March 2013.

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India to blacklist tax havens not sharing info

The government is considering blacklisting foreign jurisdictions not sharing information on money parked by Indian taxpayers abroad. Besides a higher tax burden, Indian taxpayers dealing with such jurisdictions might have to pay significant expenses for expatriation, tax evasion, or tax avoidance.

If so, Switzerland, UAE, Hong Kong, and Singapore will find it difficult to do business with India. Blacklisted countries would face restrictions on doing business with Indian citizens. The government is considering making such territories blacklisted, despite their significant economic impact on India.

The government has also proposed allowing businesses to blacklist any two non-cooperating countries and blacklisted territories. This could be a precursor to severing ties with those countries. Business partners, like UAE and Singapore, may have to be blacklisted and blacklisted territories may be seen as a precursor to severing trading relations with those countries.

The government has also announced plans to notify countries that have been requested to share information but have not cooperated. The notified countries could face sanctions.

The Finance Minister, P. Chidambaram, has stated that LIC should settle claims of U’Khand victims as per the Scheme for Non-Competitive Bidding Facility in the Auction of Government Securities. The Finance Minister also expressed the need for a special team to settle LIC claims of U’Khand victims as per the Scheme for Non-Competitive Bidding Facility in the Auction of Government Securities.

FM WANTS SPECIAL TEAM TO SETTLE LIC CLAIMS OF U’KHAND VICTIMS

The Union Finance Minister, P. Chidambaram, asked the Life Insurance Corporation (LIC) to constitute a special team to settle claims of those affected by the recent natural calamity in Uttrakhand. He directed LIC to open a major camp office in Dehradun to settle the claims on centralized basis. He said that LIC should follow the same norms for settlement of claims as being followed by it during the tsunamis or earthquakes in the past. He said that LIC should not insist on the normal condition that requires seven years period in case of the missing people before death certificate is issued in their case in a normal situation. In this precarious situation, the Finance Minister said that an indemnity bond can be taken from the claimants in such cases and the claims may be settled on priority.

The Finance Minister P. Chidambaram was addressing the senior officers of LIC and the Ministry of Finance here today after inaugurating 300 Mini Offices of LIC spread throughout the country. The Finance Minister opened these offices through video mode and also interacted with people present on the other side in a remote area through video conferencing.

SOURCE: BUSINESS STANDARD

Sharma stresses need for pragmatism in harvesting agreements in India-EU BTIA

Anand Sharma, Union Minister for Commerce and Industry, visited UK on 23-25 June to review bilateral trade and investment and take part in investment promotion events. He met Dr. Vince Cable, Secretary of State for Business, Innovation and Skills, Mr. Oliver Letwin, Minister for Government policy in Cabinet office, Mr. Greg Barker, Minister in charge for business engagement with India and First/Deputy First Minister of Northern Ireland.

In his meetings with both Dr. Vince Cable and Mr. Oliver Letwin, Shri Sharma expressed serious concerns over the news reports referring to a proposal to categorize India as high risk country containing cash bonds from visa applicants. Dr. Vince Cable informed the Indian Minister that he had discussed the issue with the British Home Secretary who had assured that there was no proposal mooted for a pilot which has not been considered by the British Government. Shri Sharma suggested that given the strategic India–UK partnership a formal clarification to this effect would be in order to dispel any apprehension and avoid confusion.

The ministers reviewed progress on feasibility study of Bengaluru Mumbai Economic corridor, as envisaged in Joint Statement of India UK summit meeting in February 2013, and exchanged the Terms of Reference of study. Both sides agreed to establish Joint working group on the BMEC project for carrying out the co financed feasibility study and to explore the modalities technology and equity participation by UK.

SOURCE: MINISTRY OF FINANCE

Auction for sale (Re-Issue) of 1.44% inflation indexed government stock 2033

Government of India have announced the sale (re-issue) of “1.44% Inflation Indexed Government Stock-2033” for a notified amount of Rs. 1,000 crore (nominal) through price based auction. The auction will be conducted using uniform price method. The auction will be conducted by the Reserve Bank at Mumbai. The notified amount of the sale of the stock will be allotted to eligible individuals and Institutions as per the Scheme for Non-Competitive Bidding Facility in the Auction of Government Securities. Both competitive and non-competitive bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system June 25, 2013.

SOURCE: MINISTRY OF FINANCE

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