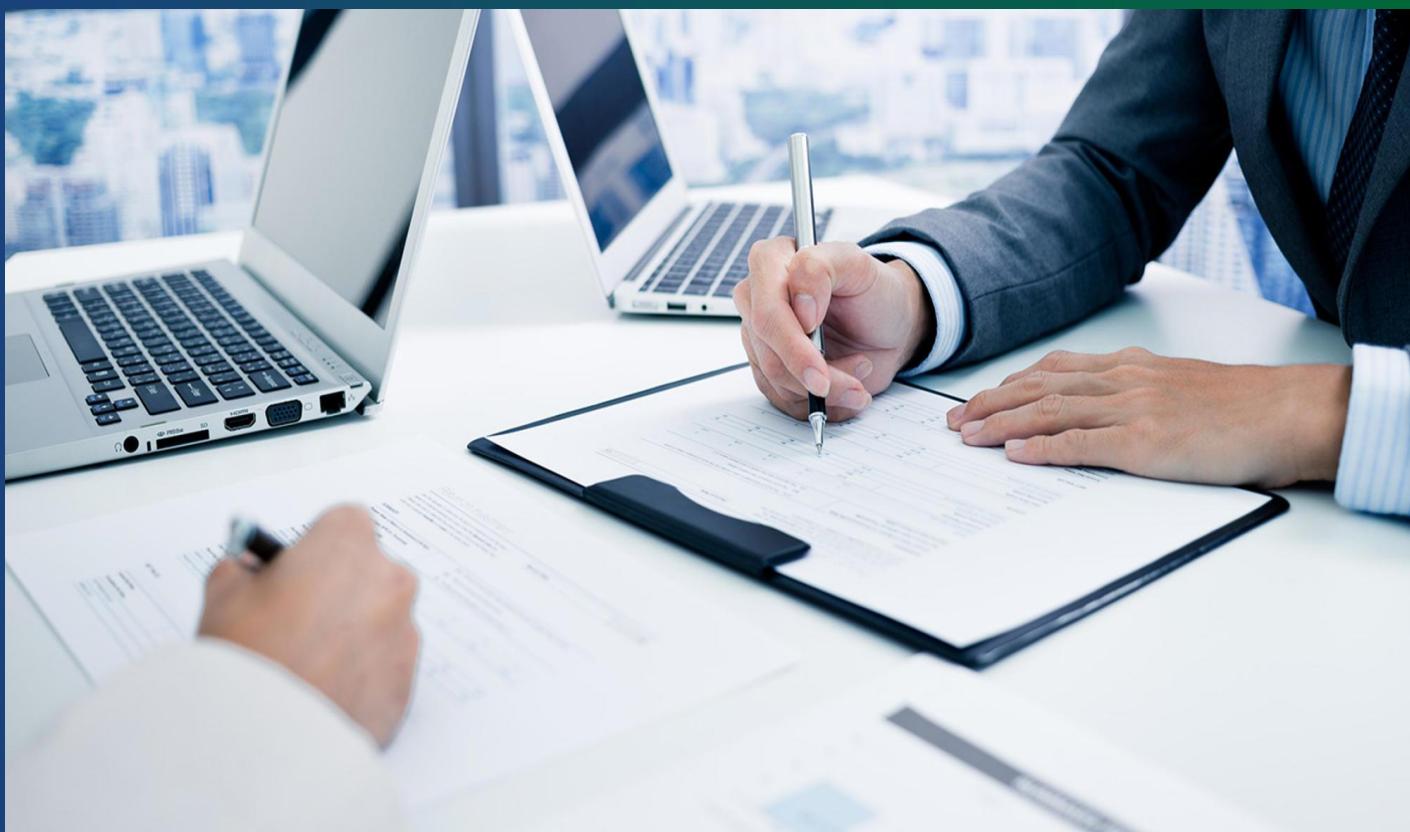


KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

NEWSLETTER – THIRTEENTH EDITION, 2019



Tuesday, September 03, 2019

“An investment in knowledge yields the best return.”

