

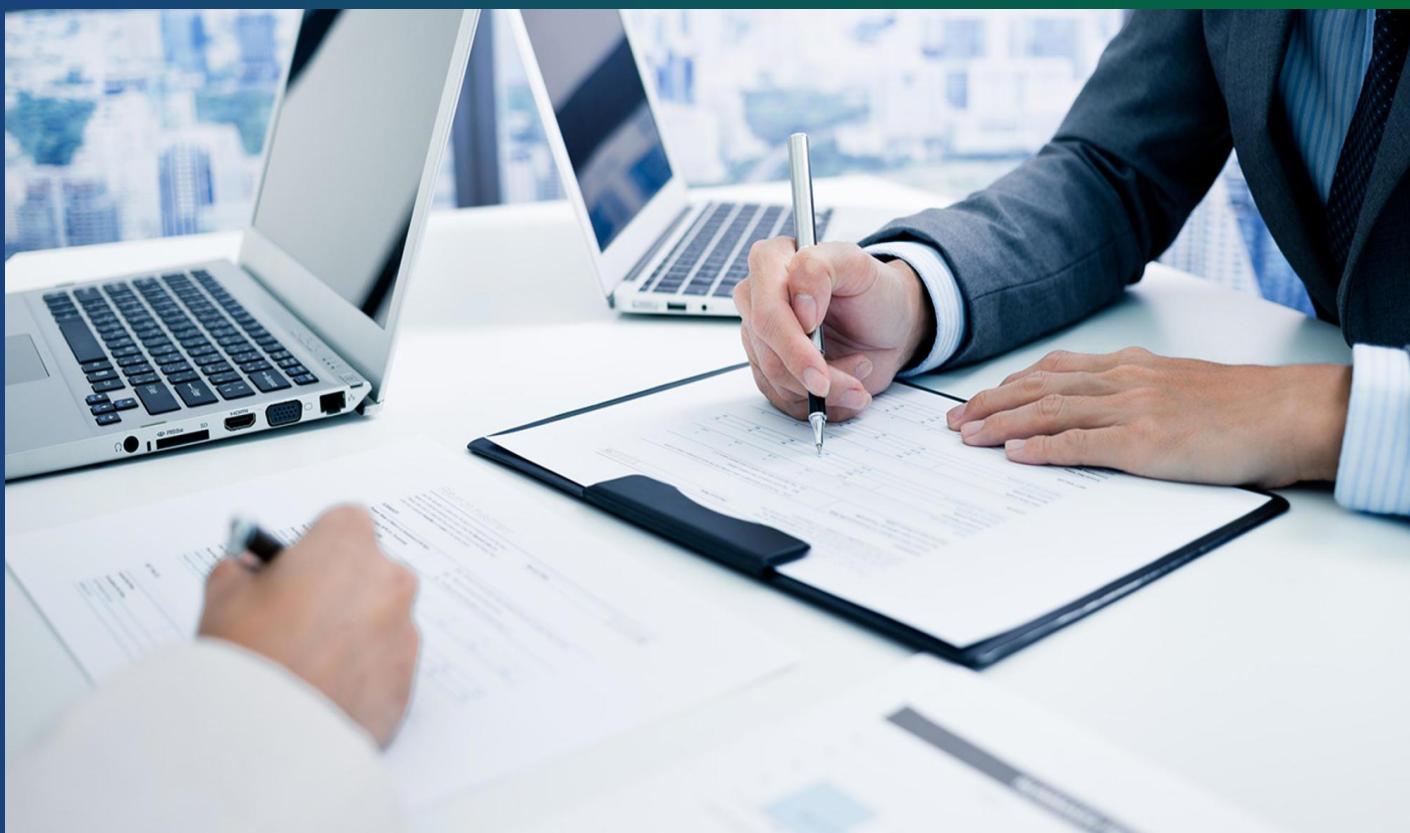
# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

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## NEWSLETTER – TENTH EDITION, 2019

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Monday, June 03, 2019

**“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.



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Securities and Exchange Board of India



