

# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

NEWSLETTER – TWENTIETH EDITION, 2020



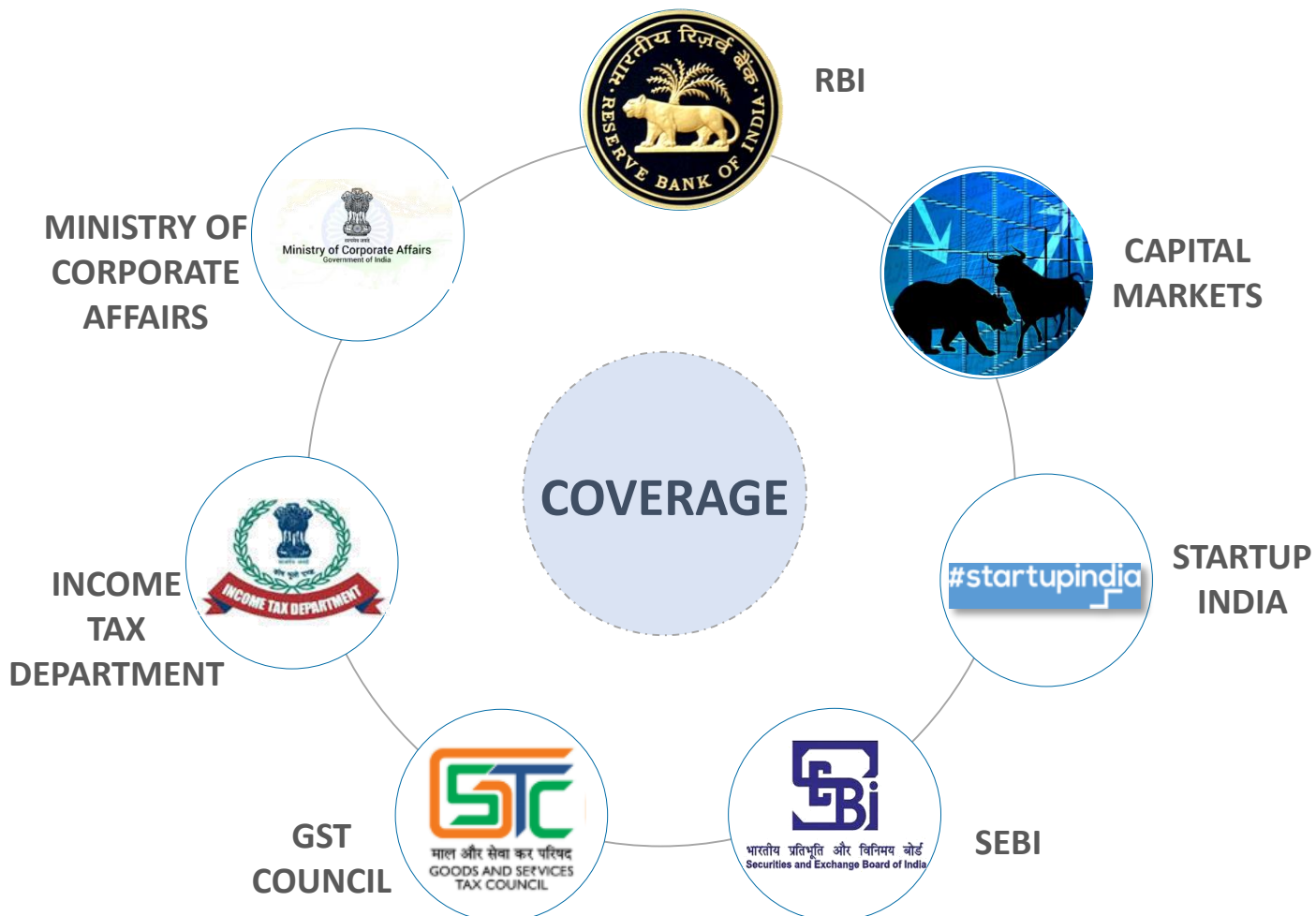
Friday, 03<sup>rd</sup> April, 2020

**“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.



## KEY ECONOMIC HIGHLIGHTS

FM Nirmala Sitharaman announces Rs 1.7 lakh crore relief package for poor

FM Nirmala Sitharaman raises insolvency threshold of default to Rs 1 crore for MSMEs

