

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

FORTY-FIFTH EDITION



APRIL
2022

Friday, 6th May, 2022

“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



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Securities and Exchange Board of India

SEBI



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INCOME TAX



INDIRECT TAX



STARTUP INDIA

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BROAD ECONOMIC NEWS

01

India likely to get average monsoon rains in 2022: Skymet



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02

Government may take fresh look at BPCL privatisation



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03

Star9 Mobility Private Ltd to buy Govt's 51% stake in Pawan Hans



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04

Industry experts and leaders call for self-reliance in India's defence manufacturing ecosystem



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05

Sri Lanka extends credit line with India by US\$200mn for fuel



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06

India growth forecast cut to 8% for FY23, says World Bank



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CAPITAL MARKETS

01

LIC IPO to open on May 4, govt to sell 3.5% stake in state-owned insurer



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02

Larsen weighs merging Mindtree & L&T Infotech into a \$22 billion firm



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03

BigBasket gets Rs 1,000 crore investment from its holding company



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04

Reliance, Viacom18 tie up with Bodhi Tree to form mega TV and streaming biz



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05

Droom set to launch Rs 3,000 crore IPO in next 2 months



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06

HDFC Bank plans to raise ₹50,000 crore through bond sale to back its merger.



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SEBI



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

01

Sebi tweaks operational guidelines for FPIs, depository participants

- Sebi has tweaked the operational guidelines for depository participants and foreign portfolio investors (FPIs) pertaining to registration certificates of such foreign investors and change in their name. The new guidelines will be applicable from May 9.
- According to the regulator, the framework has been modified pertaining to certificate of registration for FPIs and change in their name.



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02

Sebi signs pact with Canada's Manitoba Securities Commission

- Indian capital markets regulator Sebi and Canada's Manitoba Securities Commission (MSC) have entered into a pact for mutual cooperation, exchange of information and technical assistance. The move comes after the Union Cabinet last week approved the signing of a memorandum of understanding (MoU) between the Securities and Exchange Board of India (SEBI) and Manitoba Securities Commission.
- The signing of this MoU will also make investors based in the province of Manitoba eligible to obtain registration as Foreign Portfolio Investors (FPIs) with SEBI



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SEBIभारतीय प्रतिभूति और विनियम बोर्ड
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03

SEBI amends debenture trustee norms

- Sebi has revised rules pertaining to debenture trustee norms, apart from issue and listing of non-convertible securities norms and LODR (Listing Obligations and Disclosure Requirements) rules, according to three separate notifications issued
- The regulator has altered rules to align the framework and terminology with respect to 'security cover' wherein the term 'asset cover' has been substituted with term 'security cover' in debenture trustee rules and LODR norms.

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04

SEBI comes out with new guidelines for KYC Registration Agencies

- Sebi fresh guidelines for KYC Registration Agencies (KRAs) whereby such agencies will have to independently validate KYC records of all clients from July 1.
- The move comes after Sebi, in January, notified new norms to make KRAs responsible for carrying out independent validation of the KYC records uploaded onto their system by Registered Intermediaries.
- Under the notified rules, such agencies will have to maintain an audit trail of the upload/modification/download with respect to KYC records of clients.

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SEBI



05

OTHER SEBI CIRCULARS

Standardization of industry classification-
Applicability to Credit Rating Agencies (CRAs)



Link

Revision of UPI limits in Public Issue of Equity
Shares and convertibles



Link

SOP available for disputes between a listed
company and its shareholder(s) investor(s)



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Clarification on applicability of Regulation 23(4)
read with Regulation 23(3)(e) of the SEBI LODR



Link

Standardisation of Ratings Scales Used by credit
rating agencies



Link

Circular on Risk value of commodities for risk-o-
meter



Link

Comprehensive Risk Management Framework for
Electronic Gold Receipts (EGR) segment



Link

RBI**01**

RBI announces rate of interest on Government of India Floating Rate Bonds, 2028

- The rate of interest on Government of India Floating Rate Bonds, 2028 (GOI FRB 2028) applicable for the half year April 04, 2022 to October 03, 2022 shall be 4.93 percent per annum.
- It may be recalled that FRB, 2028 will carry a coupon, which will have a Base rate equivalent to the average of the Weighted Average Yield (WAY) of last 3 auctions (from the rate fixing day i.e., April 04, 2022) of 182 Day T-Bills, plus a fixed spread (0.64%).



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02

RBI releases Guidelines on Establishment of Digital Banking Units (DBUs)

- The Reserve Bank of India today released the guidelines on “Establishment of Digital Banking Units (DBUs)”. This follows an announcement, made in the Union Budget 2022-23 for setting up of 75 Digital Banking Units (DBUs) in 75 districts to commemorate the 75 years of independence of our country (Azadi ka Amrit Mahotsav).
- In pursuance of the budget announcement a ‘Committee for establishment of Digital Banking Units (DBUs)’ was set-up by the Reserve Bank to outline a roadmap for establishment of DBUs.



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RBI

03

RBI to operationalise Standing Deposit facility (SDF)

- The SDF would replace the Fixed Rate Reverse Repo (FRRR) as the floor of the LAF corridor.
- The SDF rate will be 25 basis points (bps) below the policy repo rate, i.e., at 3.75 per cent. Eligible participants can place deposits with the RBI on an overnight basis at the fixed rate. The RBI, however, retains the flexibility to absorb liquidity for longer tenors under the SDF with appropriate pricing, as and when the need arises.



