

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I – MERCHANT BANKER

THIRTIETH EDITION



JANUARY
2021

Tuesday, 2nd February , 2021

“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



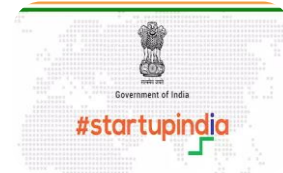
MCA



INCOMETAX



INDIRECT TAX



STARTUP INDIA

Click on individual images for detailed coverage

BROAD ECONOMIC NEWS

01

China passes U.S. as No.1 Destination for Foreign Investment



News Link

02

India gets 13% more FDI in 2020



News Link

03

Economic Survey 2021 Highlights: Govt pegs FY22 GDP growth at 11%, FY21 GDP to contract 7.7%



News Link

04

FinMin releases Rs 12,351 cr to 18 states for RLB grant



News Link

05

Robinhood, hedge funds and short squeezes: GameStop Stock insanity



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06

Cognizant to buy Magenic Technologies



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CAPITAL MARKETS**01**

TCS overtakes Accenture to become world's largest IT firm by market cap

[News Link](#)**02**

Apollo Hospitals launches Rs 1,000 crore QIP; aims for inorganic growth opportunities, debt reduction

[News Link](#)**03**

Future Group-Reliance Industries deal gets SEBI approval

[News Link](#)**04**

IL&FS's road InvIT gets all important approvals from CCI, SEBI and others; to be launched soon

[News Link](#)**05**

Sundaram AMC to take over Principal Mutual Fund in India

[News Link](#)**06**

SEBI imposes penalty on Mukesh Ambani and Reliance Industries for manipulative trading

[News Link](#)

SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India**01****SEBI reduces registration fee for investment advisors**

- Now, individuals and firms (partnership) will have to pay Rs 2,000 while applying for an investment advisor certificate. Earlier, they had to cough up a higher amount of Rs 5,000 as application fee.
- The application fee for corporates including Limited Liability Partnerships (LLPs) has been brought down to Rs 10,000 from Rs 25,000.
- Earlier, registration fee was Rs 10,000 and Rs 5 lakh for individuals as well as firms and body corporates respectively.

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more***02****Relaxation from compliance with certain provisions of SEBI (LODR) Regulations, 2015**

- MCA has extended relaxations to companies to conduct their Extraordinary General Meeting (EGM) through Video Conferencing (VC) or through other audio-visual means (OAVM) upto June 30, 2021.
- Further, vide Circular dated January 13, 2021, MCA has also extended these relaxations to Annual General Meeting (AGMs) of companies due in the year 2021 (i.e. till December 31, 2021)
- Accordingly, in respect of sending physical copies of annual report to shareholders and requirement of proxy for general meetings held through electronic mode, are extended for listed entities, till December 31, 2021

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SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India**03**

Refund of Security Deposit

- On approval of application for surrender of Trading Member's registration by SEBI, the Exchange shall release Security Deposit of the Trading Member (engaged in Trading on behalf of clients) after the period mentioned at point a) or b), whichever is earlier:
 - a. Three years from the date of receipt of surrender application by Exchange from the Trading Member (in order to meet any investor claims), or
 - b. Five years from the date of disablement of Trading Member's trading terminals by the Exchange

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more***04**

Monthly reporting of Portfolio Managers

- Securities and Exchange Board of India (SEBI) had mandated certain changes to the regulatory framework for Portfolio Managers vide circular no. SEBI/HO/IMD/DFI/CIR/P/2020/26 dated February 13, 2020.
- Portfolio Managers are required to submit a monthly report regarding their portfolio management activity, on SEBI Intermediaries Portal within 7 working days of the end of each month, as per a prescribed format
- The provisions of this circular shall be applicable for monthly reports submitted for January 2021 onwards

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SEBIभारतीय प्रतिष्ठति और विनियम बोर्ड
Securities and Exchange Board of India

05

OTHER SEBI CIRCULARS

Relaxation relating to procedural matters- Issues and Listing



Link

Norms for investment and disclosure by Mutual Funds in Exchange Traded Commodity Derivative ("ETCDs")



