

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

NEWSLETTER – TWENTY-FIFTH EDITION, 2020



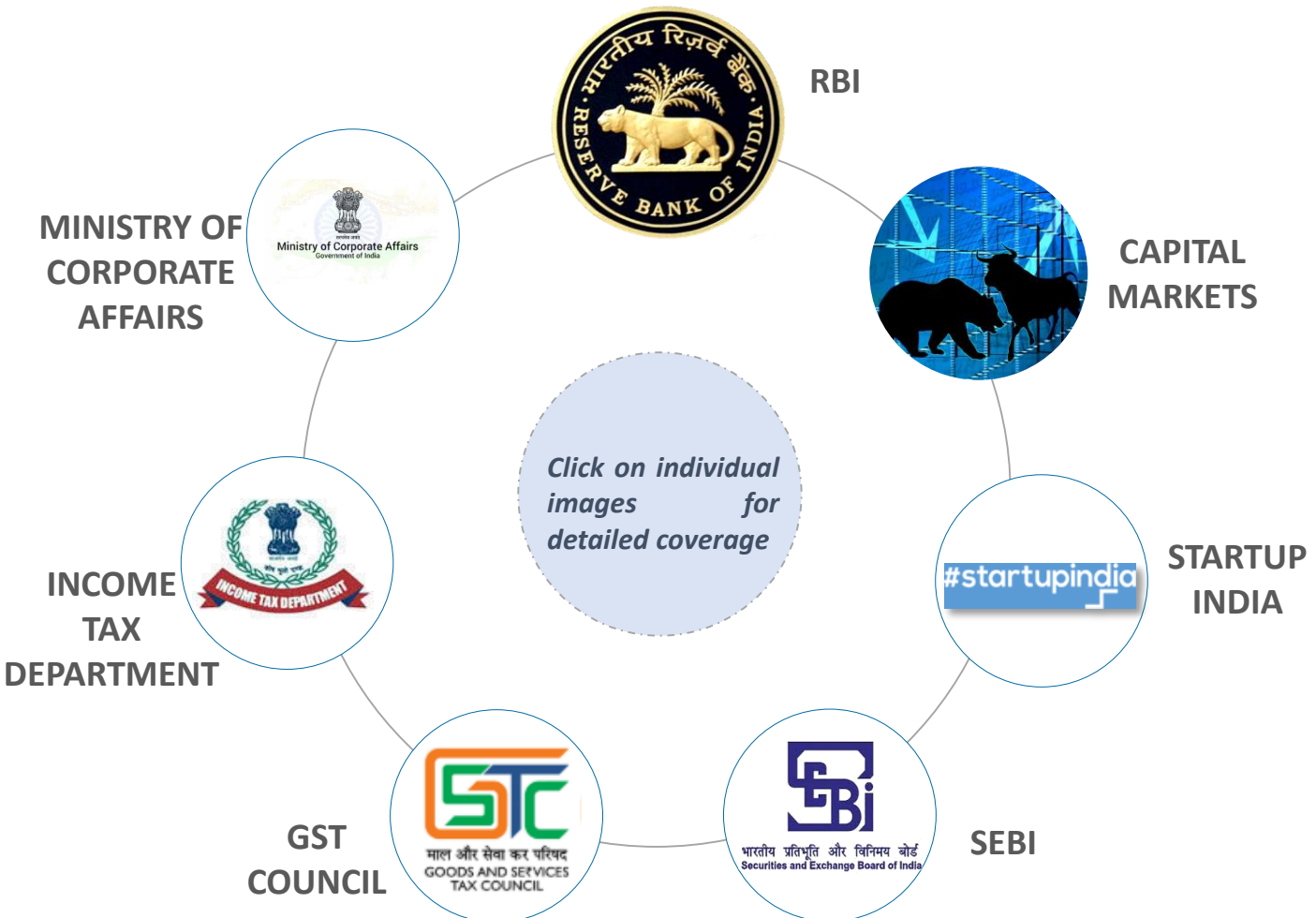
Wednesday, 2nd September , 2020

“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.