**BODIES  
COVERED**



## BROAD ECONOMIC NEWS...

### **INDIA REMOVED FROM US CURRENCY WATCHLIST**

For more details, please refer link :  
<https://www.indiatoday.in/business/story/india-removed-from-us-currency-watchlist-what-it-means-1537434-2019-05-29>

### **BEST LARGE & MID CAP MUTUAL FUNDS TO INVEST IN 2019**

For more details, please refer link :  
<https://economictimes.indiatimes.com/mf/analysis/best-large-mid-cap-mutual-funds-to-invest-in-2019/articleshow/67567268.cms>

### **FPIS STAY BULLISH, INFUSE RS 9,031 CRORE IN MAY**

For more details, please refer link :  
<https://economictimes.indiatimes.com/markets/stocks/news/fpis-stays-bullish-infuse-rs-9031-crore-in-may/articleshow/69618193.cms>

### **TAX CUTS, ROBUST BANKING SECTOR TO REVIVE PRIVATE INVESTMENT: ECONOMISTS**

For more details, please refer link :  
[https://economictimes.indiatimes.com/articleshow/69469942.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/articleshow/69469942.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### **SMALL FINANCE BANKS' CAPITAL RULES ON RBI RADAR AGAIN**

For more details, please refer link :  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/small-finance-banks-capital-rules-on-rbi-radar-again/articleshow/69434537.cms>

### **NEW DEBT DISCLOSURE NORMS TO IMPROVE TRANSPARENCY, SAY FUND MANAGERS**

For more details, please refer link :  
[https://www.business-standard.com/article/markets/new-debt-disclosure-norms-to-improve-transparency-say-fund-managers-119052801487\\_1.html](https://www.business-standard.com/article/markets/new-debt-disclosure-norms-to-improve-transparency-say-fund-managers-119052801487_1.html)

### **GOVERNMENT PLANS RS 1,000-CRORE FUND FOR STARTUPS IN PRIORITY AREAS**

For more details, please refer link :  
<https://economictimes.indiatimes.com/news/economy/policy/government-plans-rs-1000-crore-fund-for-startups-in-priority-areas/articleshow/69450803.cms>

### **MANY INDIAN COMPANIES PLAN TO DIVEST BUSINESSES**

For more details, please refer link :  
<https://economictimes.indiatimes.com/news/company/corporate-trends/many-indian-companies-plan-to-divest-businesses-ey/articleshow/69420473.cms>



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## FRAMEWORK FOR INNOVATION SANDBOX : SEBI

### *Key Highlights*

- SEBI came out with a framework for Innovation Sandbox that will help provide financial technology firms and unregulated market participants an environment to test their new solutions with markets data.
- SEBI feels that fintech firms should have access to market related data, particularly, trading and holding data, which is otherwise not readily available to them.
- The use of datasets shall be governed by comprehensive confidentiality agreement clearly specifying that the datasets should not be sold or shared in any manner with any other entity.
- The Innovation Sandbox can be set up as a separate not-for-profit entity, which enhances the impartiality of the Innovation Sandbox.

For more details, please refer link:  
[https://www.sebi.gov.in/legal/circulars/may-2019/framework-for-innovation-sandbox\\_43027.html](https://www.sebi.gov.in/legal/circulars/may-2019/framework-for-innovation-sandbox_43027.html)

## SEBI PLANS TO TWEAK SHARE BUYBACK RULES

### *Key Highlights*

- SEBI is planning to tweak share buyback norms by proposing that it would consider consolidated numbers instead of standalone financial metrics.
- This policy review comes in the wake of its refusal to approve engineering-to-software giant Larsen & Toubro's buyback proposal in January on the grounds that the group's consolidated debt-to-equity ratio would cross two times the paid-up capital and reserves after the buyback is completed.
- The PMAC has suggested that for all companies the debt-to-equity ratio should continue to be 2:1.
- For NBFC's the ratio should be 9:1 debt to equity ratio is the measure of the health of a Company.

