

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

NEWSLETTER – TWENTY-SECOND EDITION,
2020



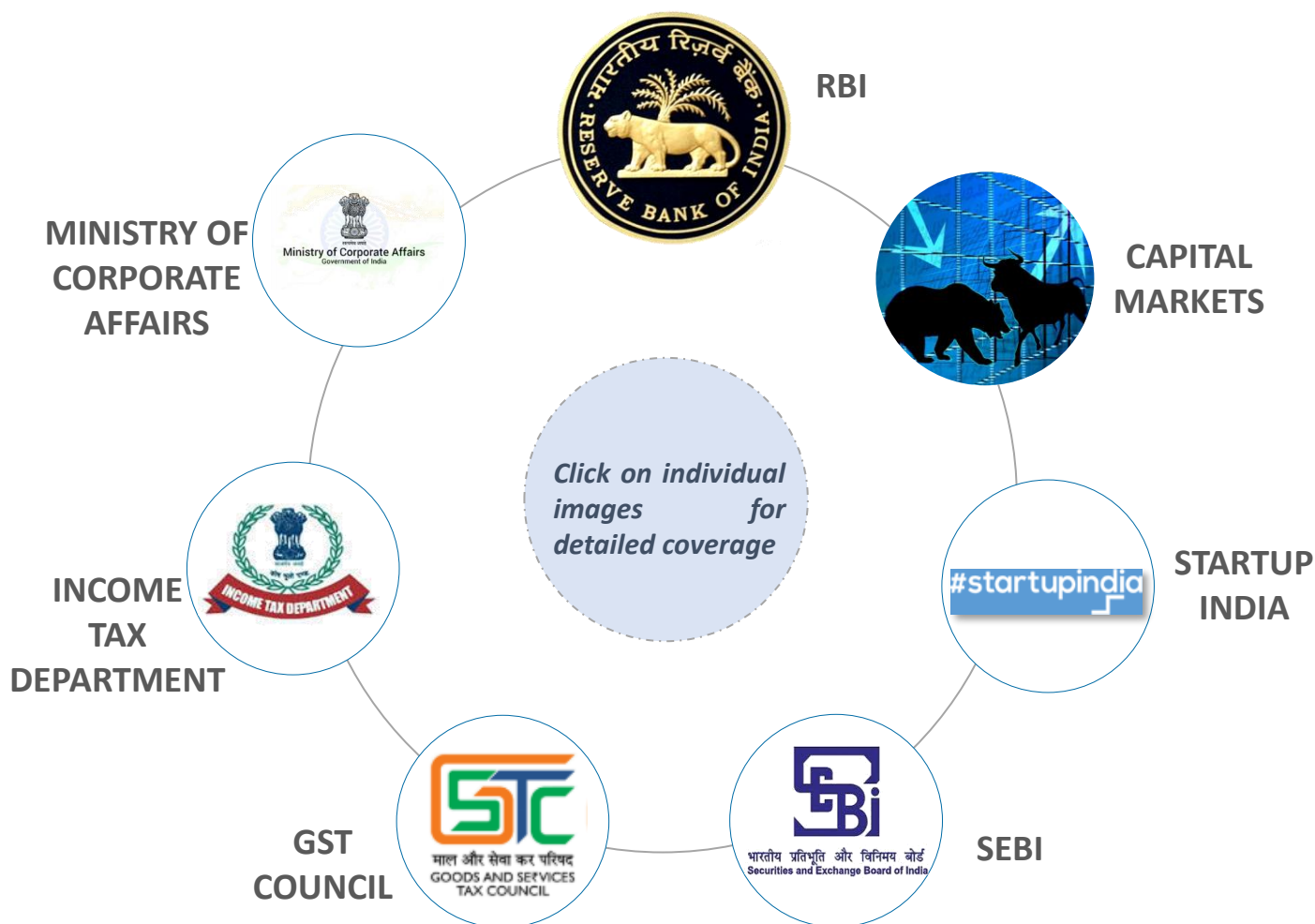
Tuesday, 02nd June, 2020

“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

Repo rate cut by 40bps to 4% and reverse repo rate cut by 40bps to 3.35%

India overtakes China in fintech funding in Q1

India looks to store cheap oil in United States

Latin America's LATAM becomes largest airline to file for bankruptcy amid coronavirus