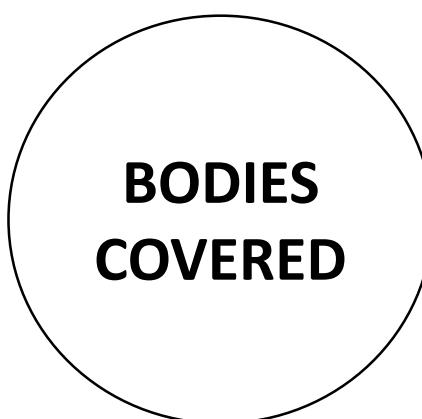
In the ever changing and dynamic Capital Market Environment, staying updated with the latest happenings is the need of the hour.

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



A GLANCE ON THE GLOBAL FINANCIAL MARKETS & EQUITY MARKETS

Global Financial Markets:

- Signs of a further slowdown in the global economy became more prominent and the business environment across the globe turned hostile by elevated trade tensions and geo-political uncertainty.
- Trade tensions between the largest two economies in the world intensified with the US announcing of 10% tariff on US\$300 billion of goods from China from September 1, in addition to 25% tariff on US\$250 billion worth of imports.
- China also threatened to take retaliatory measures if the planned September 1 tariff hikes on additional Chinese imports is brought into effect.
- Impact of intensifying Brexit-related uncertainties on business investment and weaker global growth on net trade has been affecting the UK's economy.
- Uncertainty over the UK's future trading relationship with the European Union has become more entrenched. Although the Q-o-Q growth rate of GDP increased to 0.5 per cent in the first quarter of 2019, it is expected to have a flat trend in the second quarter.
- The outlook for the Eurozone remained grim. The Eurozone economy expanded by just 0.2 per cent Q-o-Q in the second quarter of 2019, slowing from a growth rate of 0.4 per cent in the previous quarter.

Equity Markets:

- The general trend recently showed that the developed markets mostly witnessed positive returns while emerging markets mostly faced negative returns.
- Due to US-China trade war, investors in the US broadly shifted to perceived safe havens such as US Treasuries.
- Markets in the UK, in spite of facing rising uncertainty relating to Brexit, recorded positive return. Japanese markets also performed well during the month. Markets in the Eurozone, on the other hand, remained flat.
- As regards the emerging market economies (EMEs), the MSCI Emerging Markets index decreased in value and underperformed the MSCI World.
- Markets in India, China, Russia and South Africa witnessed negative return. Currencies of these economies remained weak against US dollar.

BROAD ECONOMIC NEWS

GOVT MAY PERMIT 100% FDI IN CONTRACT MANUFACTURING

For more details, please refer link :

https://economictimes.indiatimes.com/articleshow/70627515.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

FPI SURCHARGE REMOVAL, STIMULUS MEASURES LIKELY TO BOOST MARKETS: EXPERTS

For more details, please refer link :
<https://www.livemint.com/news/india/fpi-surcharge-removal-stimulus-measures-likely-to-boost-markets-experts-1566732332264.html>

INDIA 9TH ON HAPPINESS INDEX AMONG 28 NATIONS: SURVEY

For more details, please refer link :
<https://economictimes.indiatimes.com/news/economy/indicators/india-9th-on-happiness-index-among-28-nations-survey/articleshow/70915731.cms>

SMALL FINANCE BANK PROMOTERS CAN SELL HOLDINGS FULLY AFTER 5 YEARS

For more details, please refer link :
<https://economictimes.indiatimes.com/markets/stocks/news/small-finance-bank-promoters-can-sell-holdings-fully-after-5-years/articleshow/70851354.cms?from=mdr>

CAPITAL GAINS TAX IS PAYABLE ON SHARE OR CASH RECEIVED IN REDEVELOPED HOUSE

For more details, please refer link :
<https://www.livemint.com/money/ask-mint-money/capital-gains-tax-is-payable-on-share-or-cash-received-in-redeveloped-house-1565520788413.html>

PRIVATE TRUST CREATED FOR THE BENEFIT OF A MINOR CHILD CAN INVEST IN MUTUAL FUND

For more details, please refer link :
<https://www.livemint.com/money/personal-finance/private-trust-created-for-the-benefit-of-a-minor-child-can-invest-in-mutual-fund-1566930274976.html>

BIG BANK MERGERS: GOVERNMENT TURNS TEN PSBs INTO FOUR

For more details, please refer link:
<https://economictimes.indiatimes.com/news/economy/policy/big-bank-mergers-government-turns-ten-psbs-into-four/articleshow/70918585.cms>

