

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

THIRTY-FIRST EDITION



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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 regulations and updates on corporate laws.



CAPITAL
MARKETS



RBI



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

SEBI



MCA



INCOME TAX



INDIRECT TAX



STARTUP INDIA

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BROAD ECONOMIC NEWS

01

India's economy out of technical recession,
Q3 GDP growth at 0.4%



News Link

02

India, Mauritius sign limited trade pact



News Link

03

Robinhood to plan confidential IPO filing as
soon as March



News Link

04

India, South Africa question joint statement
initiatives at World Trade Organization (WTO)



News Link

05

Renew Power eyes merger with clean energy
SPACs for US listing



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06

ED attaches over 17-cr assets of Amnesty
International India on money laundering charges



News Link

CAPITAL MARKETS



01

Supreme Court bars NCLT from giving approval to Future- Retail- Reliance Industrial deal



News Link

02

CAIT complaints on discounts for buying goods from online firms being examined by CCI



News Link

03

Vodafone likely to announce giant IPO of European towers unit



News Link

04

Blackstone-backed Sona Comstar files papers with Sebi for Rs 6,000 cr IPO



News Link

05

SBI gearing up for \$1 billion IPO of its mutual fund venture



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06

DBS faces lawsuits in India post-takeover of Lakshmi Vilas Bank



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SEBI



भारतीय प्रतिशत और विनियम बोर्ड
Securities and Exchange Board of India

01

Relief for HDFC Bank as SAT stays SEBI directive on Rs 160 cr transfer



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- HDFC Bank had given a loan to BRH Wealth against shares. The broker had given a declaration that it was the absolute owner of the securities and they were not that of its clients. However, BRH had indulged in several irregularities, which led to an interim order against it in October 2019. In March 2020, SEBI issued a show cause notice to HDFC Bank after it invoked shares pledged by BRH.
- The Securities Appellate Tribunal (SAT) has granted relief to HDFC Bank by staying on an order issued by markets regulator SEBI, which directed the lender to transfer over Rs 160 crore in the matter pertaining to BRH Wealth Kreators' share pledging.

02

SEBI wants promoters to sell crypto before IPO



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- Holding crypto currency may become a hindrance for promoters looking to raise money through an initial public offering (IPO). The Securities and Exchange Board of India (SEBI) wants promoters of such companies to sell off any crypto currency they have before raising funds, said several people with direct knowledge of the matter.
- In the past few weeks, SEBI has communicated this to merchant bankers, securities lawyers and even company executives involved with the IPO processes.

SEBI



भारतीय प्रतिशत और विनियम बोर्ड
Securities and Exchange Board of India

03

Regulator proposes to introduce concept of 'accredited investors'



- With an aim to provide a relaxed regulatory framework for sophisticated investors and introduce products designed to meet investor-specific risk profile, the Securities and Exchange Board of India (SEBI) has released a consultation paper on the introduction of the concept of "accredited investors" in the Indian securities market.
- The paper can be seen as the beginning of a regulatory regime that enables regulatory supervision or intensity based on the sophistication of an investor.

04

SEBI eases rules to smoothen LIC IPO



- SEBI's decision to ease the minimum offer and public holding norms will give the government more time to comply with the rules.
- According to the new norms, the IPO size is required to be ₹10,000 crore plus 5% of the incremental market capitalization amount beyond ₹1 trillion for very large companies.
- The markets regulator said companies with a size of over ₹1 trillion will now be required to achieve at least 10% public shareholding in two years and at least 25% within five years from the date of listing.

05

OTHER SEBI CIRCULARS

Master Circular for Depositories



[Link](#)

Setting up of (LPCC) by Asset Management Companies (AMCs) of Mutual Funds



[Link](#)

Revised Framework for Innovation Sandbox



[Link](#)

Revised disclosure formats under R. 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015



[Link](#)

Extension of facility for conducting meeting(s) of UHs of REITs and InvITs through VC or through OAVM



[Link](#)

Pre-Expiry Margin on commodities under Alternate Risk Management Framework



[Link](#)

RBI



01

RBI extends dates to apply for NUE license to March 31

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- RBI has decided to extend the last date to apply for a National Umbrella Entity (NUE) license from February 26 to March 31.
- This comes after the central bank received several requests from various stakeholders including Indian Banks' Association to extend the timeline.
- NUE, as it is popularly known, is a new body that the RBI has envisioned to act as a settlement agency for digital payments. In simple words, the regulator wants to create multiple entities like the National Payments Corporation of India.

02

RBI scoops up Rs 26,000-crore bonds anonymously in a single day

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- The Reserve Bank of India (RBI) bought about Rs 26,000 crore of bonds from the secondary market anonymously on February 12, a day after it bought Rs 20,000 crore as part of its announced open market operations (OMOs), showed the data released by the central bank.
- This shows that contrary to what the bond market says, the RBI is pumping in enough liquidity in the system.

RBI



03

SC asks RBI to lay down norms for banks' locker facility management in 6 months

- Holding that banks cannot wash off their hands towards their customers for the operation of lockers, the Supreme Court Friday directed the Reserve Bank of India (RBI) to lay down regulations within six months mandating the steps to be taken by banks with respect to locker facility management.
- "Thus, as is evident from the rising demand for such services, lockers have become an essential service provided by every banking institution. Such services may be availed of by citizens as well as by foreign nationals," said Supreme Court of India



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04

RBI tightens norms for e-payments

- The Reserve Bank of India (RBI) has tightened payment security norms, making banks and other regulated banks more responsible for apps provided by third parties. In its new directive on digital payments security control the central bank has got down to the minute transactions.
- It requires banks that use third-party apps for digital transactions to have the apps source code in escrow should vendor be unable to provide services. It is not clear whether it is applicable for only proprietary apps of the bank developed by the third parties or all other third-party apps. This will strengthen the future of e-payments.