For more details, please refer link:  
[https://economictimes.indiatimes.com/articles/how/69437764.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cpst](https://economictimes.indiatimes.com/articles/how/69437764.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpst)



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## SEBI SETS RULES FOR START-UPS ON IGP TO MIGRATE TO MAIN PLATFORM

### *Key Highlights*

- SEBI came out with a discussion paper highlighting proposals for allowing a start-up listed on the Innovators Growth Platform (IGP) to trade under the regular category of the main board.
- According to the proposals, the company should have listed on the IGP for a year and have a minimum of 200 shareholders for making the shift.
- Minimum promoter's contribution should be 20% of the total capital.
- In case of a shortfall, alternative investment funds, foreign venture capital investors, scheduled commercial banks, public financial institutions or insurance companies can step in, subject to a maximum of 10% of the total capital

For more details, please refer link:  
[https://www.business-standard.com/article/markets/sebi-sets-rules-for-start-ups-on-igp-to-migrate-to-main-platform-119052100050\\_1.html](https://www.business-standard.com/article/markets/sebi-sets-rules-for-start-ups-on-igp-to-migrate-to-main-platform-119052100050_1.html)

## SEBI MAY BE ASKED TO RELAX 75% PROMOTER STAKE NORM FOR PSB's

### *Key Highlights*

- With an aim to enable the further recapitalisation of public sector banks (PSBs), the Finance Ministry may seek a relaxation for PSBs in the market regulator SEBI's norms for entities requiring promoters to have 75% holdings in them.
- SEBI listing norms mandate that every listed entity will maintain a minimum public shareholding of 25%.
- The government shareholding in many state-run banks is currently above 75%.
- In case of their further recapitalisation, this will go up over 90% in some cases and also touch 99%.

For more details, please refer link:  
[https://economictimes.indiatimes.com/articles/how/69186472.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/articles/how/69186472.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)



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## AFTER DEFAULTS, SEBI TIGHTENS RULES FOR COMPANIES LISTING BONDS

### Key Highlights

- Markets regulator SEBI, tightened the rules for listed bonds. Companies have been asked to pay an additional 2% interest to holders of privately placed bonds in case of a default, and 1% additional interest in case of delay in listing.
- SEBI also asked companies to disclose remunerations for the trustees and asked them to justify the payments by disclosing the rationale behind them.
- The changes to rules for bonds come in the backdrop of a series of defaults and delayed payments by some of the leading companies.

For more details, please refer link:  
[http://timesofindia.indiatimes.com/articleshow/69528856.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/69528856.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)



Ministry of Corporate Affairs  
Government of India

## MINISTRY OF CORPORATE AFFAIRS PLANS TO TIGHTEN AUDIT REPORTING STANDARDS

### Key Highlights

- The ministry of corporate affairs plans to propose changes to the Companies (Auditor's Report) Order or CARO as soon as the next government assumes office.
- CARO applies to most large companies in India other than financial and charitable institutions. The last revision of these rules added the requirement that managerial remunerations and related party transactions be included in the auditor's report.
- Experts say CARO has progressed along with international standards but could possible benefit from the inclusion of more evaluations by auditors of the company's status in the place of multiple smaller disclosures.

For more details, please refer link :  
[http://economictimes.indiatimes.com/articleshow/69420516.cms?utm\\_source=ETMyNews&utm\\_medium=HPMN&utm\\_campaign=AL1&utm\\_content=11&utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/69420516.cms?utm_source=ETMyNews&utm_medium=HPMN&utm_campaign=AL1&utm_content=11&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)



## COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) SECOND AMENDMENT RULES, 2019

### ***Key Highlights***

- Where a company governed by Rule 25A of the Companies (Incorporation) Rules, 2014, fails to file the e-form ACTIVE within the period specified therein, the Director Identification Number (DIN) allotted to its existing directors, shall be marked as Director of ACTIVE non-compliant company.
- Where the DIN of a director has been marked as "Director of ACTIVE non-compliant company", such director shall take all necessary steps to ensure that all companies governed by rule 25A of the Companies (Incorporation) Rules, 2014, where such director has been so appointed, file e-form ACTIVE.
- They shall come into force on the date of their publication in the Official Gazette.