Additional section on Covid - 19

BROAD ECONOMIC HIGHLIGHTS

Global stocks, dollar rise with US economic data

Gold, silver futures trade lower on global cues

India-Japan-Australia supply chain in the works to counter China

Alibaba hits pause on its India investments

India may impose 10% safeguard duty on Single Mode Optical fibre imports

Artificial Intelligence could add \$450-\$500 billion to GDP by 2025

India's economy faces worst quarterly slump ever after lockdown

Alibaba's Ant Group files for blockbuster Hong Kong, Shanghai dual listing

CAPITAL MARKETS

Kalyan Jewellers files DRHP for Rs 1,750 crore IPO

Reliance Retail buys Future Group's businesses for ₹24,713 crore

Airbnb files confidentially for IPO with travel rebounding

Equitas Small Finance Bank IPO to be launched once business normalcy is restored

Indiabulls Real Estate and Embassy Group sign definitive merger documentation

Reliance Industries arm acquires majority stake in Netmeds

Adani Group acquires 74 per cent stake in Mumbai International Airport

Eicher-Volvo VECV buys Volvo Buses for ₹100 crore

CCI approves Siemens' acquisition of C&S Electric

SEBI**REPORTING OF MARGINS BY TRADING MEMBER (TM) AND CLEARING MEMBER (CM)****Key Highlights**

- If TM / CM collects minimum 20% upfront margin in lieu of VaR and ELM from the client, then penalty for short-collection /non-collection of margin shall not be Applicable. However, it is reiterated that Clearing Corporation shall continue to collect the upfront margin from the TM /CM based on VaR and ELM.
- The penalty provision for short-collection/ non -collection of upfront margin in cash segment shall be implemented with effect from September 01, 2020.
- SEBI circular dated November 19, 2019 is modified to the extent of the above. All other provisions of the said circular dated November 19, 2019 shall continue to remain applicable

(Click here for more details)

SEBI EXTENDS REGULATORY MEASURES TAKEN TO CURB VOLATILITY TILL SEPTEMBER 24**Key Highlights**

- The Securities and Exchange Board of India(Sebi) on Wednesday said all regulatory measures taken to curb volatility would be extended till September 24.
- On review of the COVID-19 pandemic related situation, it has been decided that the regulatory measures introduced vide SEBI Press Release dated March 20, 2020 , shall continue to be in force till September 24, 2020
- The regulator had put a cap on the bearish bets that foreign investors, mutual funds and proprietary desks could take on index derivative contracts without owning the underlying shares. Sebi also made it expensive for these big-ticket investors to take bullish bets beyond a limit, while restricting trading in stock futures and options.

(Click here for more details)

SEBI**HANDLING OF SCORES
COMPLAINTS FOR NON-
REDRESSAL OF GRIEVANCES*****Key Highlights***

- In terms of SEBI circular SEBI/HO/CFD/CMD/CIR/P/2020/12 dated 22 January, 2020, Stock Exchanges shall, having regard to the interest of investors and the securities market, inter alia take action against listed companies for non-compliance with the provisions of the Listing Regulations and circulars/guidelines issued thereunder, including failure to ensure expeditious redressal of investor complaints under Regulation 13 of the Listing Regulations.
- This circular lays down the procedure for handling complaints by the stock exchanges as well as standard operating procedure for actions to be taken against listed companies for failure to redress investor grievances.

(Click here for more details)

**SEBI PROPOSES CHANGES IN
MINIMUM PUBLIC SHAREHOLDING
REQUIREMENTS*****Key Highlights***

- Sebi has proposed changes to the minimum public shareholding requirements and enhanced disclosures for companies emerging out of the insolvency process.
- All listed companies are required to maintain a minimum public shareholding of at least 25%. However, companies undergoing insolvency resolution under the Insolvency and Bankruptcy Code(IBC) have been granted certain relaxations from complying with this rule
- After the corporate insolvency resolution process(CIRP), companies may be mandated to achieve 10% public shareholding within six months and 25% within three years from the date of breach of the norm, said Sebi

(Click here for more details)

STARTUP INDIA

The logo for Startup India, featuring the text "#startupindia" in white on a blue rectangular background.

CHUNAUTI- NEXTGEN STARTUP CHALLENGE CONTEST

Key Highlights

- Next Generation Incubation Scheme (NGIS) is STPI's comprehensive incubation scheme which has a vision to drive the rise of India as a Software Product Nation so as to make India a global player in development, production and supply of Innovative, Efficient and Secure Software Products thus facilitating the growth across the entire spectrum of ICT sector as envisioned in the National Policy on Software Products (NPSP) – 2019.
- The challenge invites the proposals/applications from Start-ups registered with DPIIT under start-up India programme are encouraged to participate in this programme.
- Last date to apply is 07th September 2020

(Click here for more details)

DPIIT PREPARES BLUEPRINT FOR MAKING INDIA A MANUFACTURING HUB

Key Highlights

- The Department of Promotion of Industry and Internal Trade (DPIIT) has proposed short- and long-term measures to turn India into a manufacturing hub for 20 champion sectors that it has identified. People in the know have told CNBC-TV18 that DPIIT has proposed incentives for the textiles sector, measures for Food Processing, and Ready to Eat sectors as part of the overall push to manufacturing which is part of the Modi government's call for Atmanirbhar Bharat.
- The DPIIT has suggested incentives for product diversification for the top 40 apparel and home textile goods and top 10 technical textile goods which are traded globally.
- It has also suggested reimbursement of 10 percent freight on board for 50 percent growth in turnover.