Link

Revision in Daily Price Limits (DPL) for Commodity Futures Contracts



Link

Review of Volatility Scan Range (VSR) for Option Contracts in Commodity Derivatives Segment



Link

Circular on Amendment to Regulation 20(6) of SEBI (AIF) Reg



Link

Transfer of excess contribution made by Stock Exchanges from core SGF to the Core SGF of another Clearing Corp



Link

Revision of Monthly Cumulative Report (MCR)



Link

RBI



01

Petitions filed in SC to initiate contempt of court proceedings against RBI, others

- A bunch of petitions have been filed in the Supreme Court (SC) to initiate contempt of court proceedings against RBI Governor Shaktikanta Das and others over alleged violation of court orders in the loan moratorium case.
- The top court had in September 2020 order said that until further instructions, banks cannot declare accounts as non-performing assets (NPAs) if they default after the loan moratorium ended on August 31, 2020
- The petitioners say the RBI and banks allegedly declared their accounts as NPAs, violating the SC order



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02

Forex intervention by RBI to touch \$93 billion by March

- RBI is likely to spend at least \$20 billion more to support the rupee and increase the forex kitty through the remainder of the financial year, taking its overall forex intervention to \$93 billion, according to a report.
- The report by the Wall Street brokerage Bank of America Securities also expects the central bank to raise banks' HTM (held-to-maturity) limits of excess government securities by 2 per cent of their books to fund the fiscal deficit if high forex intervention limits its open market operations (OMOs).



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RBI



03

RBI releases the Financial Stability Report, January 2021

- The capital to risk-weighted assets ratio (CRAR) of Scheduled Commercial Banks (SCBs) improved to 15.8 per cent in September 2020 from 14.7 per cent in March 2020,
- Their gross non-performing asset (GNPA) ratio declined to 7.5 per cent from 8.4 per cent, and the provision coverage ratio (PCR) improved to 72.4 per cent from 66.2 per cent over this period.
- Macro stress tests incorporating the first advance estimates of gross domestic product (GDP) for 2020-21 released on January 7, 2021



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04

RBI paper proposes new regulatory framework for NBFCs, 4-tier structure

- NBFCs in the lower layer will be known as NBFC-Base Layer (NBFC-BL). NBFCs in the middle layer will be known as NBFC-Middle Layer (NBFC-ML). An NBFC in the Upper Layer will be known as NBFC-Upper Layer (NBFC-UL) and will invite a new regulatory superstructure.
- It proposed a NBFC non-performing classification norm of 180 days be "harmonised" to 90 days. "In view of the recent stress in the sector, it has become imperative to reexamine the suitability of this regulatory approach, especially when failure of an extremely large NBFC can precipitate systemic risks," said the paper.



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RBI

05

OTHER RBI CIRCULARS

Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021



Link

Risk Based Internal Audit (RBIA) Framework



Link

Strengthening of Grievance Redress Mechanism in Banks



Link

Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF)



Link

Withdrawal of circulars - on Recovery of excess pension made to pensioners



Link

Introduction of Legal Entity Identifier for Large Value Transactions in Centralised Payment Systems



Link

Operationalization of Payments Infrastructure Development Fund (PIDF) Scheme



Link

MCA



01

MCA brings amended CSR Rules into effect

- The provisions of the 2019 Amendment to the Companies Act, 2013 pertaining to Corporate Social Responsibility (CSR) came into force on January 22.
- These rules may be called the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021,.
- As per the new provisions, every entity that intends to undertake any CSR activity will have to register itself with the Central Government by filing the form CSR-1 electronically with the Registrar of Companies, with effect from April 1, 2021.