For more details, please refer link:  
[http://www.mca.gov.in/Ministry/pdf/CompaniesRules\\_16052019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesRules_16052019.pdf)



## COMPANIES (PROSPECTUS AND ALLOTMENT SECURITIES) THIRD AMENDMENT RULES, 2019

### ***Key Highlights***

- In Rule 9A sub rule 7 for the word and figures "Regulations, 1996", the word and figures "Regulations, 2018 shall be substituted.
- Every unlisted public company governed by this rule shall submit Form PAS 6 to the Registrar with such fee as provided in Companies (Registration Offices and Fees) Rules, 2014 within 60 days from the conclusion of each half year duly certified by a company secretary in practice or chartered accountant in practice
- They shall come into force with effect from 30th September, 2019.

For more details, please refer link:  
[http://www.mca.gov.in/Ministry/pdf/Rules\\_23052019.pdf](http://www.mca.gov.in/Ministry/pdf/Rules_23052019.pdf)



## ARTIFICIAL INTELLIGENCE SYSTEM LIKELY TO EASE NAME REGISTRATION PROCESS FOR COMPANIES

### ***Key Highlights***

- MCA is working on an artificial intelligence-based mechanism to ease the process for companies seeking to register their names, an official said.
- The government recently liberalised norms for registration, allowing entities to choose names that may form part of an existing trademark as long as the businesses operate in different sectors.
- The aim is to reduce the level of discretion in deciding on the names that can be accepted, he said. To make the registration process easier, the government has provided examples — “Ultra Solutions Ltd. is same as Ultrasolutions.com Ltd.” and therefore won’t be accepted.

For more details, please refer link:  
[https://www.economictimes.indiatimes.com/articles/how/69382294.cms?utm\\_source=content\\_ofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://www.economictimes.indiatimes.com/articles/how/69382294.cms?utm_source=content_ofinterest&utm_medium=text&utm_campaign=cppst)

## SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (SECOND AMENDMENT) REGULATIONS, 2019

### ***Key Highlights***

- In regulation 52,— after sub-regulation (1), following proviso shall be inserted, namely- Provided that in case of entities which have listed their equity shares and debt securities, a copy of the financial results submitted to stock exchanges shall be provided to Debenture Trustees on the same day the information is submitted to stock exchanges.
- Sub-regulations (5) shall be substituted with the following, namely- The listed entity shall, within 7 working days from the date of submission of the information required under sub- regulation (4), submit to stock exchange(s), a certificate signed by debenture trustee that it has taken note of the contents.

For more details, please refer link:  
[https://www.bseindia.com/downloads/whtsnew/file/SEBI%20\(LODR\)%20Second%20Amendment%20Regulations%202019.pdf](https://www.bseindia.com/downloads/whtsnew/file/SEBI%20(LODR)%20Second%20Amendment%20Regulations%202019.pdf)



## CLARIFICATION ON ANNUAL SECRETARIAL AUDIT REPORT AND ANNUAL SECRETARIAL COMPLIANCE REPORT FOR LISTED ENTITIES AND THEIR MATERIAL SUBSIDIARIES

### *Key Highlights*

- The Exchange has received queries regarding the Exchange Circular LIST/COMP/10/2019-20 dated May 09, 2019, titled “Format for Annual Secretarial Audit Report and Annual Secretarial Compliance Report for listed entities and their material subsidiaries”.
- Therefore, it is clarified that Companies who have claimed exemption under Regulation 15(2) of SEBI (LODR) Regulations, 2015 and submitted Non-Applicability Certificate for Corporate Governance Report are not required to submit any other document or disclosure for claiming exemption for Annual Secretarial Compliance Certificate.