Indian economist Abhas Jha appointed to key World Bank position in South Asia

India facing its worst recession in current fiscal, says Crisil

US Senate passes bill to delist Chinese companies from American stock exchanges

US President Donald Trump terminates relationship with WHO

CAPITAL MARKETS

Mukesh Ambani prepares Facebook-backed Jio Platforms for overseas IPO

Reliance Jio get private equity investments of Rs. 34,988 crore from global PE players

Tata Motors withdraws proposed NCD issue worth Rs 1,000 crore

Patanjali to hit bond markets, to issue NCDs

SME platforms of BSE and NSE cut annual listing fee by 25%

Vedanta seeks shareholders nod for delisting from Stock Exchanges

Ola's financial services unit raises about Rs 200 crore in maiden funding round

Microsoft likely to invest \$2 billion in RIL's Jio Platforms

SEBI



RELAXATION FROM APPLICABILITY OF MINIMUM PUBLIC SHAREHOLDING REQUIREMENTS

Key Highlights

- After taking into consideration requests received from listed entities and industry bodies as well as considering the prevailing business and market conditions, it has been decided to grant relaxation from the applicability of the October 10, 2017 circular .
- Accordingly, the stipulations of the aforesaid SEBI circular are relaxed for listed entities for whom the deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020. Recognized Stock Exchanges are advised not to take any penal action as envisaged in the October 10, 2017 circular against such entities in case of non – compliance during the said period. Penal actions, if any, initiated by Stock Exchanges from March 1, 2020 till date for non - compliance of MPS requirements by such listed entities may be withdrawn.

(Click here for more details)

RELAXATIONS RELATING TO PROCEDURAL MATTERS – TAKEOVERS AND BUY-BACK

Key Highlights

- The following one time relaxations are granted from strict enforcement of certain regulations of SEBI (SAST) Regulations, 2011 (hereafter “Takeover Regulations) and SEBI (Buy-back of securities) Regulations, 2018 pertaining to open offers and buy-back tender offers opening up to July 31, 2020.
- Service of the letter of offer and/or tender form and other offer related material to shareholders may be undertaken by electronic transmission as already provided under Regulation 18(2) of the Takeover Regulation and Regulation 9(ii) of Buy-back Regulations.
- The acquirer / company shall publish the letter of offer and tender form on the websites of the company, registrar, stock exchanges and the manager(s) to offer.

(Click here for more details)

SEBI**ADVISORY ON DISCLOSURE OF MATERIAL IMPACT OF COVID-19 UNDER SEBI (LODR)****COVID-19:SEBI EXTENDS DEADLINE FOR BROKERS TO SUBMIT REPORTS TILL JUNE 30*****Key Highlights***

- Listed entities should endeavour to ensure that all investors have access to timely, adequate and updated information. Towards this end, entities are encouraged to evaluate the impact of the CoVID- 19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. An illustrative list of information that listed entities may consider disclosing , subject to the application of materiality, is given below:
 - a. Impact of the CoVID- 19 pandemic on the business;
 - b. Ability to maintain operations including the factories/units /office spaces functioning and closed down
 - c. Schedule, if any, for restarting the operations;
 - d. Steps taken to ensure smooth functioning of operations etc.

(Click here for more details)

Key Highlights

- The regulator has given time till June 30 to brokers for submitting reports on client funding for the month of April and March quarter reports on artificial intelligence (AI) and machine learning (ML) applications
- The due date for submitting the reports was May 31. Earlier, the deadline to submit the report on client funding was April 8, while the same for AI and ML applications was April 15.
- In view of the situation arising out of the COVID-19 pandemic and extended lockdown, based on representations received from stock exchanges, Sebi said it has decided to extend the due date for the regulatory filings and compliance requirements by their trading and clearing members.