Coronavirus pandemic | Donald Trump signs \$2 trillion COVID-19 stimulus bill, tells Americans 'help is on the way'

Moody's cuts India growth forecast to 2.5%

The Global Oil Market Is Broken, Drowning in Crude Nobody Needs

Crisil cuts FY21 growth estimate sharply to 3.5 per cent

Forex reserves fall by \$12 bn : RBI data

Europe's virus toll surges, world plunges into recession

## **CAPITAL MARKETS**

**Coronavirus hits IPO mart: Burger King shelves plan;  
Antony Waste withdraws issue**

**ESAF Small Finance Bank gets Sebi nod for Rs  
976 crore IPO**

**Coffee Day gets Rs 2,000 crore from Blackstone for  
IT park deal**

**Indian airlines in immediate danger of insolvency**

**Highest-ever! VC funds spend \$10 billion on Indian  
startups in 2019**

**SmartCoin raises over \$7 million**

**Infosys closes Simplus acquisition**

**Merger process of Allahabad Bank, Indian Bank  
might face slight delay**

**SEBI****RELAXATION WITH CERTAIN PROVISIONS OF THE SAST REGULATIONS DUE TO COVID-19*****Key Highlights***

- The disclosure filings under Regulations 30(1), 30(2) and 31(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations), require the shareholders to compile, collate, and disseminate information of their consolidated shareholding as on March 31, 2020, to the company and the stock exchanges within seven working days from the end of the financial year. These report as per the 2020 calendar are required to be filed by April 15, 2020.
- It has therefore been decided to extend the due date of filing disclosures, in terms of Regulations 30(1), 30(2) and 31(4) of the SAST Regulations for the financial year ending March 31, 2020 to June 01, 2020.

*(Click here for more details)*

**SEBI PROVIDES OPERATIONAL EXEMPTIONS TO FPIs*****Key Highlights***

- Securities and Exchange Board of India (Sebi) has provided exemptions for off-shore funds from submitting physical forms in wake of the Corona outbreak, said people privy to the development. FPIs will now be able to submit scanned or electronic documents for various purposes including renewal of their license and annual compliance documents, an option that wasn't available for them earlier.
- "It has become really difficult for funds to collect and send physical documents. Most of the funds have asked their employees to work from home and some of them are even stuck in lock-downs," said a regulatory consultant of a big four tax firm.

*(Click here for more details)*

**SEBI****RELAXATIONS FROM COMPLIANCE WITH CERTAIN PROVISIONS OF SEBI (LODR) REGULATION, 2015****Key Highlights**

- SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 issued the Standard Operating Procedure (SoP) on imposition of fines and other enforcement actions for non-compliances with provisions of the LODR, the effective date of operation of which is for compliance periods ending on or after March 31, 2020. The said circular dated January 22, 2020 shall now come into force with effect from compliance periods ending on or after June 30, 2020. It may be noted that the SoP circular dated May 03, 2018 would be applicable till such date.
- Regulation 47 of the LODR requires publishing, in the newspapers, information such as notice of the board meeting, financial results etc. It has been brought to the notice of SEBI that some newspapers are not bringing their print versions for a limited period

*(Click here for more details)*

**RELAXATION FROM COMPLIANCE TO REITS AND INVITS DUE TO THE COVID -19 VIRUS PANDEMIC****Key Highlights**

- Due to the developments arising due to the spread of the COVID 19 virus , a need for temporary relaxations in compliance requirements for REITs and InvITs is warranted.
- Accordingly, it has been decided to extend the due date for regulatory filings and compliances for REIT and InvIT for the period ending March 31, 2020 by one month over and above the timelines, prescribed under SEBI (Infrastructure Investment Trusts) Regulations, 2014 (InvIT Regulations) and SEBI (Real estate Investment Trusts) Regulations, 2014 (REIT Regulations) and circulars issued thereunder.
- This Circular shall come into force with immediate effect.

*(Click here for more details)*

# STARTUP INDIA

The logo for Startup India, featuring the text "#startupindia" in white on a blue rectangular background.

