

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

NEWSLETTER – TWENTY-SIXTH EDITION, 2020



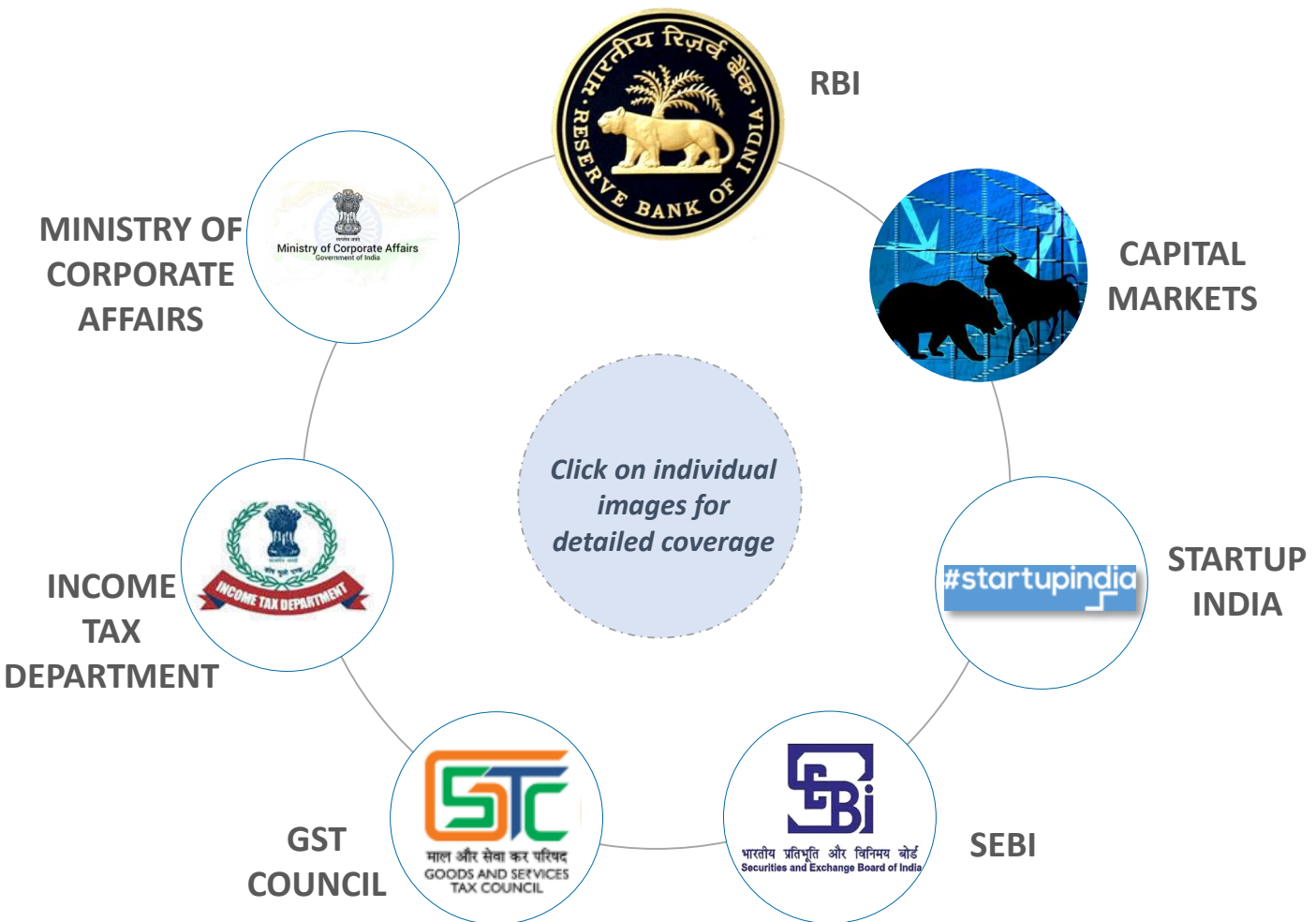
Wednesday, 7th October , 2020

“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.



