

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

NEWSLETTER –NINETEENTH EDITION, 2020



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“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 latest business news, updates on regulations and corporate affairs.



KEY ECONOMIC HIGHLIGHTS

GDP Growth Slows Further to 4.7 % in December Quarter

Sensex Slumped 6.98 % and Nifty Dropped 7.28% in the Last Week of February

Government Clocks INR 40,000 Crore in Public Procurement Transactions through GEM Portal

India Inc's Foreign Investment jumps 40% to USD 2.10 BN in January

Private Equity, VC Investments hit Record High of USD 48 BN in 2019

PSUS owe INR 2.65-lakh Cr Agri Dues to Department of Telecommunications: MoS

India to Purchase more than USD 3 BN of Advanced American Military Equipment: Trump

RBI keeps Lending Rate Unchanged at 5.15%, Pegs Growth at 6% In 2020-21

CAPITAL MARKETS

ITI Withdraws INR 1,400 Crore FPO as Issue Remains Undersubscribed

RIL to Merge its Distribution, Media Business into Network18

PWC to do forensic audit of Cox & Kings

CDPQ, Piramal to Deploy USD 300 MN for Private Credit Financing in India

SBI Cards gets SEBI Nod for IPO; Issue Value seen at INR 9,000-10,000 Crore

Rakesh Jhunjhunwala, CX Partners-backed Barbeque Nation Refiles for INR 1,000-1,200 Crore IPO

Ujjivan Small Finance Bank Utilises Entire Fund of INR 746 Crore Raised via IPO

NCDEX Files Papers for INR 500 Crore IPO

SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India**INDIVIDUAL MUTUAL FUND
DISTRIBUTOR CAN'T BE AN
INVESTMENT ADVISOR**

Key Highlights

- An individual mutual fund distributor receiving commission from the asset manager for selling its schemes will not be able to be an investment advisor. This, along with a few other decisions, were taken in the board meeting of the Securities and Exchange Board of India, which was chaired by Ajay Tyagi.
- The regulator said the new norms will also bring clarity in payment of fees and introduction of an upper limit on the fees charged to investors. SEBI, in a discussion paper, had proposed capping investment advisory fees to 2.5% of the assets under advice or a fixed fee of ₹75,000 per year per family across all products and services provided.

(Click here for more details)

**SEBI DIRECTS NSE TO DIVEST
ENTIRE 37% STAKE IN CAMS**

Key Highlights

- SEBI has asked the National Stock Exchange (NSE) to divest its complete stake in its associate company Computer Age Management Systems (CAMS). CAMS is the largest share registrar and transfer agent in the Indian markets with a market share of more than 60 % in several segments.
- NSE currently owns a little over 37 % stake in CAMS through one of its subsidiaries, NSE Investments Ltd. (NSEIL).
- The company is promoted by global private equity fund Warburg Pincus and has several marquee institutions, including HDFC Bank and Faering Capital, as shareholders.

(Click here for more details)

SEBI



SEBI ISSUES PERFORMANCE BENCHMARKING GUIDELINES FOR AIFS

Key Highlights

- SEBI came out with guidelines for compulsory performance benchmarking for Alternative Investment Funds (AIFs) as part of efforts to streamline disclosure standards. A template for Private Placement Memorandum (PPM) in the case of these funds, which have been classified into three categories, has also been issued.
- The PPM would have two parts -- a section for minimum disclosures and a supplementary section to provide any additional information.
- SEBI has also given operational guidelines for mandatory performance benchmarking of AIFs, including venture capital funds and the AIF industry.

(Click here for more details)

SEBI BRINGS IN COMMON APPLICATION FOR FPI REGISTRATION

Key Highlights

- SEBI came out with a common application form for registration of foreign portfolio investors in order to enhance operational flexibility and ease of access to Indian capital market.
- Depository participants have been asked to continue to accept in-transit FPI registration applications, for a period of 60 days, Securities and Exchange Board of India (SEBI) said in a circular.
- The regulator has come out with a Common Application Form (CAF) for registration of FPIs, allotment of Permanent Account Number (PAN) and carrying out of Know Your Customer (KYC) for opening of bank and demat accounts.

