

KREOCAPITAL 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.



CAPITAL
MARKETS



RBI



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INCOME TAX



INDIRECTTAX



STARTUP INDIA

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BROAD ECONOMIC NEWS

01

India's forex reserves may have exceeded USD 600 billion: RBI Governor



News Link

02

India-Singapore trade likely to be around \$21 billion in 2020-21



News Link

03

RBI lowers GDP growth forecast to 9.5% for 2021-2022



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04

Govt approves ₹18,100 crore PLI scheme for promoting ACC battery manufacturing



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Jeff Bezos sells \$2.5 billion of Amazon and signals more coming



News Link

06

India to oppose WTO draft text on fisheries subsidies



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CAPITAL MARKETS



01

Sona Comstar receives SEBI nod for ₹6,000 crore IPO



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02

Shyam Metalics gets SEBI nod for INR 1,107 Crore IPO



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Adar Poonawalla exits Panacea Biotech; sells entire stake for ₹118 crore



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Nirma Group-backed Nuvoco Vistas files papers for Rs 5,000-crore IPO



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05

Wipro becomes third IT firm to hit Rs 3 lakh crore marketcap



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06

Sebi bans eight, including 2 company staff, for insider trading in Infosys



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SEBI



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01

Sebi ups overseas investment limits for individual mutual funds to \$1b

- The capital market regulator said that individual mutual funds can now make up to \$1 billion in overseas investments within the overall industry limit of \$7 billion.
- The regulator has also allowed individual mutual funds to make a maximum investment of \$300 million in overseas exchange traded funds (ETFs) within the overall industry limit of \$1 billion. In November, Sebi had enhanced the overseas investment limit for individual mutual funds to \$600 million from \$300 million.



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02

Sebi asks listed firms to disclose loans given to promoters in compliance report on corporate governance

- Sebi asked listed companies to make disclosure about loans and guarantees provided by them to promoter or any other entity controlled by them on a half-yearly basis in the compliance report on corporate governance.
- In order to bring about transparency and to strengthen the disclosures around loans/ guarantees/comfort letters/ security provided by the listed entity, directly or indirectly to promoter/ promoter group entities or any other entity controlled by them, it has been decided to mandate such disclosures on a half yearly basis, in the compliance report on corporate governance



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03

Overseas investment limit for AIFs, VCFs doubled

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- The markets regulator had allowed AIFs to invest up to 25% of their investable corpus (fund size minus expenses) overseas and created a \$500 million allowance for overseas investments in 2015
- Market regulator Securities and Exchange Board of India (Sebi) on Friday raised overseas investment limit for alternative investment funds (AIFs) and venture capital funds (VCFs) from \$750 million to \$1.5 billion.

04

Sebi plans to ease post-IPO lock-in for promoters, amend key definition

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- Sebi proposed to liberalise the “Issue of Capital and Disclosure Requirements” (ICDR) by easing the lock-in period for promoters and rationalising the definition of “promoter group”. The market regulator has said the three-year lock-in period promoters have to observe on at least 20 per cent of their shareholding after an initial public offering (IPO) can be brought down to one year.
- Further, the lock-in requirement on promoter shareholding in excess of 20 per cent and pre-IPO non-promoter shareholding can be brought down from a year to six months.

05

OTHER SEBI CIRCULARS

Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees



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Business responsibility and sustainability by listed entities



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Procedure for seeking prior approval for change in control of SEBI registered Portfolio Managers



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Relaxation from compliance to REITs and InvITs due to Covid-19



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Enhancement of overall limit for overseas investment by AIFs / VCFs



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Format of compliance report on Corporate Governance by Listed Entities



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Disclosure w.r.t schemes which are subscribed by investor



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RBI



01

RBI announces Investment limits for FY 2021-22 by Foreign Portfolio Investors in Government securities.

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- RBI has announced guidelines regarding investment in Government securities and State development loans by Foreign portfolio investors.
- All investments made by eligible investors in the 'specified securities' shall be reckoned under the Fully Accessible Route (FAR).
- RBI has also mentioned the limits for allocation of investment in G-securities over the sub-categories.

02

RBI Loan Restructuring of up to Rs 50 Cr for MSMEs

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- On May 5, the central bank announced a second round of loan restructuring for individuals and small businesses and MSME borrowers who did not avail the facility in the previous round.
- Under Resolution Framework 2.0, individuals and businesses can opt for loan restructuring option for up to Rs 25 crore dues. Now, the threshold was hiked to Rs 50 crore.
- Borrowers having aggregate exposure of up to ₹50 crore and who have not availed restructuring under any of the earlier restructuring frameworks shall be eligible to be considered under Resolution Framework 2.0.

RBI



03

RBI creates liquidity window of Rs 15,000 crore to help hotels, tourism

- RBI announced creating a special liquidity window of Rs 15,000 crore with a tenor of 3 years at the repo rate to provide liquidity support to the contact-intensive sectors hit by Covid-19.
- The special liquidity window encourages banks to provide fresh lending support to hotels, restaurants, tourism, aviation ancillary services, and other services including private bus operators, car repair services, rent-a-car service providers, event/conference organizers and spa clinics.