BROAD ECONOMIC HIGHLIGHTS

Indian economy to contract 11% in FY21: ICRA

India, Japan signed agreement on Reciprocal provision of supplies and services between forces

India- Denmark Bilateral Summit; Partners to work towards Supply-chain Diversification

Uber weighs purchase of BMW-Daimler ride-hailing venture

Apple suppliers commit to \$900 Mn investment to build capacities in India

DPIIT shares list of 24 key sectors with ministries to work on plan to boost manufacturing

Growth needed for recovery will take time, infra stimulus required: Experts

Like US and China, India must ensure that foreign tech companies here are locally owned

CAPITAL MARKETS

UTI AMC, Mazagon and Likhitha Infra IPOs kick off

General Atlantic to invest ₹ 3,675 crore in Reliance Retail

Sigachi Industries files draft papers with Sebi for Rs 60 crore IPO

Dr Reddy's enters Rs 28,000 cr market with multiple sclerosis drug in US

Shapoorji Pallonji Group to recast ₹10,900-crore debt under COVID-19 resolution framework

Equitas Small Finance Bank downsizes offer size for proposed IPO

SEBI's new rules likely to benefit small, mid caps

Chemcon lists at 115% premium over issue price, beats Happiest Minds, IRCTC, DMart

SEBI



SEBI PROPOSES CHANGES IN LISTING, DISCLOSURE NORMS

Key Highlights

- To solicit public comments views on the proposed amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “LODR Regulations” or “LODR”) inter – alia to strengthen corporate governance practices and disclosure requirements, ease compliance burden on listed entities, harmonize with the Companies Act, 2013 and maintain consistency within the LODR Regulations
- A need was thus felt to review and align the LODR Regulations to achieve above-mentioned objectives.
- SEBI has sought public comments on the proposals by October 11, 2020.
- Annexures are attached in the link below for proposed amendments.

(Click here for more details)

RELAXATION WITH RESPECT TO VALIDITY OF SEBI OBSERVATIONS AND REVISION IN ISSUE SIZE

Key Highlights

- SEBI vide circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/66 dated April 21, 2020 had given certain relaxations with respect to validity of SEBI Observations and filing of fresh offer document in case of increase or decrease of issue size beyond a particular threshold.
- It has been decided that the relaxation mentioned at Sr. No. 1(ii) of SEBI Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/66 dated April 21, 2020 for revision in issue size upto 50% shall continue till March 31, 2021
- The validity of the SEBI observations expiring between October 1, 2020 and March 31, 2021 shall be extended upto March 31, 2021, subject to an undertaking from lead manager to the issue confirming compliance with Schedule XVI of ICDR Regulations, 2018 while submitting the updated offer document to the Board.

(Click here for more details)

SEBI**WRITE-OFF OF SHARES HELD BY FPIs****Key Highlights**

- SEBI, vide circular number IMD/FPI&C/CIR/P/2019/124 dated November 05, 2019, had issued an Operational Guidelines for FPIs and DDPs under SEBI (Foreign Portfolio Investors), Regulations 2019.
- In the said Operational Guidelines, write-off of securities held by FPIs who wish to surrender their registration was permitted only in respect of shares of companies which are unlisted/illiquid /suspended/delisted. However, in view of the requests received from various stake holders, it has been decided to permit said FPIs to write - off shares of all companies which they are unable to sell. In this regard, the process detailed at para 17 of Part C of the said Operational Guidelines shall be complied with

(Click here for more details)

LISTING AND TRADING OF UNITS OF INVITS AND REITS ON STOCK EXCHANGES IN IFSC**Key Highlights**

- Units of InvITs and REITs by whatever name called in the Permissible Jurisdiction' meeting the following conditions may be permitted to list on stock exchanges operating in IFSC:
- Such InvITs and REITs which are incorporated /settled in Permissible Jurisdictions, as may be notified by the Government of India from time to time pursuant to notification no. G.S.R. 669(E) dated September 18, 2019 in respect of sub - rule 1 of rule 9 of Prevention of Money -Laundering (Maintenance of Records) Rules, 2005; In this regard, the Government of India vide notification dated November 28, 2019, has notified list of Permissible Jurisdictions in pursuance of notification dated September 18, 2019
- Such InvITs and REITs are listed on any of the specified international exchanges in the Permissible Jurisdiction

(Click here for more details)