## 28,979 START-UPS RECOGNISED BY DPIIT

### Key Highlights

- As many as 28,979 startups were recognised by the Department for Promotion of Industry and Internal Trade (DPIIT) as on March 1 this year, Commerce and Industry Minister Piyush Goyal said in a written reply to the Lok Sabha on Wednesday. The highest number of start-ups are from Maharashtra (5,477), followed by Karnataka (4,206), Delhi (3,740), Uttar Pradesh (2,342), Haryana (1,635), Telangana (1,609), Gujarat (1,555), and Tamil Nadu (1,509).
- According to the minister, Start-up India is a flagship initiative of the government of India, intended to catalyse start-up culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. The Department for Promotion of Industry and Internal Trade (DPIIT) acts as the nodal department for the Start-up initiative.

*(Click here for more details)*

## CONSULTANT MAY BE HIRED TO ASSESS STARTUP INDIA DRIVE

### Key Highlights

- The Department for Promotion of Industry and Internal Trade (DPIIT) wants the consultant to define a "futuristic vision" for timebound targets to improve India's global standing and develop "measurable indicators", like investment in startups, number of startups and employment generation. Since the launch of the Startup India on January 16, 2016, the department has recognised 28,979 startups as of March 1, 2020. Of these, 27,137 startups employ around 3.37 lakh people.
- The consultant will identify challenges in regulatory approvals, taxation, ease of doing business, global expansion and facilitate startups in getting access to markets such as in private and public procurement, both in India and abroad.

*(Click here for more details)*



## RBI



**COVID-19 – REGULATORY PACKAGE, NOTIFICATION - DOR.NO.BP.BC.47/21.04.048/2019-20**

**RBI FOLLOWS GLOBAL BANKS, CUTS REPO RATE BY 75 BPS TO FIGHT CORONAVIRUS**

### *Key Highlights*

- In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) (“lending institutions”) are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020.
- In respect of working capital facilities sanctioned in the form of cash credit/overdraft (“CC/OD”), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020 (“deferment”). The accumulated accrued interest shall be recovered immediately after the completion of this period.

*(Click here for more details)*

### *Key Highlights*

- Following in the footsteps of global central banks, the Reserve Bank of India (RBI) on Friday lowered the key repo rate by 75 basis points (bps) to 4.4 per cent, to help arrest the economic slowdown in the wake of the coronavirus (Covid-19) outbreak. The reverse repo rate now stands at 4 per cent, down 90 bps.
- Repo rate is the rate at which a country’s central bank lends money to commercial banks, and reverse repo rate is the rate at which it borrows from them.
- Meanwhile, liquidity adjustment facility (LAF) has been reduced by 90 bps to 4 per cent while cash reserve ratio (CRR) has been slashed by 100 bps to 3 per cent.

*(Click here for more details)*



**MINISTRY OF CORPORATE AFFAIRS****SPECIAL MEASURES UNDER COMPANIES ACT, 2013 (CA-2013) IN VIEW OF COVID-19 OUTBREAK*****Key Highlights***

- In order to support and enable Companies and Limited Liability Partnerships (LLPs) in India to focus on taking necessary measures to address the COVID-19 threat, including the economic disruptions caused by it, the following measures have been implemented by the Ministry of Corporate Affairs to reduce their compliance burden and other risks: -
- No additional fees shall be charged for late filing during a moratorium period from 01st April to 30th September 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date, which will not only reduce the compliance burden.

*(Click here for more details)*

**COMPANY AFFIRMATION OF READINESS TOWARDS COVID-19*****Key Highlights***

- It is a simple web form deployed on 23.03.2020 with minimum fields and can be filed from anywhere.
- No Payment of Fee
- No DSC
- Available as a 'Post-login' service for both 'Registered' as well 'Business User'
- Applicable for all Indian companies/ Foreign companies/ LLPs/ Foreign LLPs.
- Any one of the current Authorized Signatories of the Company/LLP can submit the form online
- Only OTP verification
- No SRN is generated
- System based acknowledgment shall be sent to: - Email ID of the respective Company / Foreign Company / LLP or Foreign LLP - Email ID of the Authorized Signatory who is providing the affirmation - Email ID of the FO user who is submitting the affirmation

*(Click here for more details)*

**MINISTRY OF CORPORATE AFFAIRS****CLARIFICATION ON SPENDING OF CSR FUNDS FOR COVID-19.*****Key Highlights***

- Keeping in view of the spread of novel Corona Virus (COVID-19) in India, its declaration as pandemic by the World Health Organisation (WHO), and decision of Government of India to treat this as a notified disaster, it is hereby clarified that spending of CSR funds for COVID-19 is eligible CSR activity.
- Funds may be spent under item nos.(i) and (xii) of Schedule VII relating to promotion of health care, including preventive health care and sanitation and disaster management. Further, as per General Circular No. 21/2014 dated 18.06.2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose.
- This issues with the approval of the Competent authority.