For more details, please refer link:  
<https://www.bseindia.com/corporates/Displaydata.aspx?Id=223d8117-cbe0-45e6-bb2e-ef60bd6fd341&Page=cir>

## CLARIFICATION ON FILING OF ANNUAL REPORTS IN XBRL MODE

### *Key Highlights*

- In order to enable ease of business and make filing easier, BSE had adopted the XBRL taxonomy issued by MCA, Gol, for submission of Financial Statements in XBRL mode.
- All the listed entities can download the XBRL taxonomy from website of MCA.
- All the listed entities can submit to the Exchange, the Annual Report prepared using the XBRL taxonomy of Ministry of Corporate Affairs, itself.
- Listed entities may, if they so desire, file their Annual Report for FY 2017-18 also in XBRL on the BSE Listing Centre to test the system and get the feel of ease of filing. All listed entities are urged to cooperate in this initiative and help us to make the filing process with the Exchange easier, more convenient and faster.

For more details, please refer link:  
<https://www.bseindia.com/corporates/Displaydata.aspx?Id=7a3c8414-03fa-4976-8579-db3f8fc8d2bc&Page=cir>



भारतीय दिवाला और शोधन अकायता बोर्ड  
Insolvency and Bankruptcy Board of India

## AUTOMATED GST REFUND FOR EXPORTERS BY NEXT MONTH

### ***Key Highlights***

- Exporters of goods and services as well as suppliers to SEZ units are likely to get GST refunds automatically from June as the revenue department plans to introduce faceless scrutiny of refunds and faster claim settlement.
- Currently, the facility of automatic refund is available only for those exporters who have paid Integrated Goods and Services Tax (IGST) while exporting goods. Since the GST Network (GSTN) systems are integrated with Customs, hence, refunds are generally transferred to the bank accounts of such exporters within a fortnight.
- GST refunds of exporters run into thousands of crores and any delay in the processing of refund claims blocks working capital of exporters .

For more details, please refer link :  
<https://www.moneycontrol.com/news/business/economy/govt-mulls-amending-insolvency-code-to-introduce-chapter-on-cross-border-cases-3996761.html>

## GOVERNMENT MULLS AMENDING INSOLVENCY CODE TO INTRODUCE CHAPTER ON CROSS BORDER CASES

### ***Key Highlights***

- The government expects to bring about an ordinance to amend the IBC to introduce a chapter on cross border insolvency cases.
- The government plans to get a Cabinet nod when it returns to power.
- The Ordinance will be based on the United Nations Commission on International Trade Law (UNCITRAL) model law for cross-border insolvency .
- For cross-border insolvency to get implemented, India needs bilateral treaties with foreign governments.

For more details, please refer link :  
<https://www.moneycontrol.com/news/business/economy/govt-mulls-amending-insolvency-code-to-introduce-chapter-on-cross-border-cases-3996761.html>



## RBI STEPS IN TO SHIELD NBFC DEPOSITORS

### *Key Highlights*

- RBI plans to get large NBFCs to invest in government bonds or deposits to ensure that they have enough to make repayments for one month.
- The liquidity risk management rules will apply to all financial institutions with an asset size of Rs 100 crore and above.
- It will also apply to systemically important core investment companies and all deposit-taking NBFCs. The proposed rules prescribing a liquidity coverage ratio (LCR), which will apply to finance companies with assets of over Rs. 5,000 crore.
- Under the LCR guidelines, finance companies will need to ensure that their borrowings broadly match the maturity of their loans.

For more details, please refer link  
[http://timesofindia.indiatimes.com/articleshow/69490312.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/69490312.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

## RBI TWEAKS NORMS ON VRR INVESTMENT BY FPIS

### *Key Highlights*

- The RBI on May 24 fixed the investment limit at Rs 54,606 crore for foreign portfolio investors (FPIs) under the voluntary retention route (VRR), which allows parking funds in both government securities as well as corporate debt.
- The minimum retention period would be three years.
- During this period, FPIs shall maintain a minimum of 75% of the allocated amount in India.
- The RBI further said investment limits should be available 'on tap' and allotted on 'first come, first served' basis. The 'tap' would be kept open till the limit is fully allotted or till December 31, whichever is earlier.

