

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SIXTY FOURTH EDITION



December 2023

Tuesday, 9th January, 2024

“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



INCOME TAX



INDIRECT TAX



STARTUP INDIA

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GLOBAL MARKETS



01

Global stock markets record best year since 2019



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02

Global mergers and acquisitions hit lowest level in a decade



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03

US buys 3 million barrels of oil for strategic reserve



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04

India's NSE set to take Hong Kong's spot among world's largest markets



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05

Libya's stock market resumes trading after more than 9 years of closure



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06

Sri Lanka to get access to \$337 million from IMF to stabilize economy.



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BROAD ECONOMIC NEWS**01**

UPI scales new high in December; 2023 value up 59% at Rs 183 trn

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

For Indian IT, 2023 was one of the worst years since Global Financial Crisis

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

India's capability and innovation hub market to nearly double to \$117 billion by 2027: Report

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

From chip maker to car manufacturers, global firms flocking to Gujarat: Officials

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

At \$4.16 trillion, India beats top 10 markets with 25% gain in valuation this year

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

FPIs pour 57,300cr in equities in Dec on political stability, robust economic growth

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CAPITAL MARKETS

**01**

India's mutual funds industry outpaces global peers with 19% asset growth, leaving behind US, Japan and China

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

2023 in Review: Bitcoin dominates the year as best-performing asset; here's how equities, gold and bonds performed

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

Real estate and infrastructure stocks lead Indian equity market gains in 2023

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

Year-End 2023: Green energy stocks shine bright as India becomes global renewables leader; experts remain bullish

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

NSE shifts Bank Nifty monthly, quarterly expiry to Wednesday, keeps weekly expiry unchanged

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

Top multibagger IPOs of 2023: Tata Technologies to EMS, these 5 IPOs gave up to 240% return this year

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STARTUP INDIA**01**

Zomato offers to acquire Shiprocket for \$2 billion: report



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02

Startups write a \$1.5-billion twist in winter's tale



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03

Proptech startup HouseEazy raises \$1 mn from investors as seed funding



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04

IPO-bound FirstCry's revenue jumps 135% to Rs 5,633 crore in FY23, losses spike 6x



News Link

05

Ola Electric IPO: Founder Bhavish Aggarwal to sell 47.4 million shares



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06

TiE Silicon Valley to help Indian startups grow their markets in the US.



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 भारतीय प्रभुत्व और निवेश बोर्ड
 Securities and Exchange Board of India

01 SEBI approves appointment of Pramod Agrawal as BSE chairman

- SEBI approves Pramod Agrawal as BSE chairman from January 17, 2024, Succeeding outgoing chairman SS Mundra.
- BSE's board decision on Agrawal's appointment was made on December 13, subject to SEBI approval.
- Pramod Agrawal was the former chief of Coal India.
- Agrawal's appointment positively impacts BSE's stock, settling at Rs 2,295 per share on NSE higher by 4.39% as against the previous day's close.



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02 SEBI proposes optional T+0, instantaneous settlement for equity cash segment

- SEBI proposes T+0 and instantaneous settlement options alongside T+1 cycle in the equity cash segment for efficiency. T+0 optional till 1:30 pm in Phase 1, followed by instantaneous settlement in Phase 2.
- Eligible securities for T+0 include the top 500 listed companies, transitioned in three tranches based on market cap.
- SEBI notes 94% of retail investors make early pay-in for trades, minimizing impact on funding costs.
- SEBI aims to enhance operational efficiency, attract investors by reducing settlement time in Indian securities market.



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SEBI


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 Securities and Exchange Board of India

03

SEBI, NSDL and NSE may have to pay over Rs 1,400-cr compensation to Karvy lenders post SAT order

- Securities Appellate Tribunal orders SEBI, NSE, and NSDL to compensate lenders Rs 1,400 crore over Karvy Stock Broking case.
- Lenders sought return of shares pledged by Karvy, alleging misappropriation of client funds and securities.
- SEBI's interim order in 2019 prevented lenders from invoking the pledge after Karvy's default.
- The outstanding dues for lenders, including Bajaj Finance, ICICI Bank, HDFC Bank, and IndusInd Bank, exceed Rs 1,433 crore.
- Lenders can either receive pledged shares or compensation with 10% interest per annum as per the tribunal's order.