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04

RBI Increases Market Trading Hours

- With abatement of operational constraints, the trading hours were partially restored with effect from November 9, 2020. With the substantial easing of restrictions on movement of people and functioning of offices, it has now been decided to restore the opening time for regulated financial markets to their pre-pandemic timing of 9:00 a.m.



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OTHER RBI CIRCULARS

Scheme of Penalties for bank branches including Currency Chests for deficiency in rendering customer service to the members of public



Link

Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances



Link

Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)



Link

Consolidated Circular on Opening of Current Accounts and CC/OD Accounts by Banks



Link

Legal Entity Identifier (LEI) for Borrowers



Link

Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)



Link

Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR)



Link

MCA



01 Companies (Registration of Charges) Amendment Rules, 2022

- In the Companies (Registration of Charges) Rules, 2014, in Rule 3, after Sub-rule (4), the following sub-rule shall be inserted namely:-
- “(5) Nothing contained in this sub-rule shall apply to any charge required to be created or modified by a banking company under Section 77 in favour of the Reserve Bank of India when any loan or advance has been made to it under sub-clause (d) of clause (4) of Section 17 of the Reserve Bank of India Act, 1934 92 of 1934)”.



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02 Companies (Accounts) Second Amendment Rules, 2022-reg

- In the Companies (Management and Administration) Rules, 2014, in Rule 14, after Sub-rule (2), the following shall be inserted namely:-
- Notwithstanding anything contained in sub-rule (1) and (2), the following particulars of the register or index or return in respect of the members of the company shall not be made available for any inspection under Sub-rule (2) or for taking extracts or copies under Sub-section (3) of Section 94, namely:-
 - Address or registered address) in case of a body corporate;
 - E-mail ID
 - Unique Identification Number
 - PAN number”.



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03 NCLAT reserves order on Amazon's plea against CCI ruling

- In December last year, Competition Commission of India (CCI) suspended the approval given by it in 2019 for Amazon's deal to acquire a 49% stake in Future Coupons Pvt Ltd (FCPL).
- NCLAT has concluded its hearing on the Amazon's plea after observing that all parties have complied with its earlier directions issued in the last hearing on April 11 to file revised notes of submissions along with relevant citations before the registry. "Hearing is concluded in all these three appeals 'judgment' is reserved," a two-member bench of NCLAT, comprising Justice M Venugopal and Ashok Kumar Mishra.



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04 Tata Power gets NCLT approval for merger with CGPL

- NCLAT, Principal Bench, while adjudicating and appeal filed in CFM Asset Reconstruction Private Limited v SS Natural Resources Private Limited, has upheld the order dated 06.04.2022 passed by the NCLT Kolkata Bench whereby it was held that Corporate Debtor cannot be sent into liquidation just because liquidation value is more than the value of the Resolution Plan.
- The CGPL is a wholly-owned subsidiary of Tata Power and operates the 4000 MW UMPP in Mundra, Gujarat.



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INCOME TAX



01

Centre withdraws 5% TCS on tour package to NRIs visiting India

- In a major relief to Non Resident Indians visiting home, Centre on Thursday said domestic tour operator is now not required to collect tax on sale of overseas tour packages to non-resident individuals visiting India.
- The Central Board of Direct Taxes (CBDT) has relaxed the provision of Tax Collected at Source of 5% under section 206C(1G) of the Income Tax Act 1961.



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02

Net direct tax collection reaches highest-ever figure in FY 22

- The net direct tax collections (income tax and corporate tax) reached an all time high of Rs 14.09 lakh crore in financial year 2021-22 against Rs 9.45 lakh crore collections in FY 2020-21, CBDT Chairman J.B. Mohapatra said on Tuesday.
- The net direct tax collection has increased by 49.02 per cent during financial year 2021-22, while it has registered a growth of 34.16 per cent in FY 2021-22 over the collections of 2019-20 when the net collection was Rs 10,50,680.56 crore, and a growth of 23.90 per cent over 2018-19 when the net collection was Rs 11,37,718.48 crore, he said.



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INDIRECT TAXATION



01

Local soft drink players move to 160ml packs to offset higher GST

- Local soft drink players who suffered a sharp rise in the GST on fruit-based carbonated drinks last year have come up with a new way to stay afloat in the Indian beverage market.
- For the first time in the industry, most of them are moving to the 160ml pack size from the standard 200ml bottle
- After a series of raids by the authorities discovered that many local players had not added fruit pulp but were still taking advantage of lower taxes on drinks, the tax was increased to 40%, which includes 28% GST with an additional addition 12% of compensation cess.



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02

Finance Ministry waives customs duty on cotton imports till September 30

- The finance ministry waived customs duty on cotton imports till September 30, a move which will benefit the textile industry and lower prices for consumers.
- Currently, cotton imports attract 5 per cent Basic Customs Duty (BCD) and 5 per cent Agriculture Infrastructure Development Cess (AIDC). The industry has been demanding waiver of duty to lower domestic prices.
- This notification shall come into effect on the 14th April, 2022, and will remain in force up to and inclusive of the 30th September, 2022.



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STARTUP INDIA



01

Nykaa makes strategic investments in Earth Rhythm, Nudge Wellness and Kica Active



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02

Flipkart invests \$116 million in fashion retailer Myntra amid challenge from Reliance, Nykaa



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03

Agritech firm DeHaat acquires majority stake Y-Cook India



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04

School fees payment startup Zenda raises \$9.4 million



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05

Neobank Open turns unicorn after \$50 million funding led by IIFL



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06

CredAvenue picks up majority stake in SaaS firm Corpository at Rs 100 crore valuation



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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.

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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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