STARTUP INDIA

#startupindia

GUJARAT RETAINS TOP SPOT IN DPIIT'S STATES START-UP ECOSYSTEM RANKINGS 2019

Key Highlights

- India has become the third-largest start-up ecosystem in the world with over 36,000 start-ups recognised under the Startup India initiative.
- Gujarat has occupied the top spot in Department for Promotion of Industry and Internal Trade's (DPIIT's) State Startup Rankings 2019 for the second year in a row.
- Karnataka and Kerala were the other top performers.
- A proactive mechanism to identify regulatory issues from disruptive sectors, conceptualising iCreate (one of the largest start-up incubators in the country), and its student start-up and innovation policy helped Gujarat bag the Best Performer tag, according to a presentation released by DPIIT

(Click here for more details)

GOVT PLANNING \$4.6 BN IN INCENTIVES FOR BATTERY MAKERS IN EV PUSH

Key Highlights

- The proposal drafted by Niti Aayog is likely to be reviewed by the Union cabinet in the coming weeks.
- The proposal has also recommended incentives of \$4.6 Bn by 2030 for companies manufacturing advanced batteries
- 5% import tax on batteries for EVs to continue until 2022, but will follow a subsequent 15% increase to promote local manufacturing.
- In a big push to promote the use of electric vehicles, the government has proposed to offer \$4.6 Bn in incentives to companies setting up advanced battery manufacturing facilities as it seeks to promote the use of electric vehicles.

(Click here for more details)

RBI**RBI EXTENDS COVID-19 BENEFITS FOR STATES BY ANOTHER SIX MONTHS*****Key Highlights***

- The primary (urban) co-operative banks (UCBs) and also as UCBs may be facing difficulties in submission of the returns due to the ongoing COVID-19 pandemic, it is considered necessary to allow more time for submission of the aforesaid return for the financial year ended on March 31, 2020.
- The other benefit which has now been extended till March pertains to overdraft (OD) regulations where states or union territories were allowed to be in overdraft continuously for 21 working days, from 14 days earlier. That apart, the number of overdraft days in a quarter were also increased to 50 working days from 36 working days.

(Click here for more details)

RBI'S NEW CREDIT AND DEBIT CARD RULES TO BE EFFECTIVE FROM 1ST OCTOBER, 2020***Key Highlights***

- RBI has asked all banks and other card-issuing companies to disable online payment services of all debit and credit cards that have never been used for online or contactless transactions both in India and internationally.
- With the rise in banking fraud cases, the Reserve Bank of India has issued new guidelines to secure debit and credit cards. These changes will be effective from October 01, 2020. RBI has issued new rules for debit and credit cards to improve security and convenience of card transactions.
- According to new guidelines, card users will now be able to register preferences (opt-in or opt-out of services, spend limits, etc.) for international transactions, online transactions as well as contactless card transactions.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS**COMPANIES (AMENDMENT) ACT, 2020****Key Highlights**

- The Companies (Amendment) Bill, 2020 seeks to decriminalise various penal provisions, permit direct overseas listing of Indian corporates and introduce a new chapter related to producer organisations in the legislation.
- Reduction in penalties for certain offences as well as in timeline for rights issues, relaxation in CSR compliance requirements and creation of separate benches at the National Company Law Appellate Tribunal (NCLAT) are also among the proposed changes.
- Around 48 sections of the Companies Act, 2013 are being amended to decriminalise various offences.
- It shall come into force on such dates as decided by Central Government.

(Click here for more details)

MCA EXTENDS CFSS 2020 AND LLP SETTLEMENT SCHEME 2020 TILL DECEMBER 31, 2020**Key Highlights**

- In continuation to this Ministry's General Circular No.12/2020 dated 30.03.2020, in view of the large scale disruption caused by the COVID-19 Pandemic and after due examination, it has been decided to extend Company Fresh Start Scheme, 2020 till 31st December, 2020. All other requirements provided in the said circular shall remain unchanged.
- In continuation to this Ministry's General Circular No.13/ 2020 dated 30.03.2020, in view of large scale disruption caused by the COVID-19 pandemic and after due examination, it has been decided to extend LLP Settlement scheme, 2020 till 31st December, 2020. All other requirements provided in the said circular shall remain unchanged.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS**RELAXATION OF ADDITIONAL FEES
AND EXTENSION OF LAST DATE OF
FILING OF CRA-4*****Key Highlights***