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RBI



05

OTHER RBI CIRCULARS

Inclusion of "Fino Payments Bank Limited" in the Second Schedule of the RBI Act, 1934



Link

Implementation of Sec. 51A of UAPA, 1967



Link

Capital and provisioning requirements for exposures to entities with Unhedged FC Exposure



Link

Remittances to International Financial Services Centres (IFSCs) in India under the LRS



Link

Margin for Derivative Contracts



Link

Investment in NBFCs from FATF non-compliant jurisdictions



Link

Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR)



Link

MCA



01

MCA relaxes definition of 'listed companies', enables more private cos to raise listed debt

- The Centre has taken the next big step towards deepening of corporate bond market by changing the definition of "listed companies" and conferred compliance relief to unlisted, closely-held, public and private companies that had listed their debt securities on private placement basis.
- The Corporate Affairs Ministry (MCA) has now ruled that such companies — earlier categorised as listed companies although their equity capital was not listed — will henceforth not be treated as "listed companies" under the Indian company law.



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02

MoU signed between MCA and CBIC for data exchange

- The Central Board of Indirect Taxes and Customs (CBIC) and the Ministry of Corporate Affairs (MCA) on February 25, 2021, signed a Memorandum of Understanding for the exchange of data between the two organisations.
- The MoU came into force from the date it was signed and is also an ongoing initiative of MCA and CBIC who have already been collaborating through various existing mechanisms. The latest MoU will mark the beginning of a new era of cooperation between the MCA and CBIC.



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MCA



03

Incorporation of companies up 20% in FY21 despite pandemic: MCA

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- The number of new companies formed in the current financial year rose despite the pandemic as data from the Ministry of Corporate Affairs (MCA) shows that incorporation of companies increased by 20.56 per cent in FY 2020-21 as of December.
- A total of over 1.13 lakh companies were incorporated during April 2020 to December 2020, against 93,754 companies during the same period of the last financial year, said the Minister of State for Finance and Corporate Affairs.

04

MCA initiates decriminalisation of LLP Act

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- The ministry of corporate affairs (MCA) has initiated the process of decriminalisation of the Limited Liability Partnership (LLP) Act, based on the recommendations of a high-level government panel.
- “The objective of the decriminalisation exercise is to remove criminality of offences from business laws where no malafide intentions are involved,”
- The government will decriminalise 12 compoundable offences under the Act and will omit section 73, which relates to penal provisions in case of non-compliance with orders of a tribunal.

INCOME TAX



01

SC asks CBDT to decide on exemption to NRIs from paying income tax

- The Supreme Court (SC) has today directed a representation to be made to the Central Board of Direct Taxes (CBDT) on relief to be given to non-resident Indians (NRIs) in terms of the payment of tax under the Income Tax (IT) Act for FY21 amid Covid-19.
- It is expected that the CBDT may soon release a circular clarifying the exclusion of FY21 for determining the residential status.

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02

CBDT notifies procedure for Faceless Assessment Scheme, 2019

- The Central Board of Direct Taxes (CBDT) notified Faceless Assessment (1st Amendment) Scheme, 2021 which seeks to amend Faceless Assessment Scheme, 2019.
- The amendment seeks to specify the procedure for Assessment under Faceless Assessment Scheme, 2019.
- The National e-Assessment Centre shall assign the case selected for the purposes of e-assessment under this Scheme to a specific assessment unit in any one Regional e-Assessment Centre through an automated allocation system.

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INDIRECT TAXATION



01

GST Annual Return: CBIC extends deadline of GSTR-9 and GSTR-9C

- The Central Board of Indirect Taxes and Customs (CBIC) has extended the deadline of GST Annual Returns (GSTR-9 and GSTR-9C) for the financial year 2019-20 to March 31st 2021
- The CBIC said that, It may be noted that the due date for furnishing of the Annual returns (GSTR-9 and GSTR-9C) specified under section 44 of the CGST Act read with rule 80 of the CGST rules for the financial year 2019-20 was earlier extended from 31.12.2020 to 28.02.2021.



02

Systemic improvements regarding modification in the Bond (B-17) Execution process

- CBIC has in case of EOU/EHTP/STP, a single all-purpose bond was notified vide notification no. 06/98-C.E.(N.T.), dated 02.03.1998.
- This bond is called B-17(General Surety/Security). Various instructions through circulars were issued regarding execution of said B-17 bond.
- Post GST, revised new B-17 bond was notified vide notification no. 01/2018-C.E.(N.T.), dated 05.12.2018. It was also clarified vide circular no. 50/2018-Customs dated 06.12.2018 that all relevant instructions applicable for the old B-17 bond will be applicable, mutatis mutandis, to the new B-17 bond.



STARTUP INDIA



01

Byju's may acquire Toppr for \$150 million as ed-tech consolidates



02

Section 263 Of Income Tax Act being used to send notices to Startup founders reporting high valuations



03

Sequoia Capital Looks To Raise Second India-Focused Seed Fund



04

₹1,000-cr Startup India Seed Fund from April 1



05

Reliance Purchases Additional Equity In NASA Incubated skyTran Inc For Over \$26 Mn



06

Grofers explores merger with Cantor Fitzgerald's SPAC for Nasdaq listing



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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.

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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.

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