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02

Extension for e-form AOC-4 for FY ended 31.03.2020

- Relaxation on levy of additional fees in filing of e-forms AOC-4, AOC-4(CFS), AOC-4 NBFC, AOC-4 XBRL for the financial year ended on 31.03.2020 under the Companies Act, 2013 upto February 15, 2021
- During the said period, only normal fees shall be payable for the filing of aforementioned e-forms
- The due date for filing annual financial statement was 29.01.2021 which further extended to 15.02.2021



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MCA



03

Extension for conducting Board meetings through Video Conference / OAVM for approving Financial Statements

- The government relaxed the requirement of holding Board meetings with physical presence of directors under section 173(2) read with rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 for approval of the annual financial statements, Board's report, etc.
- The meeting may till 30th June, 2021 be held through video conferencing or other audio visual means by duly ensuring compliance of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014.



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04

Company incorporations grow 20% year-on-year during April-December 2020: MCA

- In a sure sign of a revival in business sentiment, company incorporations grew by 20% in the April-December period of FY21 compared to the corresponding period last year.
- Data from the ministry of corporate affairs (MCA) showed that 1.13 lakh companies were incorporated during the first nine months of the ongoing fiscal compared to 93,758 incorporations till December in FY20.
- The reason behind the sharp growth was the progression of smaller firms and LLPs towards forming companies as growth picked up along with improved facilitation through digital services



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INCOMETAX**01****Govt introduces faceless penalty scheme**

- The government has introduced the Faceless Penalty Scheme 2021 which will digitise issuing of penalties on assessee under the faceless taxation regime.
- For appeals, an assessee can approach the commissioner looking after appeals or the national faceless appeal centre.
- The Central Board of Direct Taxes said in the notification that till the time the faceless penalty centres, both at national and regional levels, are set up, the penalty actions will be undertaken by the faceless assessment system.

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more***02****CBDT launches e-portal for filing complaints regarding tax evasion/
Benami Properties/Foreign Undisclosed Assets**

- The public can now file a Tax Evasion Petition through a link on the e-filing website of the Department <https://www.incometaxindiaefiling.gov.in/> under the head "File complaint of tax evasion/undisclosed foreign asset/ benami property". The facility allows for filing of complaints by persons who are existing PAN/Aadhaar holders as well as for persons having no PAN/Aadhaar
- After an OTP based validation process (mobile and/or email), the complainant can file complaints in respect of violations of the Income Tax Act, 1961, Black Money (Undisclosed Foreign Assets and Income) Imposition of Tax Act, 1961 and Prevention of Benami Transactions Act (as amended) in three separate forms designed for the purpose.

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INDIRECT TAXATION**01****Aadhaar Authentication / e-KYC for Existing Taxpayers on GST Portal**

- Functionality for Aadhaar Authentication and e-KYC where Aadhaar is not available, has been deployed on GST Common Portal w.e.f. 6th January, 2021, for existing taxpayers.
- All taxpayers registered as Regular Taxpayers (including Casual Taxable person, SEZ Units/Developers), ISD and Composition taxpayers can do their Aadhaar Authentication or e-KYC on GST Portal. This is not applicable for Government Departments, Public Sector Undertakings, Local Authorities and Statutory Bodies.

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more***02****Invoice Furnishing Facility (IFF) for Taxpayers under QRMP Scheme**

- An Invoice Furnishing Facility (IFF) facility has been provided to taxpayers under QRMP Scheme.
- Taxpayers who have opted for quarterly filing frequency under the scheme can file their details of outward supplies (B2B invoices only) for first two months of a quarter (M1 and M2 respectively of a Quarter) in IFF.
- The option to upload details in IFF can be availed till 13th of the subsequent month. Any IFF which is not filed till the due date of 13th of the subsequent month will expire.

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STARTUP INDIA

01

Ministry notifies 945 crore seed fund for start-ups and its eligibility



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02

Samsung to support 21 local startups at CES 2021



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03

Amazon partners with Startup India, others to boost e-commerce exports



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04

Udaan raises \$280 mn from new and existing investors



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Twitter buys newsletter publishing platform Revue



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06

Byju's to acquire Blackstone-backed Aakash Educational Services for ₹7,300 crore



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KREO CAPITAL PRIVATE LIMITED

CAPITAL MARKETS | INVESTMENT BANKING | WEALTH MANAGEMENT | LENDING SOLUTIONS

ABOUT OUR INVESTMENT BANKING SERVICES

Our Investment Banking 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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