

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

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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.



BROAD ECONOMIC HIGHLIGHTS

Moody's raises FY21 GDP forecast for India to -10.6%

Fifteen Asian countries sign world's biggest trade deal; India pulled out last year

Atmanirbhar Bharat 3.0: Key Takeaways From Finance Minister's Stimulus Package

Sequoia-backed Seekify acquires upskilling platform SafeJob

Tata group, Singapore Airlines pump ₹585 cr more into Vistara

China Blocks Jack Ma's \$35 Billion Ant IPO, World's Biggest

U.S. elections results reactions | Modi-Biden will take Indo-U.S. relationship to next level

China and Pakistan sign military deal amid tensions with India

(Click on above tabs for more details)

CAPITAL MARKETS

Lakshmi Vilas Bank Becomes DBS India; 94-Year Old Bank Part Of History Now

Burger King India IPO from 2nd Dec to 4th Dec, 2020

Reliance Acquires Majority Stake In Furniture Retailer Urban Ladder For ₹ 182 Crore

CCI approves Google's \$4.5 billion deal with Jio

TCS shareholders approve up to Rs 16,000 crore buyback plan

RailTel gets Sebi's go-ahead to float IPO

Irdai gives in-principle approval for Bharti AXA-ICICI Lombard deal

CCI clears Reliance-Future retail deal despite Amazon's objections

(Click on above tabs for more details)

SEBI



INTRODUCTION OF UNIFIED PAYMENTS INTERFACE (UPI) MECHANISM FOR APPLICATION

Key Highlights

- Providing an option to investors to apply in public issues of debt securities through the app / web interface of Stock Exchange(s) with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto Rs. 2 Lac;
- Permitting the UPI mechanism to block funds for application value upto Rs. 2 Lac submitted through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).
- The provisions of this circular shall be applicable to a public issue of securities under the captioned Regulations which opens on or after January 01, 2021. Stock Exchanges,

(Click here for more details)

SCHEMES OF ARRANGEMENT BY LISTED ENTITIES AND RELAXATION THEREUNDER

Key Highlights

- It has been decided to further streamline the processing of draft schemes filed with the stock exchanges, and make certain amendments to the aforesaid Circular dated March 10, 2017
- These amendments are aimed at ensuring that the recognized stock exchanges refer draft schemes to SEBI only upon being fully convinced that the listed entity is in compliance with SEBI Act, Rules, regulations and circulars issued thereunder
- Applicability of this Circular: This Circular shall be applicable for all the schemes filed with the stock exchanges after November 17, 2020

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SEBI

INVESTOR GRIEVANCE REDRESSAL MECHANISM

Key Highlights

- Stock Exchange shall ensure that the investor complaints shall be resolved within 15 working days from the date of receipt of the complaint. Additional information, if any, required from the complainant, shall be sought within 7 working days from the date of receipt of the complaint. The period of 15 working days shall be counted from the date of receipt of additional information sought.
- Stock Exchange shall maintain a record of all the complaints addressed/redressed within 15 working days from the date of receipt of the complaint/additional information. If complaint is not resolved within stipulated time frame, then the reason for non redressal in given time frame shall also be recorded

(Click here for more details)

INTRODUCTION OF “FLEXI CAP FUND” AS A NEW CATEGORY UNDER EQUITY SCHEMES

Key Highlights

- In order to give more flexibility to the mutual funds and taking into account the recommendations of Mutual Fund Advisory Committee (MFAC), a new category named “Flexi Cap Fund” under Equity Schemes will be available with the following scheme characteristics
- Flexi Cap Fund Minimum investment in equity & equity related instruments -65% of total assets.
- An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks
- Mutual Funds have the option to convert an existing scheme into a Flexi Cap Fund subject to compliance with the requirement for change in fundamental attributes of the scheme in terms of Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996.

(Click here for more details)

STARTUP INDIA

#startupindia

BYJU'S TO RAISE \$200 MILLION FROM BLACKROCK, T. ROWE

ZOMATO TO RAISE \$146 MN AS IT PREPS FOR IPO IN 2021

Key Highlights

- Online education startup Byju's is close to raising \$200 million in a fresh funding round from US investment firms BlackRock and T. Rowe Price at a valuation of \$12 billion, said a person familiar with the matter.
- The Bengaluru-based edtech firm last raised \$500 million in September from a group of investors including private equity firm Silver Lake Partners along with existing investors General Atlantic, Owl Ventures and Tiger Global at a valuation of \$10.8 billion.
- BlackRock, Sands Capital and Alkeon Capital joined as new investors, as part of the same round later, with valuation climbing to \$11.1 billion.