(Click here for more details)

STARTUP INDIA

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THE MAKING OF BYJU'S—THE WORLD'S MOST VALUABLE EDTECH STARTUP

Key Highlights

- In a meteoric rise, Byju's valuation jumped from USD 1 billion to USD 10.5 billion in mere two years. To date, it has raised about USD 1.5 billion from global investment firms like Sequoia Capital, Lightspeed Venture Partners, Qatar Investment Authority, Tiger Global, General Atlantic, Naspers, Tencent, and Bond, among others.
- To achieve its grand vision, Byju's has raised USD 400 million this year alone and is reportedly in talks with DST Global for an additional USD 400 million.
- While Byju's has a long-term global expansion plan, it's currently busy acquiring its peers in India to expand its market share in the crowded edtech space.

(Click here for more details)

PAYTM KICK-STARTS THE STOCKBROKING SERVICES

Key Highlights

- Paytm Money has entered stockbroking, primarily targeting those who are new to the field, in a challenge to established rivals such as Zerodha, and startups such as Groww and Upstox.
- With a full-scale launch expected in September, Paytm Money expects to reach 100,000 daily trades within six months and achieve 250,000 customers
- Paytm Money claims to have more than 6 million users. In its stockbroking service, cash delivery trades are free and intraday trade commissions are around ₹10
- For stock broking, Paytm Money allows users to discover and set price alerts for as many as 50 stocks and get notified when the price is reached.

(Click here for more details)

RBI**SUBMISSION OF RETURNS UNDER SECTION 31 OF THE BANKING REGULATION ACT– EXTENSION*****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.
- Reserve Bank hereby extends the said period of three months for the furnishing of the returns under Section 31 of the Act for the financial year ended on March 31, 2020 by a further period of three months. Accordingly, all UCBs shall ensure submission of the aforesaid returns to Reserve Bank on or before September 30, 2020.

(Click here for more details)

SYSTEM-BASED ASSET CLASSIFICATION – UCBS***Key Highlights***

- UCBs having total assets of ₹2000 crore or above as on March 31, 2020 shall implement system-based asset classification with effect from June 30, 2021.
- UCBs having total assets of ₹1000 crore or above but less than ₹2000 crore as on March 31, 2020 and having self-assessed themselves as being under Level III or Level IV in terms of the circular DoS.CO/CSITE/BC.4083/31.01.052/2019-20 dated December 31, 2019 on Comprehensive Cyber Security Framework for UCBs shall implement system-based asset classification with effect from September 30, 2021.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS**CLARIFICATION ON EXTENSION OF AGM FOR FINANCIAL YEAR AS AT 31.03.2020****Key Highlights**

- The companies which are unable to hold their AGM for the financial year ended on 31.03.2020, despite availing the relaxations provided in the G.C. 20/2020 ought to file their applications in form No. GNL-1 for seeking extension of time in holding of AGM for the financial year ended on 31.03.2020 with the concerned Registrar of Companies on or before 29.09.2020.
- The Registrars of Companies are hereby advised to consider all such applications (filed in Form No. GNL-1) liberally in view of the hardships faced by the stakeholders and to grant extension for the period as applied for (upto three months) in such applications.

(Click here for more details)

COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 - AMENDMENT**Key Highlights**

- In the Companies (Corporate Social Responsibility Policy) Rules, 2014 the following proviso shall be inserted,:
- “Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 and 2022-23 subject to the conditions that-
 - (i) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act.
 - (ii) details of such activity shall be disclosed separately in the Annual Report”

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS**COMPANY INCORPORATIONS HIT 7-YEAR HIGH OF 16,487 IN JULY: MINISTRY OF CORPORATE AFFAIRS*****Key Highlights***

- In one of the clearest signs of a pick-up in business sentiment, company incorporations touched a seven-year high of 16,487 in July, or 530 a day, according to data from the ministry of corporate affairs. The figure was a 50% increase from a year earlier. Officials said filings for new company registrations continue to rise in August.
- This clearly shows signs of a pick-up in business activity since the lockdown imposed to curb the spread of Covid-19. New company registrations dropped to a low of 3,209 in April. Company incorporations more than doubled to 10,954 in June from 4,835 in May. The increase was also due to initiatives such as the SPICe+ form for online name reservation and company registration introduced in February via MCA platform.

(Click here for more details)

DOT CHALLENGES NCLT NOD TO AIRCEL RESOLUTION PLAN***Key Highlights***

- The telecom department has moved the National Company Law Appellate Tribunal, challenging the bankruptcy court's approval of Aircel's resolution plan.
- The Department of Telecommunications alleged that Aircel's resolution blueprint is a "liquidation plan" not aimed at reviving the bankrupt telco and includes the transfer of spectrum, which the government has yet to approve. A decision on spectrum will likely affect Reliance Communications (RCom), another bankrupt telco.
- "It is submitted that the resolution plan in respect of Aircel Group, which was approved by NCLT.