(Click here for more details)

STARTUP INDIA

#startupindia

STARTUP ECOSYSTEM IN INDIA

Key Highlights

- India has the 2nd largest startup ecosystem in the world; expected to witness YoY growth of 10-12%
- 20,000 startups in India; around 4,750 of these are technology led startups
- While eCommerce and Aggregators have become mature; Fintech, Edutech and Healthtech are emerging verticals.
- Bangalore, Mumbai and NCR top startup destinations with over 65% of the total Indian startups.
- Bangalore has also been listed within the world's 20 leading startup cities in the 2015 Startup Genome Project ranking. It is also ranked as one of the world's five fastest growing startup cities

(Click here for more details)

OLA ELECTRIC ACQUIRES AMSTERDAM-BASED EV STARTUP ETERGO

Key Highlights

- Ola Electric, the unicorn subsidiary of ride-hailing giant Ola, has acquired Amsterdam-based EV startup Etergo. And through the acquisition, Ola Electric will now work with the startup to bring their award-winning e-scooters to markets across the World.
- However, the scooters will now be manufactured in India. And interestingly the cab aggregator startup Ola founder said that 'two wheelers' will take over the world.
- Ola Electric is aiming at the over 100 million global two-wheeler market, including the over 20-million Indian two-wheeler market.

(Click here for more details)

RBI**PRE-SHIPMENT AND POST-SHIPMENT EXPORT CREDIT – EXTENSION OF PERIOD*****Key Highlights***

- In view of the outbreak of Covid-19 pandemic, the exporters have been facing genuine difficulties such as delay / postponement of orders, delay in realisation of bills, etc. In this regard, RBI has already permitted the period of realisation and repatriation of the export proceeds to India to be increased from nine months to 15 months from the date of export in respect of exports made upto July 31, 2020.
- In line with this relaxation, it has been decided to increase the maximum permissible period of pre-shipment and post-shipment export credit sanctioned by banks from one year to 15 months, for disbursements made upto July 31, 2020.

(Click here for more details)

RESCHEDULING OF PAYMENTS – TERM LOANS AND WORKING CAPITAL FACILITIES***Key Highlights***

- In view of the extension of lockdown and continuing disruption on account of COVID-19, all commercial banks, are permitted to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans.
- In respect of working capital facilities sanctioned in the form of cash credit/overdraft (“CC/OD”), lending institutions are permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities. Lending institutions are permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan (FITL) which shall be repayable not later than March 31, 2021.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS



DONATIONS BY COMPANIES TO PM-CARES FUND NOTIFIED AS CSR

Key Highlights

- MCA has finally notified that donations made by companies to the Prime Ministers Citizens Assistance and Relief in Emergency Situations Fund (PM-CARES Fund) will be considered as expenditure on corporate social responsibility.
- In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following further amendment to Schedule VII of the said Act, namely:—
- In Schedule VII, item (viii), after the words “Prime Minister’s National Relief Fund”, the words “or Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)” shall be inserted.
- This notification shall be deemed to have come into force on 28th March, 2020.

(Click here for more details)

NCLAT QUASHES NCLT ORDER MAKING MCA A PARTY TO ALL IBC PROCEEDINGS

Key Highlights

- The National Company Law Appellate Tribunal (NCLAT) has set aside an NCLT order to implead the Ministry of Corporate Affairs (MCA) as a party in all proceedings related to insolvency and company matters before it.
- Allowing the plea filed by the MCA, a two-member bench of the appellate tribunal said the National Company Law Tribunal’s (NCLT’s) direction was “beyond the power” and amounted to “imposition of a new rule in a compelling fashion”.
- Rejecting the order, the NCLAT said: “The impugned order making it applicable throughout the country to all the Benches of the NCLT is untenable one and the said order suffers from material irregularity and patent illegality in the eye of Law”.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS**CLARIFICATION ON DISPATCH OF NOTICE UNDER SECTION 62(2) OF COMPANIES ACT, 2013*****Key Highlights***

- For right issue by listed companies, in view of the difficulties faced by companies in sending notices through postal or courier services on account of the threat posed by Covid-19.
- In view of the above and on account of the overall situation, it is hereby clarified that for rights issues opening upto 31st July, 2020, in case of listed companies, which comply with the SEBI Circular dated 6th May, 2020; inability to dispatch the notice referred in para 1 of this Circular to their shareholders through registered post or speed post or courier would not be viewed as violation of Section 62(2) of Companies Act, 2013.