INDIA SEES WETTEST JULY-AUGUST IN 25 YEARS

For more details, please refer link:
<https://economictimes.indiatimes.com/news/politics-and-nation/india-sees-wettest-july-august-in-25-years/articleshow/70920380.cms>



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SEBI MULLS TIGHTER NORMS TO ENSURE FULL DISCLOSURE ON LOAN DEFAULTS WITH RATING AGENCIES

Key Highlights

- SEBI is planning to tighten its norms to make it mandatory for companies to provide these details to credit rating agencies.
- However, the rating agencies have often sought to shift the blame to the companies and lenders by claiming that they find it difficult to get information about delay in meeting bank obligations and payment failures which are considered early indicators of a default.
- SEBI is now proposing to amend its regulations for credit rating agencies to ensure that any listed or unlisted entity, before getting rated, gives an explicit consent to obtain from their lenders and other entities full details about their existing and future borrowings as also their repayment and delay or default of any nature and provide the same to the rating agencies.

For more details, please refer link:
https://economictimes.indiatimes.com/articleshow/70558725.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpst

SEBI PLANS RS 1 CRORE REWARD FOR INFORMERS OF INSIDER TRADING

Key Highlights

- Any inside information on insider trading in the stock market can get the informant a reward of up to Rs 1 crore from SEBI.
- SEBI has prepared a detailed set of rules for a new 'Informant Mechanism' under its Prohibition of Insider Trading (PIT) Regulations and it would be presented for its board's approval later this month, officials said.
- The SEBI regulation seeks to curb insider trading to protect the interest of investors at large and it defines 'insider trading' as trading of securities while in possession of unpublished price sensitive information.
- A detailed set of regulations has been, therefore, prepared after taking into account the feedback Sebi received on a public discussion paper floated in June

For more details, please refer link:
<https://economictimes.indiatimes.com/markets/stocks/news/sebi-plans-rs-1-crore-reward-for-informers-of-insider-trading/articleshow/70558577.cms>



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SEBI ENHANCES DISCLOSURE NORMS ON ENCUMBERED SHARES

Key Highlights

- Promoters will have to make additional disclosures on encumbered shares, markets regulator SEBI.
- The promoter of every listed company shall specifically disclose detailed reasons in a prescribed format for encumbrance if the combined encumbrance by the promoter along with persons acting in concert (PACs) with him exceeds 50% of their shareholding in the company or 20% of the total share capital of the company.
- Such encumbrance should be disclosed within two working days to the company and the exchanges where the shares are listed.

For more details, please refer link:
[//economictimes.indiatimes.com/articleshow/70575951.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](http://economictimes.indiatimes.com/articleshow/70575951.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

SEBI MULLS NORMS FOR STARTUPS TO SHIFT TO MAIN BOARD AFTER 1 YEAR

Key Highlights

- To help startups to move from the Innovators Growth Platform of stock exchanges to the main board for regular trading, regulator Sebi is planning a new set of norms to allow them to shift after one year of trading and expanding their shareholder base to at least 200.
- Any company desirous of getting listed on the main board of stock exchange for regular trading of their shares need to follow stringent disclosure and eligibility norms and launch an initial public offer (IPO).
- However, the rules are much more relaxed for the startups looking to list their shares on the new IGP, where trading activities are relatively restricted.

For more details, please refer link:
[//economictimes.indiatimes.com/articleshow/70593101.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](http://economictimes.indiatimes.com/articleshow/70593101.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)



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SEBI ALLOWS MUTUAL FUNDS TO TIE UP WITH BANKS TO REJIG EXPOSURE

Key Highlights

- Mutual Fund (MF) houses can now join hands with banks to rejig exposure and throw lifeline to stressed corporates albeit with a few conditions .
- SEBI came out with guidelines that would allow mutual funds to restructure their exposure to debt laden corporates .
- MFs will have to segregate the portfolio pursuant to a credit event for signing of the inter-creditor agreement (ICA). Fund houses must also inform credit rating agencies of any such agreement.
- If the revised credit rating of those securities is downgraded to below investment grade, the AMCs (asset management companies) may segregate the portfolio.