For more details, please refer link:  
<https://www.moneycontrol.com/news/business/rbi-tweaks-norms-on-vrr-investment-by-fpis-4019361.html>



## RBI TELLS BIGGER NBFCs TO APPOINT CHIEF RISK OFFICER (CRO)

### Key Highlights

- RBI told non-banking finance companies with assets size of over INR 5,000 crore to appoint a chief risk officer to improve standards of their risk management.
- With the increasing role of NBFCs in direct credit intermediation, there is a need for NBFCs to augment risk management practices.
- RBI's directive comes at a time when India's shadow banks are facing a funding crisis as some of the firms are burdened with over-leveraging and mismatch between assets and liabilities.
- The CRO shall be a senior official in the hierarchy of a NBFC and shall possess experience in the area of risk management.

For more details, please refer link  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-directs-nbfcs-to-appoint-credit-risk-officer/articleshow/69360566.cms>

## RBI PROPOSES NORMS TO HELP FAILING NBFCs DEAL WITH LIQUIDITY CRISIS

### Key Highlights

- RBI proposed a set of guidelines for large NBFCs to help them deal with severe liquidity problems and prevent re-occurrence of IL&FS type of debt crisis.
- As per the proposal, a Liquidity Coverage Ratio (LCR) regime would be introduced in all deposit taking Non-Banking Financial Companies (NBFCs) and non-deposit taking shadow banks with an asset size of Rs 5,000 crore and above in a phased manner.
- The proposal is to implement it in a calibrated manner through a glide path over a period of four years commencing April 2020 and up to April 2024.

For more details, please refer link:  
[https://www.business-standard.com/article/pti-stories/rbi-proposes-norms-to-help-nbfcs-deal-with-liquidity-issues-119052401612\\_1.html](https://www.business-standard.com/article/pti-stories/rbi-proposes-norms-to-help-nbfcs-deal-with-liquidity-issues-119052401612_1.html)



## IPO MARKET SET FOR REVIVAL AS POLITICAL UNCERTAINTY ENDS

For more details, please refer link :  
<https://www.livemint.com/market/ipo/ipo-market-set-for-revival-as-political-uncertainty-ends-1558895220510.html>

## BSE BOARD APPROVES BUYBACK OF 67.6 LAKH SHARES

For more details, please refer link :  
<https://economictimes.indiatimes.com/markets/stocks/news/bse-board-approves-buyback-of-67-6-lakh-shares/articleshow/69231522.cms>

## SEBI APPROVES EMAMI CEMENT IPO, MAY HIT MARKET IN 6 MONTHS

For more details, please refer link :  
<https://www.moneycontrol.com/news/business/ipo/sebi-approves-emami-cement-ipo-may-hit-market-in-6-months-4007921.html>

## GOVT TARGETS RS 300 CRORE FROM RAILTEL IPO BY SEP

For more details, please refer link :  
<https://www.moneycontrol.com/news/business/ipo/sebi-approves-emami-cement-ipo-may-hit-market-in-6-months-4007921.html>

## DEEP TECH STARTUP AGARA LABS RAISES FUNDS FROM BLUME VENTURES, RTP GLOBAL

For more details, please refer link :  
<https://www.livemint.com/market/ipo/most-ipos-this-year-generate-good-returns-for-investors-1556539464822.html>

## L&T MAY LAUNCH OPEN OFFER FOR MINDTREE SHAREHOLDERS ON JUNE 17

For more details, please refer link :  
[https://www.business-standard.com/article/companies/l-t-may-launch-open-offer-for-mindtree-shareholders-on-june-17-sources-119053101648\\_1.html](https://www.business-standard.com/article/companies/l-t-may-launch-open-offer-for-mindtree-shareholders-on-june-17-sources-119053101648_1.html)

## NEOGEN CHEMICALS MAKES STRONG DEBUT, LISTS AT 17% PREMIUM

For more details, please refer link :  
<https://www.livemint.com/market/ipo/neogen-chemicals-makes-strong-debut-shares-jump-over-20-1557287891479.html>

## RENEW POWER TO RAISE \$300 MILLION VIA RIGHTS ISSUE

For more details, please refer link :  
<https://economictimes.indiatimes.com/markets/stocks/news/renew-power-to-raise-300-million-via-rights-issue/articleshow/69590960.cms>

# 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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**INM000012689**

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