(Click here for more details)

INCOME TAX DEPARTMENT



IT DEPARTMENT TO INTIMATE TAXPAYERS UNDER SCRUTINY ABOUT FACELESS ASSESSMENT

CBDT ASKS BANKS TO REFUND ANY FEES LEVIED ON UPI TRANSACTIONS IN 2020

Key Highlights

Key Highlights

- The income tax department will soon start sending out intimation to assessees undergoing scrutiny that such cases would now be handled under faceless assessment.
- So all the 148 cases that were going on, they have been transferred to the faceless assessment scheme and NeAC will be sending out intimation in all such cases which would now be assessed under the faceless assessment scheme. So by September 15 or before that, you can expect an intimation from NeAC (National e-Assessment Centre).
- Under faceless scrutiny assessment, a central computer picks up tax returns for scrutiny based on risk parameters and mismatch and then allots them randomly to a team of officers.

- The Central Board of Direct Taxes (CBDT) asked banks to return to customers and merchants any fees levied for making Unified Payment Interface (UPI) transactions in 2020, adding that such charges violate the law.
- Private banks such as ICICI Bank, Axis Bank, Kotak Mahindra Bank and HDFC Bank recently began charging customers for UPI transactions beyond a prescribed limit. Any cap on free UPI transactions is a breach of the PSS and IT Act, the board said
- The private banks cited above had introduced UPI fees over the lockdown months. The banks said on their websites that customers could only make up to 20 free UPI peer-to-peer (P2P) transactions, beyond which they would be charged Rs 2.5 to Rs 5 per transaction depending on the ticket size.

(Click here for more details)

(Click here for more details)

INCOME TAX DEPARTMENT



HIGHER TDS ON DIVIDEND DECLARED AFTER APRIL 1, 2020 IF YOU DON'T SUBMIT PAN

Key Highlights

- No TDS (tax deducted at source) for resident shareholders receiving dividend up to Rs 5,000.
- No TDS for resident shareholders where Form 15G/Form 15H along with self-attested copy of the PAN card is submitted.
- TDS at 7.5% for resident shareholders where a copy of PAN card is provided/available.
- TDS at 20% for resident shareholders if copy of PAN card is not provided/not available.
- For NRI investors, 20% plus surcharge and cess is withheld. However, tax will be assessed on the basis of documents submitted to avail tax treaty benefit under DTAA

[\(Click here for more details\)](#)

AMENDMENT OF INCOME TAX RULES AND GUIDELINES FOR PENSION FUND

Key Highlights

- For the purposes of clause (23FE) of section 10, the pension fund shall be required to satisfy the following other conditions, namely: -
- It is regulated under the law of a foreign country including the laws made by any of its political constituents being a province, state or local body, by whatever name called, under which it is created or established, as the case may be;
- It is responsible for administering or investing the assets for meeting the statutory obligations and defined contributions of one or more funds or plans established for providing retirement, social security, employment, disability, death benefits or any similar compensation to the participants or beneficiaries of such funds or plans, as the case may be.

[\(Click here for more details\)](#)

GST COUNCIL



PROVISION FOR AADHAR AUTHENTICATION IN GST REGISTRATION

Key Highlights

- Aadhaar Authentication process has been introduced, for the persons applying for GST registration as Normal Taxpayer/ Composition/ Casual Taxable Person/ Input Service Distributor (ISD)/ SEZ Developer/ SEZ Unit etc, in Form GST REG 01.
- Under this, Individuals, Authorised signatory of all types of businesses, Managing and Authorised partners of a partnership firm and Karta of an Hindu undivided family, applying for new registration, can opt to undergo e-KYC authentication of their Aadhaar number.
- Applicants, who, either do not provide Aadhaar, while applying for new registration would be subjected to site verification by the tax department. However, Tax authority based on the documents produced can grant registration.

(Click here for more details)

BUSINESSES WITH ANNUAL TURNOVER OF UP TO RS 40 LAKHS ARE GST EXEMPT

Key Highlights

- Businesses with an annual turnover of up to Rs 40 lakhs are Goods and Services Tax (GST) exempt and those with a turnover up to Rs 1.5 crore can opt for the Composition Scheme and pay only one per cent tax.
- According to the ministry, the GST exemption limit earlier was Rs 20 lakhs.
- "Significant relief has been extended to the construction sector, particularly the housing sector. It has now been placed at the 5% rate. GST on affordable housing has been reduced to 1%
- "Once GST was implemented, the tax rate on a large number of items was brought down. The 28% rate is almost solely restricted to sin and luxury items. Out of a total of about 230 items in the 28% slab, about 200 items have been shifted to lower slabs

(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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