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04

SEBI plans new asset class for high-risk investors

- SEBI explores a new asset class between PMS and mutual funds for high-risk investors, addressing risk mitigation and benefits.
- Chairperson Madhabi Puri Buch discusses the concept with industry stakeholders at CII's Global Economic Policy Forum.
- The proposed category may entail a higher minimum investment and relaxed norms to attract investors seeking high returns.
- SEBI aims to create a distinct asset class, tailoring investment options to cater to specific risk appetites and preferences.


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SEBI

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OTHER SEBI CIRCULARS

Settlement of Running Account of Client's Funds lying with Trading Member (TM)



Link

Principles of Financial Market Infrastructures (PFMIs)



Link

Framework on Social Stock Exchange



Link

Extension of timelines for providing 'choice of nomination' in eligible demat accounts and mutual fund folios



Link

Business Continuity for Clearing Corporations through Software as a Service (SaaS) Model



Link

Modifications to provisions of Chapter XXI of NCS Master Circular dealing with registration and regulatory framework for Online Bond Platform Providers



Link

RBI**01**

RBI Monetary Policy: Rate unchanged at 6.5%, FY24 GDP growth at 7%, inflation 5.4%

- RBI Governor Shaktikanta Das announced the reversal of liquidity facilities under both SDF and MSF during weekends and holidays from December 30, 2023.
- RBI introduced a unified regulatory framework for connected lending across all regulated entities to strengthen credit pricing and management.
- RBI plans to set up a Fintech repository by April 2024 or earlier to better understand developments in the Fintech ecosystem and support the sector.



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02

RBI Financial Stability Report shows Indian banks have improved health, capital preparedness

- The gross non-performing assets ratio for Indian banks reached a multi-year low of 3.2% in September 2023, and the net non-performing assets ratio also decreased to 0.8%, indicating improved asset quality.
- Scheduled commercial banks (SCBs) showed capital-to-risk-weighted assets ratio (CRAR) and common equity tier 1 (CET1) ratio at 16.8% and 13.7%, respectively.
- The FSR report highlighted that the capital preparedness of banks improved, with a provisioning coverage ratio (PCR) of 75.3%. This led to a decadal high in return on assets (RoA) and return on equity (RoE) at 1.2% and 12.9%, respectively.



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RBI

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RBI introduces new forex scheme to make transactions easier

- RBI developing framework for authorised persons under FEMA to become money changers. RBI introducing Forex Correspondents Scheme for streamlined money-changing business.
- Entities can operate without specific RBI authorization, acting as forex correspondents of Category-I and Category-II authorised dealers.
- Forex correspondents allowed to buy/sell foreign currency, travelers' cheques, and distribute forex prepaid cards.
- RBI proposing perpetual renewal for AD Category-II entities, which aims to reduce regulatory burden and enhance ease of doing business in the foreign exchange market.



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India's forex reserves rose by USD 58 billion cumulatively in 2023

- India's foreign exchange reserves rose by USD 4.471 billion to USD 620.441 billion in the week ending December 22, 2023, reaching a 21-month high. In 2023, the RBI added approximately USD 58 billion to the foreign exchange reserves.
- Foreign currency assets (FCA), the largest component of forex reserves, increased by USD 4.698 billion to USD 549.747 billion in the last week.
- Gold reserves, however, declined by USD 102 million to USD 474.74 billion.
- The relative fall in forex reserves in 2022 was influenced by RBI's interventions to defend against rupee depreciation. RBI periodically intervenes in the market to maintain orderly conditions.