For more details, please refer link:
https://economictimes.indiatimes.com/articleshow/70914337.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

SEBI EASES FPI NORMS, APPROVES CHANGES IN RULES PROHIBITING INSIDER TRADING

Key Highlights

- The SEBI eased the process for on-boarding overseas investors. The market regulator also introduced an 'informant mechanism' to gather better evidence and crack down on insider-trading cases.
- SEBI said foreign portfolio investors (FPIs) would no longer be required to meet the 'broad-basing' criteria, under which at least 20 investors were required to establish a fund.
- Also, central banks that are not members of the Bank for International Settlements (BIS) will be allowed to register as FPIs.
- More importantly, SEBI said it would rationalise the framework for issuance of participatory notes (P-notes), an instrument once very popular with overseas investors.

For more details, please refer link:
https://www.business-standard.com/article/markets/sebi-eases-fpi-norms-approves-changes-in-rules-prohibiting-insider-trading-119082200069_1.html



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SEBI TO RELAX BUYBACK NORMS FOR COMPANIES WITH HF, NBFC SUBSIDIARIES

KEY Highlights

- SEBI is planning to ease its norms for buyback of shares by listed companies, especially those having subsidiaries in housing finance and NBFC sectors.
- The main conditions that the companies need to follow, the buyback offer cannot exceed 25% of the aggregate paid-up capital and free reserves of the company, but shareholders' approval is required through a special resolution in case of the size exceeding 10%.
- The ratio of the aggregate of secured and unsecured debts owed by the company after the buyback is not more than twice the paid-up capital and free reserves, unless a higher debt-to-equity ratio is specified under the Companies Act.

For more details, please refer link:
https://www.business-standard.com/article/pti-stories/sebi-to-ease-buyback-norms-for-companies-with-housing-finance-nbfc-arms-119081900385_1.html

EASIER FOREIGN FUNDRAISING FOR UNLISTED FIRMS

Key Highlights

- Unlisted Indian companies could soon find it easier to raise capital overseas through depository receipts .
- SEBI is planning a liberalised regime for the issue of global depository receipts (GDRs) and American depository receipts (ADRs) that will help startups and others raise funds, said two people with the direct knowledge of the matter.
- Currently, only listed companies can issue the instruments. The regulator is also expected to ease norms pertaining to two-way fungibility — conversion of shares to depository receipts and vice versa.

For more details, please refer link:

https://economictimes.indiatimes.com/articleshow/70868231.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

CAPITAL MARKETS



UJJIVAN SMALL FINANCE BANK TO RAISE RS 1,200 CRORE VIA STAKE SALE

For more details, please refer link :

<https://economictimes.indiatimes.com/markets/stocks/news/ujjivan-small-finance-bank-to-raise-rs-1200-crore-via-stake-sale/articleshow/70558460.cms>

GOVT FILES IPO DOCUMENT FOR IRCTC WITH SEBI, PLANS TO OFFLOAD 12% STAKE

For more details, please refer link :

https://www.business-standard.com/article/markets/govt-files-ipo-document-for-irctc-with-sebi-plans-to-offload-12-stake-119082200830_1.html

GOAIR LIKELY TO APPOINT BANKERS SOON FOR RS 1,500-CR IPO

For more details, please refer link :

https://economictimes.indiatimes.com/articleshow/70763435.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

SBI'S CREDIT CARD BUSINESS AIMS TO RAISE \$1.1 BILLION VIA IPO

For more details, please refer link :

https://economictimes.indiatimes.com/articleshow/70893823.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

BANKERS HEAD TO SAUDI ARABIA TO COMPETE FOR WORLD'S BIGGEST IPO

For more details, please refer link :

https://economictimes.indiatimes.com/articleshow/70835114.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

INDIA'S FIRST STARTUP IPO OPENS, TO ALTER YOUNG ENTREPRENEURS' WORLD

For more details, please refer link :

https://economictimes.indiatimes.com/articleshow/70838571.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

DHFL SEEKS BOARD'S APPROVAL TO RAISE FUNDS VIA SHARE SALE

For more details, please refer link :

<https://www.livemint.com/companies/news/dhfl-seeks-board-s-approval-to-raise-funds-via-share-sale-1566920341778.html>

INDIA'S FIRST STARTUP IPO BY ALPHALOGIC TECHSYS SAILS THROUGH

For more details, please refer link :

<https://economictimes.indiatimes.com/markets/ipo/fpos/indias-first-startup-ipo-by-alphalogic-techsys-sails-through/articleshow/70873242.cms>



GOVERNMENT RAISES LIMIT FOR RAISING FUNDS WITHOUT DILUTING VOTING RIGHTS

Key Highlights

- The Union government liberalized rules that would allow Indian companies to raise share capital without diluting the voting rights of all existing shareholders.
- The changes are expected to benefit India Inc., particularly startups, which will be able to attract more capital, but without ceding control.
- The MCA said it has amended provisions of the Companies Act relating to the issue of shares with differential voting rights (DVRs). This, it said, was to allow promoters of companies to "retain control even as they raise equity capital from global investors.
- The amendment has also done away with the condition of having three years of distributable profits and raised the cap, said the statement.