(Click here for more details)

CLARIFICATION ON HOLDING OF AGM THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO VISUAL MEANS (OAVM)***Key Highlights***

- Items deemed unavoidable by the board can be considered in the virtual AGMs.
- MCA has allowed companies to send financial statements, board, auditor report through email.
- The Ministry of Corporate Affairs (MCA) On 6th May allowed companies to hold annual general meetings (AGMs) through video conferencing (VC) or any other audio-visual means during 2020. This follows the ministry's decision to allow companies to conduct extraordinary general meeting (EGMs) through VCs subject to fulfillment of certain requirements as mentioned in the respective circular.

(Click here for more details)

INCOME TAX DEPARTMENT



CLARIFICATION IN RESPECT OF RESIDENCY UNDER SECTION 6 OF THE INCOME-TAX ACT, 1961

Key Highlights

- The Board, has decided that for the purpose of determining the residential status under section 6 of the Act during the previous year 2019-20 in respect of an individual who has come to India on a visit before 22nd March, 2020 and:
 - a) has been unable to leave India on or before 31 st March, 2020, his period of stay in India from 22nd March, 2020 to 31st March, 2020 shall not be taken into account; or
 - b) has been quarantined in India on account of Novel Corona Virus (Covid-19) on or after 1st March, 2020 and has departed on an evacuation flight on or before 31st March, 2020 or has been unable to leave India on or before 31 st March, 2020, his period of stay from the beginning of his quarantine to his date of departure or 31st March, 2020, as the case may be, shall not be taken into account

(Click here for more details)

VIVAD SE VISHWAS SCHEME DEADLINE EXTENDED TO DECEMBER 31, 2020

Key Highlights

- The government announced that it has extended the deadline for settling tax disputes under the Vivad se Vishwas scheme without paying any interest and penalty to December 31, 2020. The earlier deadline was June 30, 2020. This was announced by the Finance Minister Nirmala Sitharaman as a part of the mega economic relief package.
- This is the second time the deadline for the scheme has been extended. Sitharaman, as part of the first relief package had extended the deadline from March 31, 2020 to June 30, 20. The latest extension will come as a relief for those individuals who want to settle their tax disputes without paying additional 10 per cent penalty and interest. The extension will also give a breather to those individuals who were yet to do a cost-benefit analysis of the scheme and decide whether to opt for it or not.

(Click here for more details)

GST COUNCIL



CBIC CLEARS RS 11,052 CR GST REFUND CLAIMS SINCE APRIL 8

Key Highlights

- The Central Board of Indirect Taxes (CBIC) on 25th May said it has sanctioned GST refund claims worth Rs 11,052 crore in 47 days.
- The tweet added that 29,230 refund claims amounting to Rs 11,052 crore disposed of between April 8-May 24, the CBIC added.
- Refunds have been sanctioned while ensuring work from home, it added. The finance ministry had on April 8 said that to provide relief during COVID-19 it has been decided to issue all pending GST and custom refunds which would benefit around 1 lakh business entities, including MSME. The total refund granted will be approximately Rs 18,000 crore, it had said.

(Click here for more details)

STATES' GST COMPENSATION REQUIREMENT TO SWELL TO RS 4.1 TRN IN FY21

Key Highlights

- The total GST compensation for FY20 was estimated at Rs 1.7 trillion or 0.8 per cent of the GDP in FY20. Of this, the Government of India (GoI) released Rs 1.2 trillion to the state governments in that year, leaving an unpaid balance of Rs 505 billion for FY20.
- Moreover, we estimate that the closing balance of the GST Compensation Fund was a modest Rs 255 billion at end-March 2020, which comprises the unreleased cess balance of the prior years. Accordingly, the gap between the resources that are likely to be available to the GoI in FY2021 (Rs 494 billion plus Rs 255 billion) for disbursing the pending GST compensation requirement for FY2020 (Rs 505 billion) and the substantial requirement for FY2021 (Rs 4.1 trillion) would enlarge to Rs 3.9 trillion or 1.9 per cent of ICRA's estimate of India's GDP for FY2021

(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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