(Click here for more details)

STARTUP INDIA

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

FM ANNOUNCES SETTING UP OF INVESTMENT CLEARANCE CELL TO PROVIDE FACILITATION TO YOUTH

Key Highlights

- The Union Minister for Finance & Corporate Affairs, Nirmala Sitharaman, has said that entrepreneurship has always been the strength of India and our young men and women have been contributing to India's growth with their entrepreneurial skills. She was presenting the Union Budget 2020-21, in Parliament, today. We recognize the knowledge, skills and risk taking capabilities of our youth and they are no longer job seekers but they are job creators, she added.
- The Finance Minister proposed setting up of an Investment Clearance Cell that will provide "end to end" facilitation and support to create more opportunities to youth and remove roadblocks.

(Click here for more details)

NADELLA, MICROSOFT REAFFIRM START-UP COMMITMENT, RELIANCE JIO PARTNERSHIP HAILED BY AMBANI

Key Highlights

- Global tech giant Microsoft has launched a programme to help the growth of business to business (B2B) start-ups in India that operate on a Software-as-a-Service (SaaS) model. As part of the programme, named 100X100X100, 100 companies would commit to spending \$100,000 each over 18 months on solutions provided by the early and growth stage start-ups.
- Nadella addressed industry leaders at the Microsoft Future Decoded: CEO Summit event in Mumbai on Monday. On what was the first day of his visit, he also sat down with Mukesh Ambani, chairman of Reliance Industries and India's richest man, to talk about how building tech intensity across organizations can benefit the country's economy and the society.

(Click here for more details)

RBI

LONG-TERM REVERSE REPOS TO HAVE FIXED INTEREST RATE

Key Highlights

- On the eve of the first tranche of the long-term repo operations (LTROs) announced on February 6, the Reserve Bank said it will be conducted on a fixed-rate basis and the interest rate will remain fixed for the tenor of the operation.
- The monetary authority also clarified that the interest on these repos will be compounded on an annual basis and will be conducted at the prevailing repo rate.
- It can be noted that the reverse repos were on average overnight, or intra-day and the longest so far has been 14-days. But now the central bank is offering it in one-year and three-year tenors.
- Participants will have to offer securities as collateral for the complete tenor of LTRO, which will be marked-to-market on a quarterly basis.

(Click here for more details)

GUIDELINES ON MERCHANT ACQUIRING BUSINESS – REGIONAL RURAL BANKS

Key Highlights

- As announced in para II (7) of the Statement on Developmental and Regulatory Policies issued along with Sixth Bi-monthly Monetary Policy Statement 2019-20, it has been decided to allow RRBs to act as merchant acquiring banks using Aadhaar Pay – BHIM app and POS terminals.
- All RRBs intending to act as merchant acquiring bank (POS terminals), shall be permitted to deploy their own devices provided they meet conditions mentioned in the aforesaid circular along with the conditions given. In the preceding financial year, the RRB should have :
 - Net worth of ₹100.00 crore or more as on March 31 of the preceding financial year
 - Minimum CRAR at 9%
 - Net NPA below 5%

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS



COMPANIES (INCORPORATION) AMENDMENT RULES, 2020

Key Highlights

- In the Companies (Incorporation) Rules, 2014 (hereinafter referred to as the said rules), for rule 9, the following rule shall be substituted, namely:-“9. Reservation of name or change of name.- An application for reservation of name shall be made through the web service available at www.mca.gov.in by using web service SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32)
- For change of name by using web service RUN (Reserve Unique Name) along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014, which may either be approved or rejected, as the case may be, by the Registrar, Central Registration Centre after allowing re-submission of such web form within fifteen days for rectification of the defects, if any, with effect from the 23rd February, 2020.”

(Click here for more details)

FILING OF FORMS IN THE REGISTRY (MCA-21) BY THE INSOLVENCY PROFESSIONAL

Key Highlights

- Several requests have been received in the Ministry with respect to filing of documents in the MCA-21 registry where an Insolvency Professional (Interim Resolution Professional (IRP) or or Liquidator) has been appointed under IBC, 2016 in respect of a company. Keeping in view the requirements for statutory compliances by such companies under the Companies Act, 2013 and to enable compliance of such requirements by such Resolution Professionals, it is hereby clarified that the following procedures shall be followed in respect of all such cases:-
- The IRP/ RP/ Liquidator would have to first file the NCLT order approving him as the IRP/RP/Liquidator in form INC-28 on the MCA21 portal by selecting the option "Others" at serial no. s(a)(i).