For more details, please refer link:
<https://www.livemint.com/companies/news/govt-raises-limit-for-raising-funds-without-diluting-voting-rights-1565982485687.html>

CSR VIOLATIONS NOT TO BE TREATED AS CRIMINAL OFFENCE, SAYS NIRMALA SITHARAMAN

Key Highlights

- FM Nirmala Sitharaman said violations of CSR norms under the companies law will be treated only as a civil liability and not as a criminal offence.
- The corporate affairs ministry would review the sections concerned under the Companies Act, she said.
- The government has provided companies through revised orders more time for completing ongoing projects as part of their CSR obligations.
- Under the Act, certain class of profitable companies are required to shell out at least two per cent of their three-year annual average net profit towards CSR activities.

For more details, please refer link :

<https://www.financialexpress.com/economy/csr-violations-not-to-be-treated-as-criminal-offence-says-nirmala-sitharaman/1684454/>



ELECTRONIC FUND TRANSFER TO BE AVAILABLE 24X7 FROM DEC 2019: RBI

Key Highlights

- Reserve Bank of India (RBI) announced that the National Electronic Funds Transfer (NEFT) systems would be available on a 24x7 basis from December 2019.
- At present, the NEFT payment system operated by the Reserve Bank as a retail payment system is available to customers from 8 am to 7 pm on all working days of the week (except 2nd and 4th Saturdays, and all Sundays of the month).
- In June, during the second monetary policy meeting, the Reserve Bank of India (RBI) announced the removal of charges levied by the Central Bank for transactions processed in the Real Time Gross Settlement System (RTGS) and National Electronic Funds Transfer (NEFT) systems. It became effective from July 1.

For more details, please refer link:
<https://www.moneycontrol.com/news/business/personal-finance/electronic-fund-transfer-to-be-available-247-from-dec-2019-rbi-4302481.html>

RBI TWEAKS NORMS FOR PRIORITY SECTOR LENDING

Key Highlights

- The RBI said on-lending by registered NBFCs (other than MFIs) towards agriculture, MSEs and housing sector up to prescribed limits will be treated as priority sector loans.
- As per the revised norms, on-lending by NBFCs for 'term lending' component under agriculture will be allowed up to Rs 10 lakh per borrower.
- In case of micro and small enterprises (MSEs) the limit will be INR 20 lakh per borrower.
- In housing sector, the limit has been enhanced from INR 10 lakh to INR 20 lakh per borrower for classification of the loan as priority sector lending.

For more details, please refer link:
https://economictimes.indiatimes.com/article_show/70664632.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst



LAST DATE FOR FILING GST ANNUAL RETURNS EXTENDED TILL NOVEMBER 30

Key Highlights

- The government has extended the last date of filing annual goods and services tax (GST) return to November 30 from August 31.
- It is hereby informed that the last date for furnishing of annual return in the Form GSTR-9/ Form GSTR-9A and reconciliation statement in the Form GSTR-9C for the financial year 2017-18 is extended from 31st August, 2019 to 30th November, 2019.
- The move comes amid complaints of some glitches faced in filing by industry.

For more details, please refer link:
http://economictimes.indiatimes.com/articleshow/70847626.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

CBDT CLARIFICATIONS ON I-T RETURN BRING RELIEF TO NRIS

Key Highlights

- Non-residents will not need to disclose their directorships in foreign companies that do not generate any income from India in their tax return forms, the Central Board of Direct Taxes has said.
- The apex direct taxes body issued a set of fresh clarifications for filing of income tax returns. The deadline for filing of I-T returns is August 31.
- The move comes following representations from the industry seeking clarifications on various aspects to the new return forms.

For more details, please refer link:
http://economictimes.indiatimes.com/articleshow/70868000.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

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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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