*(Click here for more details)*

**INVITATION FOR PUBLIC COMMENTS ON THE COMPANIES CSR POLICY AMENDMENT RULES, 2020.*****Key Highlights***

- Ministry of Corporate Affairs had invited for public comments on the draft Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 vide a notice dated 13th March, 2020. The last date to submit comments is 28th March, 2020.
- However, taking into account, requests received from various stakeholders, the last date of submitting the comments is extended till 10th April, 2020.
- Stakeholders may please note that comments should not be sent separately through e-mail or hard copy and should be sent only through the web link created for the purpose:  
<http://feedapp.mca.gov.in/csr/>

*(Click here for more details)*

## INCOME TAX DEPARTMENT



### FM ANNOUNCES SEVERAL RELIEF MEASURES RELATING TO STATUTORY AND REGULATORY COMPLIANCE MATTERS

#### Key Highlights

- Income Tax Extend last date for income tax returns for (FY 18-19) from 31st March, 2020 to 30<sup>th</sup> June, 2020.
- Due dates for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for completion of proceedings by the authority and any compliance by the taxpayer including investment in saving instruments or investments for roll over benefit of capital gains under Income Tax Act, Wealth Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalization Levy law, Vivad Se Vishwas law where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020

*(Click here for more details)*

### IN ABSENCE OF ELEMENT OF VOLUNTARINESS, AMOUNT RECEIVED FROM SISTER CONCERN CONSIDERED AS LOAN/ADVANCE (AND NOT ICD)

#### Key Highlights

- Assessee received funds from sister concern (where it held 50% stake). The assessee claimed that the amount received is in the nature of Inter-Corporate Deposits ("ICD") and hence should not be treated as deemed dividend u/s 2(22)(e) of the Income-tax Act, 1961 ("ITA"). Pune ITAT clarified that it is essential for the amount given as ICD, there should be voluntariness emanating from the lender to give the amount to the assessee and not from assessee. ITAT observed that in the given case the element of voluntariness was missing in the conduct of parties. Pune ITAT held that in absence of legal documentation and merely by mentioning ICD in the ledger account, the nature and colour of transaction would not change to ICD and upheld such receipt as deemed dividend.

*(Click here for more details)*

## GST COUNCIL



### TRACKING GST REFUND APPLICATION STATUS ON THE GST PORTAL AND PFMS PORTAL

#### Key Highlights

- The functionality to track the status of refund application has been available on the GST portal. By utilising this functionality, the taxpayers can know the stage at which the refund application is pending with the tax-officer/taxpayer.
- A tax officer can issue payment order only after Public Financial Management System (PFMS) has validated the bank account mentioned in the refund application (RFD-01). Similarly, final disbursement of refund amount sanctioned by the tax officer happens only after (PFMS) has validated the bank account mentioned in the payment order (RFD-05). Thus, validation of bank account takes place at two stages. However, the exact detailed status of bank account validation is not available on the GST Portal.

*(Click here for more details)*

### GST RETURN FILING DATE EXTENDED, RELIEF FROM LATE FEE, PENALTIES

#### Key Highlights

- To provide relief to businesses grappling with the economic impact of Covid 19, the government on Tuesday said it is extending the filing of Return for the month of March, April and May 2020 and composition returns under GST June 30.
- Significantly, the FM also said companies which have less than Rs 5 crore turnover will not have to pay interest, late fee or penalty. For bigger companies late fee and penalty will not apply and only interest at a reduced rate of 9% will be charged. "This is only for bigger companies. Majority of companies will have no interest, late fee or penalty," said Sitharaman.
- The date for opting for composition scheme has also been extended to June 30, 2020.

*(Click here for more details)*

# KREO CAPITAL PRIVATE LIMITED

MERCHANT BANKING | CORPORATE ADVISORY | WEALTH MANAGEMENT | LENDING SOLUTIONS

## ABOUT OUR CORPORATE ADVISORY SERVICES

Our corporate advisory 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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