

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

FORTY-THIRD EDITION



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2022

Friday, 4th March, 2022

“An investment in knowledge yields the best return.”

In the ever changing and dynamic Capital Market Environment, staying updated with the latest happenings is the need of the hour.

Keeping up to date with laws & notifications is time consuming and legislation itself is complex. However, it is of vital importance that businesses stay up to date on regulations in their sector to keep pace with best practices.

This is our series of knowledge sharing initiative towards sharing regulations and updates on corporate laws.



**CAPITAL
MARKETS**



RBI



SEBI



MCA



INCOME TAX



INDIRECT TAX



STARTUP INDIA

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BROAD ECONOMIC NEWS

01

India signs its first-ever bilateral free trade agreement with UAE



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02

Retrospective Tax: India refunds Rs. 7,900 Crore to Cairn to settle dispute



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03

Rs. 18000 crore recovered by banks from Mallya, Nirav Modi, Choksi



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04

Government releases draft MSME policy, proposes 8 action areas to overhaul the sector



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05

Ukraine crisis: SBI to put a stop to all transactions with sanctioned Russian entities



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06

NCLT allows Future Group to convene shareholders' meet on RIL deal



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CAPITAL MARKETS

01

Zomato, Paytm, Nykaa to be included in NIFTY Next 50 index



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02

PharmEasy parent API Holdings gets SEBI nod for Rs 6,250-cr IPO



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03

Bank of Baroda to acquire Union Bank's 21% stake in IndiaFirst Life



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04

Reliance completes acquisition of 40% stake in Sterling & Wilson Solar



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05

LIC files draft papers with SEBI to seek approval for India's Biggest IPO



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06

Tata Steel arm to buy govt stake in Neelachal Ispat for Rs 12,100 crore



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SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

01 Madhabi Puri Buch appointed as first woman chief of SEBI

- The Government appointed Madhabi Puri Buch as the new SEBI chairman with an initial term of three years, making her the first woman to lead a financial regulatory body in the country.
- In her new role, her immediate challenges will be to restore the trust in Indian Markets, which has been dented due to controversy at NSE, the country largest exchange, while ensuring a smooth sailing for LIC of India's mega initial public offer.



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02 SEBI moots new disclosure framework for IPOs of loss-making companies

- The SEBI proposed that loss-making new age technology companies planning to list their shares should make disclosures about their key performance indicators considered for arriving at the basis of issue price in offer documents.
- Besides, such companies should make disclosures about their valuations based on issuance of new shares and acquisition of shares in the past 18 months before filing draft offer documents, according to a consultation paper.



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SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

03

SEBI makes separation of chairperson and MD, CEO roles voluntary

- Market regulator Securities and Exchange Board of India (SEBI) on February 15 changed the requirement for listed companies to separate posts of chairperson and managing director (MD) or chief executive officer (CEO) to voluntary from mandatory.
- The decision was taken at a board meeting of the regulator. The tweaked rule will now fully come into force from April 1, 2022 after multiple delays. The rule was first approved by SEBI's board in 2018.



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04

What SEBI restrictions on overseas investments by mutual funds means for investors, explained

- The capital market regulator, Securities & Exchange Board of India (SEBI) has set up a limit of US \$1 billion per fund house and US\$7 billion for the mutual fund industry. Also there is a separate limit of US \$ 1 billion for mutual fund schemes investing in exchange traded funds listed overseas. Since the industry has almost reached this limit of US\$7 billion, AMFI has issued this direction of not accepting fresh investments.