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS



INDIA'S NATIONAL ACTION PLAN ON BUSINESS & HUMAN RIGHTS

Key Highlights

- The Ministry of Corporate Affairs is steering the process of formulating a National Action Plan on Business and Human Rights (NAP).
- The obligation to draft a NAP stems from India's endorsement of the United Nations Guiding Principles (UNGPs) on Business and Human Rights adopted in the UN Human Rights Council (UNHRC).
- The Ministry is currently undertaking rigorous consultations with all stakeholders to finalize the document at the earliest. In this regard, comments/ inputs are invited from all to inform the NAP development process and contribute towards preparation of a document.

(Click here for more details)

COMPANIES (AUDITOR'S REPORT) ORDER, 2020

Key Highlights

- It shall apply to every company including a foreign company as defined in clause (42) of section 2 of the Companies Act, 2013 except—
 - (i) a banking company
 - (ii) an insurance company
 - (iii) a company licensed to operate under section 8 of Companies Act;
 - (iv) a One Person Company and a small company; and
 - (v) a private limited company, having a paid up capital and reserves and surplus not more than one crore rupees as on the balance sheet date and which does not have total borrowings exceeding one crore rupees from any bank or financial institution at any point of time during the financial year and which does not have a total revenue as disclosed in Scheduled III to the Companies Act.

(Click here for more details)

INCOME TAX DEPARTMENT



MANNER OF MAKING PERMANENT ACCOUNT NUMBER INOPERATIVE

Key Highlights

- In the Income-tax Rules, 1962, after rule 114AA, the following rule shall be inserted, namely:- “114AAA. Manner of making permanent account number inoperative. (1) Where a person, who has been allotted the permanent account number as on the 1st day of July, 2017 and is required to intimate his Aadhaar number, has failed to intimate the same on or before the 31st day of March, 2020, the permanent account number of such person shall become inoperative immediately after the said date for the purposes of furnishing, intimating or quoting under the Act.
- Where a person, whose permanent account number has become inoperative is required to furnish, his PAN under the Act, it shall be deemed that he has not furnished, intimated or quoted the permanent account number, as the case may be.

(Click here for more details)

CONDONATION OF DELAY UNDER SECTION 119(2)(b) OF INCOME TAX ACT, 1961 IN FILING RETURN OF INCOME

Key Highlights

- With the view to prevent hardship to the assessee and in exercise of powers conferred under section 119(2)(b) of the Act, the CBDT has decided that where the application for condonation of delay in filing Form 9A and Form 10 has been filed, and the Return of Income has been filed on or before 31st March of the respective assessment years i.e. Assessment Years 2016-17, 2017-18 and 2018-19, the Commissioners of Income-tax (Exemptions) authorized u/s 119(2)(b) of the Act, to admit such belated applications for condonation of delay in filing Return of Income and decide on merit.
- For all other application for condonation of delay not mentioned above, the power of condonation of delay u/s 119(2)(b) of the Act will continue with the respective authorities

(Click here for more details)

GST COUNCIL



ADVISORY FOR OPTING IN FOR COMPOSITION (FILING FORM GST CMP-02)

Key Highlights

- Who can opt in for Composition : Eligible existing Registered taxpayers can opt in for composition, for financial year 2020-21, by filling up Form GST CMP-02. Your composition scheme shall be effective from 1st April 2020.
- Who are eligible taxpayers:- Those taxpayers can opt for Composition, who are regular taxpayer with an aggregate annual domestic PAN-based turnover less than as specified from time to time as given below:
 - Rs. 1.5 Crore for normal taxpayers
 - Rs. 75 lakh in the case of an eligible registered person, registered States, specified.
 - For taxpayers dealing in only services or mixed supplies, this quantum is Rs. 50 Lakh.

(Click here for more details)

ACCOUNTING AND BILLING SOFTWARE PROVIDERS CAN ENROLL WITH GSTN TO RECEIVE REGULAR UPDATES ON E-INVOICE

Key Highlights

- An e-invoice standard has been finalized after consultation with trade/industry bodies as well as ICAI. Adoption of this new standard ensures complete inter-operability of e-invoices across the entire GST eco-system. The new system eliminates the need for fresh data entry, reduction of reconciliation errors and population of invoice details directly into Return through Invoice Reporting Portal (IRP). For more details on 'e-invoice'.
- Being key players in Indian business eco-system, the role and support of Accounting and Billing Software Providers is crucial for successful implementation of GST e-invoice System.

(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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