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04

RBI keeps repo rate unchanged at 4%; maintains accommodative stance

- RBI Governor Shaktikanta Das, said that repo rate will be kept unchanged at 4 per cent.
- RBI also stuck to its accommodative stance on account of the uncertainty amid the second wave of coronavirus.
- The marginal standing facility (MSF) rate and the bank rate remain unchanged at 4.25 per cent.
- The reverse repo rate also remains unchanged at 3.35 per cent

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RBI



05

OTHER RBI CIRCULARS

Amalgamation of District Central Co-operative Banks with the State Co-operative Bank - Guidelines



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Relaxation in timeline for compliance with various payment system requirements



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Investment by Foreign Portfolio Investors in Government Securities: Medium Term Framework



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Amendment to the Master Direction (MD) on KYC



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Priority Sector Lending (PSL) - On-lending by Small Finance Banks (SFBs) to NBFC-MFIs



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Exclusion of "Lakshmi Vilas Bank Ltd" from the Second Schedule to the RBI Act, 1934



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Sponsor Contribution to an AIF set up in Overseas Jurisdiction, including IFSCs



Link

01

Firms can spend CSR funds on setting up medical oxygen generation and storage plants

- Corporate funds spent on creating health infrastructure for Covid-19 care, such as establishment of medical oxygen generation and storage plants, would count as CSR expenditure.
- Firms are also permitted to undertake projects and activities in collaboration with other firms using CSR funds, subject to CSR rules and guidelines
- These would fall under items relating to promotion of health care, including preventive health care and disaster management, under Schedule VII of the Companies Act.

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02

Gap between two Board Meetings under Sec 173 of the Companies Act, 2013

- In view of the difficulties arising due to resurgence of Covid-19 and requests received from stakeholders, it has been decided that the requirement of holding meetings of the Board of the Companies with interval provided in Section 173 of the Companies Act, 2013 (120 days) stands extended by a period of 60 days for first two quarters of Financial Year 2021-22.
- Accordingly, the gap between two consecutive meetings of the Board may extend to 180 days during the Quarter – April to June, 2021 and Quarter – July to September 2021, instead of 120 days as required in the Companies Act, 2013

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03

List of forms for waiver of additional fees by MCA



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- List of forms for waiver of additional fees as per Circular no. 06/2021 and 07/ 2021 Ministry has decided to grant additional time upto 31st July, 2021 for companies/LLPs to file such forms.
- Accordingly, no additional fees shall be levied upto 31st July, 2021 for delayed filings of forms which were/ would be due for filings during 1st April, 2021 to 31st May, 2021. For such delayed filings upto 31st July, 2021 only normal fees shall be payable.
- MCA has provided a list of forms for waiver of additional fees as per Circular no. 06/2021 and 7/2021

04

Jio drags Reliance Infratel back to NCLT, seeks audit reports from lenders



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- Reliance Jio Infocomm (Jio) has moved the bankruptcy court against Reliance Communications (Rcom) tower unit, Reliance Infratel, seeking disclosures of the forensic audit reports of the tower company whose accounts, were marked as “fraudulent” by some of its lenders.
- The bench directed Jio to furnish application copies to all parties and asked them to file their replies and adjourned the hearing to June 10.
- NCLT Mumbai bench had cleared Jio's resolution plan to pick up the tower and fibre assets of RCom – housed under Reliance Infratel – for under Rs4,000 crore which would have gone to the lenders.

INCOME TAX



01

Government extends certain timelines in light of the raging pandemic

- In order to address the hardship being faced by various stakeholders due to pandemic, the government has decided to extend the time limits of passing assessment or reassessment order u/s 153 and 153B.
- The time limit for order consequent to the direction of DRP, issue of notice u/s 148, and a time limit of processing of equalization levy under section 168, tax payable under Vivaad see Vishwaas scheme – to 30th June 2021 from 30th April 2021

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02

ITR due date extension till 30th September, 2021

- Due to the disruption in economic and financial activities after the lockdowns and other restrictions imposed to counter the second Covid wave, the government has announced extension in the various tax related compliance dates, including the due date of filing Income Tax Return (ITR)
- Instead of July 31, 2021, the due date for filing ITR for the Assessment Year (AY) 2021-22 will now be September 30, 2021.

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INDIRECT TAXATION



01

SC stays Delhi HC order on levy of IGST on imported oxygen concentrators

The Supreme Court Tuesday stayed a Delhi High Court order holding as "unconstitutional the imposition of Integrated Goods and Services Tax (IGST) by the Centre on import of oxygen concentrators by individuals for personal use.



On May 21, the Delhi High Court had quashed the May 1 notification issued by the Ministry of Finance which says that such oxygen concentrators imported for personal use, irrespective of whether they are a gift or otherwise, will be charged with an IGST of 12 per cent.

02

GST exemption sought on Covid drugs and equipment

- NGO Public Policy Advocates have filed a plea before the Supreme Court seeking an exemption for life-saving COVID-19 drugs like remdesivir, tocilizumab, favipiravir, etc along with related medical equipment from Goods and Services Tax (GST)
- NGO has sought exemption of 12% GST imposed on such drugs in order to make it more affordable to the public during such crucial times



STARTUP INDIA



01

Government recognises 50,000 startups across India



02

Paytm board grants in-principle approval for around INR 22,000 Cr IPO



03

OYO to raise \$ 600M from US Institutional Investors (Funding)



04

Indian startups raised \$7.8 billion in first four months of 2021



05

Byju's, Google tie up to offer 'learning solution' for schools in India



06

Rural distribution company StoreKing eyes \$40-50M funding for expansion



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ABOUT KREO CAPITAL

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