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SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

05

OTHER SEBI CIRCULARS

Relaxation in adherence to prescribed timelines issued by SEBI due to Covid 19" dated April 13, 2020



Link

Swing pricing framework for mutual fund schemes – Extension of timeline



Link

Extension of timelines and relaxations for existing account holders



Link

Segregation and Monitoring of Collateral at Client Level – Extension of timeline



Link

Circular on Audit Committee of Asset Management Companies (AMCs)



Link

Schemes of Arrangement by Listed Entities



Link

Conversion of Private Unlisted InvIT into Private Listed InvIT



Link

RBI

01

RBI extends on-tap liquidity scheme for contact intensive sector till June 30

- As announced in the Statement on Developmental and Regulatory Policies on February 10, 2022, the On-Tap liquidity window for contact-intensive sectors, which was made available up to March 31, 2022, is now extended up to June 30, 2022.
- Consequently, the special 14-day reverse repo window available under the scheme will now be extended up to June 30, 2022.



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02

India to get its own digital currency by RBI next year, says FM

- The Reserve Bank of India (RBI) will introduce digital currency in the next financial year beginning April 2022 to boost the digital economy and efficient currency management, Finance Minister Nirmala Sitharaman proposed in her Budget 2022-23 speech.
- "Digital currency will also lead to a more efficient and cheaper currency management system. It is therefore proposed to introduce digital rupee using blockchain and other technologies to be issued by the Reserve Bank of India, starting 2022-23," Sitharaman said.



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RBI**03**

RBI to hike VRR cap for foreign investors to 2.5lakh crore from April 1

- The Voluntary Retention Route (VRR) scheme was introduced in March 2019 to facilitate long-term investment by Foreign Portfolio Investors (FPIs) in debt securities issued by the government and the corporates.
- the limit for investments under the scheme by ₹1.0 lakh crore from ₹1.5 lakh crore at present to ₹2.5 lakh crore with effect from April 1, 2022. This will provide access to additional sources of capital for the domestic debt market including g-secs.



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04

Monetary Policy Statement, 2021-22

- On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) meeting was held
- These decisions are in consonance with the objective of achieving the medium term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.
- the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent. The reverse repo rate under the LAF remains unchanged at 3.35 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent.



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RBI

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OTHER RBI CIRCULARS

Exim Bank's Government of India supported LoC of USD 40 million to the Republic of Maldives .



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New Definition of Micro, Small and Medium Enterprises - Clarification



Link

Master Circular – Housing Finance



Link

Inclusion in the Second Schedule to the RBI Act, 1934- Sikkim State Co-operative Bank Ltd



Link

Reporting and Accounting of Central Government transactions of March 2022



Link

Recommendation - Discontinuation/Merger/Online Submission of Returns



Link

Prudential norms on Income Recognition, Asset Classification and Provisioning - Clarification



Link

MCA**01****LLP (Amendment) Rules, 2022***Click
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- New rules are added concerning Allotment of a new name to existing LLP under Section 17 (3), Adjudication of penalties, and Appeal against order of adjudicating officer, Registration of appeal, and Disposal of appeal by Regional Director. Further, also two new forms Form 16A & Form 33 CG, and the revised fee norms for LLP were notified.
- They shall come into force with effect from the 01st April, 2022.

02**Companies (Accounts) Amendment Rules, 2022***Click
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- Every company covered under the provisions of sub-section (1) to section 135 shall furnish a report on Corporate Social Responsibility in Form CSR-2 to the Registrar for the preceding financial year (2020-2021) and onwards as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4(CFS) or AOC-4 NBFC (Ind AS), as the case may be
- Form CSR-2 shall be filed separately on or before 31st March 2022, after filing Form AOC-4 or AOC-4 XBRL or AOC-4(CFS) or AOC-4 NBFC (Ind AS), as the case may be".

MCA**03****Notification for delegation of powers under section 17 of LLP Act 2008 to Regional Directors**

- In exercise of the power conferred by Section 458 of the Companies Act, 2013 (18 of 2013), applied to the Limited Liability Partnership vide notification Number G.S.R. 333 (E), dated the 29th April, 2015, the Central Government hereby delegates to the Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad and Guwahati.
- This notification shall come into force with effect from 01st April, 2022.