(Click here for more details)

Key Highlights

- The Gurugram-based startup has raised an additional ₹37.9 crore (about \$5.1 million) in October from Pacific Horizon Investment Trust, which is managed by UK's Baillie Gifford and Co. Ltd, as part of the Series J funding.
- Food-tech unicorn Zomato, which is gearing up for a public listing in the first half of 2021, is set to raise a little more than \$146.5 million as part of its ongoing Series J round of funding.
- The Gurugram-based startup has raised an additional ₹37.9 crore (about \$5.1 million) in October from Pacific Horizon Investment Trust, which is managed by UK's Baillie Gifford and Co. Ltd, as part of the Series J funding, regulatory filings sourced from business intelligence platform Tofler showed.

(Click here for more details)

RBI**DISCONTINUATION OF RETURNS OR REPORTS UNDER FEMA, 1999*****Key Highlights***

- With a view to improve the ease of doing business and reduce the cost of compliance, the existing forms and reports prescribed under FEMA, 1999, were reviewed by the Reserve Bank. Accordingly, it has been decided to discontinue the 17 returns/reports as listed in the Annexure attached in the said circular with immediate effect.
- The Master Direction - Reporting under Foreign Exchange Management Act, 1999 dated January 01, 2016, shall accordingly be updated to reflect the above changes. AD banks may bring the contents of this circular to the notice of their constituents.

(Click here for more details)

RBI RELEASES PANEL REPORT ON OWNERSHIP, GOVERNANCE NORMS OF PRIVATE BANKS***Key Highlights***

- Reserve Bank of India on November 20 released a report on the internal working group (IWG) recommendations on private bank ownership and corporate structure.
- Among other things, the report recommends promoter stake cap in long run -- 15 years -- be raised to 26 percent from 15 percent if paid-up voting equity share capital.
- The IWG in its recommendations had also said that non-promoter shareholding may be capped at 15 percent of paid-up voting equity share capital for all shareholders.
- "Large corporate/industrial houses may be allowed as promoters of banks only after necessary amendments to the Banking Regulation Act, 1949.

(Click here for more details)

RBI**ONLY 1 NBFC SOUGHT BANK LICENCE IN LAST 4 YEARS EVEN THOUGH RBI OFFERED 'ON TAP'*****Key Highlights***

- Becoming banks would give NBFCs access to low-cost deposits. But even after IL&FS crisis led to rising borrowing costs, no company applied for a bank licence.
- There was huge excitement in the financial sector when the Reserve Bank of India made public a working group report that recommended that well-run large non-banking financial companies (NBFCs), with an asset size of Rs 50,000 crore and above, including those which are owned by a corporate house, should be considered for conversion into banks.
- In 2016, RBI changed its policy on universal bank licences, making them available 'on tap' instead of during specific periods, as the practice earlier was.

(Click here for more details)

SMALL LENDERS TO PAY THE PRICE AS RBI WRITES OFF DEBT OF LAKSHMI VILAS BANK***Key Highlights***

- The Reserve Bank of India said Rs 3.18 billion (\$43 million) of Tier 2 bonds of Lakshmi Vilas Bank Ltd. will be fully written down as DBS Group Holdings Ltd. acquires the lender. The announcement comes as a surprise after the RBI-appointed administrator said last week DBS would take over all obligations, including bonds.
- "Financing costs may inch up and the appetite shall be lower especially for the lower-rated private and small finance banks," said Ajay Manglunia, managing director and head at JM Financial Products Ltd. "Such lenders will have to rely more on equity raise as investors shall be a bit more skeptical to take risk now."
- Weakening demand for bank bonds will add to pressure on lenders already saddled with one of the world's worst bad debt piles.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS



ANY CREDITOR OF FIRM IN LIQUIDATION CAN SEEK TRANSFER OF WINDING UP PLEA FROM HC TO NCLT

Key Highlights

- The Supreme Court held that "any creditor of a company in liquidation" can become a party to the winding up petition against the defaulting firm and seek transfer of the plea from a high court to a National Company Law Tribunal (NCLT), set up insolvency and bankruptcy.
- It has been held that the winding up proceedings is a continuous legal process and under the Company law, any creditor of the firm in liquidation may become a party to the proceedings and seek transfer of the case from a high court to the NCLT to be dealt under the Insolvency and Bankruptcy Code (IBC) 2016.
- "Therefore, the word 'party' appearing in the 5th proviso to Clause (c) of Sub section (1) of section 434 cannot be construed to mean only the single petitioning creditor or the company or the official liquidator

(Click here for more details)

IBBI PROPOSES MECHANISM TO ALLOW WITHDRAWAL FROM VOLUNTARY LIQUIDATION

Key Highlights

- The Insolvency and Bankruptcy Board of India (IBBI) has proposed a statutory mechanism that will allow a company to withdraw from the process of voluntary liquidation at any point after its initiation.
- Unlike the corporate insolvency resolution and liquidation process of a stressed company, voluntary liquidations are not supervised by a committee of creditors or a stakeholders' consultation committee.
- The rules propose that a corporate person be allowed to seek approval of the adjudicating authority for withdrawal from voluntary liquidation.
- The bankruptcy regulator has also suggested that the application for withdrawal be filed by the liquidator before the NCLT.

(Click here for more details)

INCOME TAX DEPARTMENT



INCOME TAX DEPARTMENT TO VALIDATE UDIN GIVEN BY CAS IN TAX AUDIT REPORTS

Key Highlights

- The income tax department will validate with the Institute of Chartered Accountants of India (ICAI) the unique document identification number (UDIN) of chartered accountants when they upload tax audit reports. To curb fake certifications by non-CAS misrepresenting as chartered, the ICAI in 2019 made generation of UDIN from the ICAI website mandatory for every kind of certificate and tax audit report and other attests made by their members as required by various regulators.
- Income-tax e-filing portal had already factored mandatory quoting of UDIN with effect from April 27, 2020, for documents certified/attested in compliance with the Income Tax Act, 1961 by a chartered accountant.
- "With this system level integration, UDIN provided for audit reports/certificates submitted by the chartered accountants in the e-filing portal shall be validated online with the ICAI,".

(Click here for more details)

GOVERNMENT INCREASES DIFFERENTIAL BETWEEN CIRCLE RATES AND AGREEMENT VALUE

Key Highlights

- In a bid to provide an additional boost to the economy, as well as the home buyers, union finance minister Nirmala Sitharaman, on November 12, 2020, announced a new stimulus package under Atmanirbhar Bharat 3.0. In the latest package, the centre has decided to increase the differential rate between the circle rate and the agreement value from 10% to 20%. This will be applicable till June 30, 2021, for only primary sale of residential units of value up to Rs 2 crores.
- In Budget 2020, the government had announced an increase in the threshold limit for the difference between the transaction value and the circle rate to 10%, from the previous 5% level.

(Click here for more details)

GST COUNCIL



OVER 5.4 LAKH BUSINESSES RISK LOSING GST REGISTRATION FOR DEFAULTS

Key Highlights

- Tax payers were required to file their return for the transactions done in October in the five days starting 20 November.
- Also, about 5,43,000 businesses that have defaulted for the last six months or more risk losing their GST registration. At a high level meeting, officers were asked to follow up with defaulting tax payers for filing November returns by the end of the month, said a revenue department official.
- Tax payers were required to file their return for the transactions done in October in the five days starting 20 November. The defaulters in November were identified based on the previous month's return statistics.

(Click here for more details)

CENTRE BORROWS, ON-LENDS INR 6,000 CRORE AS GST COMPENSATION TO 16 STATES

Key Highlights

- The central government has raised Rs 6,000 crore in market borrowings and passed the amount as loans to 16 states and three union territories for meeting the shortfall in goods and services tax collections.
- The amount is the second tranche of back-to-back loans given to those states and union territories that chose option 1 to meet the GST compensation shortfall, the Ministry of Finance said in a statement. GST collections fell earlier this year due to Covid-19 outbreak, and slowing economic activity prior to the pandemic.
- This amount was raised at a weighted average yield of 4.42%, and will be passed on to states and union territories at the same interest rate, according to the statement.

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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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