- Representations have been received from various stakeholders for extension of last date of filing of CRA-4 (form for filing cost audit report).
- It has been decided that if cost audit report for financial year 2019-20 by cost auditor to Board of Directors of the company is submitted by 30th November, 2020 then same would not be viewed as violation of Rule 6(5) of Companies Cost Audit Rules.
- Consequently, the cost audit report for FY 31st March, 2020 shall be filed in e-form within 30 days from the date of receipt. However, if the company has availed extension of time for holding AGM then e-form CRA-4 may be filed within the timelines provided under proviso to rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014.

(Click here for more details)

**COMPANIES CAN CONDUCT EGMs
THROUGH VC OR OAVM UPTO
31ST DECEMBER, 2020*****Key Highlights***

- Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 read with rules made thereunder on account of COVID-19 has been made by MCA.
- In continuation to this Ministry's General Circulars No.14/2020 dated 8th April, 2020, No.17 /2020 dated 13th April, 2020 and No.22/2020 dated 15.06.2020 and after due examination and it has been decided to allow companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with the framework provided in the aforesaid Circulars upto 31st December, 2020. All other requirements provided in the said Circulars shall remain unchanged.

(Click here for more details)

INCOME TAX DEPARTMENT**GUIDELINES UNDER SECTION 194-0
(4) AND SECTION 206C (1-1) OF THE
INCOME-TAX ACT, 1961 –REG****FACELESS APPEAL SCHEME, 2020.*****Key Highlights***

Finance Act, 2020 inserted sub-section (1 H) in section 206C of the Act which mandates that with effect from 1st day of October, 2020 a seller receiving an amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year to collect tax from the buyer a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax. The collection is required to be made at the time of receipt of amount of sales consideration. The following guidelines has been issued in continuation:

1. Applicability of on insurance agent or insurance aggregator:
2. Calculation of threshold for the financial year 2020-21.
3. Applicability to sale of motor vehicle:
4. Adjustment for sale return, discount or indirect taxes
5. Fuel supplied to non-resident airlines

(Click here for more details)

Key Highlights

For the purposes of this Scheme, the Board may set up-

1. A National Faceless Appeal Centre to facilitate the conduct of e-appeal proceedings in a centralized manner, which shall be vested with the jurisdiction to dispose appeal in accordance with the Scheme;
2. Regional Faceless Appeal Centers to facilitate the conduct of e-appeal proceedings, which shall be vested with the jurisdiction to dispose appeal in accordance with the provisions of this Scheme;
3. All communication between appeal unit and the appellant or any other person or the National e-Assessment Centre or the Assessing Officer with respect to the information or documents or evidence or any other details, as may be necessary under this Scheme shall be through the National Faceless Appeal Centre.

(Click here for more details)

GST COUNCIL



E-INVOICING OF GST COMPULSORY FROM OCT 1, WITH HIGHER THRESHOLD

Key Highlights

- Accordingly, e-invoicing will be mandatory only for businesses with turnover of Rs 500 crore or more. Those, on the other side of the threshold, will be exempted from the compliance burden, for the time being.
- The threshold for mandatory e-invoicing, a step to improve tax compliance, was earlier planned to be kept at Rs 100 crore. But, the changes are now being made on the recommendations of an empowered panel of the Goods and Services Tax (GST) Council.
- "The QR codes are definitely not happening on October 1 but the e-invoice scheme and 500 crore turnover related notification should be out by next week and the industry can start working on it as everything is ready

(Click here for more details)

GOVT EXTENDS DEADLINE FOR FILING GST RETURNS FOR FY19 BY A MONTH

Key Highlights

- The government has extended by a month the deadlines for furnishing annual returns for 2018-19 under goods and services tax (GST) regime.
- "After obtaining due clearances from the Election Commission in view of the Model Code of Conduct, Government has extended due date for furnishing Annual Return in GSTR-9 and GSTR 9C for 2018-19 from 30.09.2020 to 31.10.2020.
- "Businesses and professionals can now take benefit of extended timelines and file the annual returns by 31 October. This extension will give necessary breather to tax professionals and businesses both.

(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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