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04**Relaxation on levy of additional fees in filling of e-forms AOC-4, AOC-4 Non-XBRL and MGT-7/MGT-7A for the FY 2020-21**

- The MCA keeping in view various requests received from stakeholders regarding relaxation of levy of additional fees for annual Financial statement/ return filings required to be done for the financial year ended on 31.03.2021.
- It has been decided that no additional fees shall be levied upto 15.03.2022 for filing of e-form AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL and upto 31.03.2022 for filing of e-forms MGT-7/MGT-7A in respect of the financial year ended on 31.03.2021 respectively.



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INCOME TAX

**01**

30% tax on income from Cryptocurrency

- The Cryptocurrencies gifts will be taxed at the receiver's end. However, losses from sale of digital assets cannot be offset against other income.
- Any income from transfer of any virtual digital asset shall be taxed at the rate of 30 per cent. No deduction in respect of any expenditure or allowance shall be allowed while computing such income, except the cost of acquisition.



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02

Taxpayer can update income tax returns only once in an assessment year: CBDT

- To correct any discrepancy or omissions, the Budget 2022-23 has permitted taxpayers to update their ITRs within two years of filing, subject to payment of taxes
- An additional 25 per cent on the due tax and interest would have to be paid if the updated ITR is filed within 12 months, while the rate will go up to 50 per cent if it is filed after 12 months, but before 24 months from end of relevant Assessment Year.



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INDIRECT TAXATION

**01**

Customs duty on cut & polished diamonds, gems reduced to 5%

- During her Budget speech, Finance Minister Nirmala Sitharaman announced that customs duty on cut and polished diamonds and gems is being reduced to 5%. Custom duty on imitation jewellery is being prescribed in a manner that a duty of ₹400 per kg is paid on its import, Sitharaman said. Imports on select chemicals have also been reduced, the FM announced.



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02

Effective duty on crude palm oil cut to 5.5% to cool edible oil prices

- The government brought down the effective duty on crude palm oil import to 5.5 per cent from 8.25 per cent earlier, a move which will help control cooking oil prices and support domestic processing companies
- Basic customs duty is already nil on crude palm oil (CPO) and now the Central Board of Indirect Taxes and Customs (CBIC) through a notification has cut the agri infra development cess to 5 per cent from 7.5 per cent, effective from February 13.



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STARTUP INDIA



01

Jio invests \$15 million in Silicon Valley-based Two Platforms for 25% stake



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02

IIT-Delhi startup launches "world's smallest" wearable air purifier, Naso95



News Link

03

Airtel acquires strategic stake in blockchain technology startup Aqilliz



News Link

04

Defence startup NewSpace raises \$21 million in funding



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05

BigBasket acquires Kerala-based startup Agrima Infotech



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06

India is home to 88 unicorns with a total valuation of \$ 295.99 Bn.



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KREO CAPITAL PRIVATE LIMITED

CAPITAL MARKETS | INVESTMENT BANKING | WEALTH MANAGEMENT | LENDING SOLUTIONS

ABOUT OUR INVESTMENT BANKING SERVICES

Our Investment Banking division works with a wide range of clients including young, cutting-edge start-ups and established market leaders. We advise our clients on mergers and acquisitions, private equity funding, divestments, corporate restructuring, valuation of shares as per SEBI guidelines, company law and secretarial advisory.

Our advice is built from a rigorous and up-to-date understanding of the market, coupled with clients financial vision. This means we only offer solutions that work best for our clients.

ABOUT KREO CAPITAL

Kreo Capital is a boutique financial service company with Mid Market focus, offering integrated financial advice and services. Promoted by professionals with rich experience in financial and capital markets, Kreo Capital is a financial expert for all growth oriented companies.

Team Kreo is committed to long term relationships and has a proficient and skilled work force invested in its clients and their business. Our services enable our clients to access Capital Markets, Corporate Finance Advisory, Wealth Management Advisory, Mergers and Acquisition Advisory, ESOP & Valuation Advisory, Equity/Debt Placements and Restructuring.

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