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OTHER RBI CIRCULARS

Trade Credit for imports into India – Submission of return on issuance of bank guarantees for Trade Credits on the Centralised Information Management System



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Liberalised Remittance Scheme (LRS) for Resident Individuals Reporting of monthly return and daily transactions



Link

Card-on-File Tokenisation (CoFT) – Enabling Tokenisation through Card Issuing Banks



Link

Sovereign Gold Bond (SGB) Scheme 2023-24



Link

Investments in Alternative Investment Funds (AIFs)



Link

MHP Exemption for Transfer of Receivables



Link

Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR) – Review of National Development Banks



Link

MCA

01 MCA Pioneers Digital Era with E-Adjudication Rollout on Statutory Filing Portal by March 2024

- Virtual Hearings and Online Proceedings: Corporate lawyers benefit as physical attendance at registrar offices is no longer mandatory.
- Digital Communication and Efficiency: E-adjudication replaces physical letters, expediting proceedings by eliminating travel requirements during case hearings.
- Record Filings Drive Digitization: MCA21 portal's success, with 1.57 million filings, prompts e-adjudication rollout, seen as a milestone in India's digitization journey.
- Reduced Regulatory Burden: E-adjudication expected to ease regulatory burdens, aligning with decriminalization efforts and enhancing the ease of doing business.



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02 MCA planning new portal to streamline IBC cases, boost transparency

- Ministry of Corporate Affairs plans a unified portal for seamless Insolvency and Bankruptcy Code (IBC) information flow.
- The portal ensures accurate, real-time data for IBBI, NCLT, resolution professionals, and information utility.
- A centralized system minimizes errors and misinformation, crucial in the time-sensitive insolvency resolution process.
- The portal incorporates AI for template-based NCLT judgments, SMS alerts, enhancing speed, accuracy, and transparency.
- The digital portal, incorporating AI, transforms IBC procedures, increasing efficacy, efficiency, and transparency, according to experts.



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03

Corporate affairs ministry says 53 Chinese foreign companies established place of business in India

- A foreign company can set up a business in India by adhering to RBI regulations and sector-specific requirements.
- Following establishment, it must register with the Registrar of Companies (RoC) (Delhi & Haryana) within 30 days under Section 380 of the Companies Act, 2013.
- The Registrar of Companies (RoC) can delist a company for reasons such as failure to commence business within one year of incorporation, not engaging in business for two consecutive financial years (without filing financial statements), and not applying for dormant company status within the specified period.
- The Registrar of Companies removes names according to prescribed rules. Between April 1, 2021, and November 28, 2023, a total of 1,55,217 companies were struck off under Section 248(1) of the Companies Act, 2013.



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Ministry of Corporate Affairs refers vivo money laundering case to Serious Fraud Investigation Office

- SFIO Referral: The Ministry of Corporate Affairs' committee has referred the Vivo Mobiles money laundering case to SFIO on December 1.
- ED's Arrests: Two months earlier, ED arrested four Vivo Mobiles executives, including a Chinese citizen, in connection with the ongoing money laundering investigation.
- Allegations and Raids: ED alleges Vivo transferred Rs 62,476 crore to China to evade Indian taxes. Previous year's raids at 48 sites linked to Vivo and associates, accusing the company of unlawfully sending funds to China.



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INCOME TAX



01 Old tax regime continues to be favoured by 63% of taxpayers, says survey

- In a recent survey, 63% of taxpayers clung to the old tax regime in India, while 74% of women showed more financial awareness than men by calculating their taxes under both regimes.
- According to a press release, the findings reveal a heartening level of proactiveness as 71% of respondents based their choice on meticulous calculations.
- Contrary to expectations, 62% of respondents in the 18-30 age bracket, who are typically associated with choosing short-term investments, opted for the old tax regime due to the allure of long-term investments.
- In terms of preferred tax-saving instruments, the survey highlighted that PPF and life insurance, including ULIPs and traditional policies, emerged as the top choices among respondents, with 39% and 34% respectively.



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02 Largest haul of black money: IT dept. raid Odisha distillery has turned up Rs 290 Cr, counting still on after 3 days

- The Income Tax department's raid on an Odisha-based distillery group & its associated entities is set to turn up a staggering Rs 290 crore in "unaccounted" cash, making it a record breaking haul by an agency in a single operation.
- The searches were launched after the taxman got "actionable intelligence" of a huge amount of "out of book" sales & cash being remitted by liquor distributors, sellers & business groups.
- BJP MP Nishikant Dubey opined that the amount involved may move up to Rs. 500 crore in cash & property could be of Rs 1000 crore, as 8 lockers & 10 rooms are yet to be opened.



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INDIRECT TAXATION



01

21,791 fake GST registrations, suspected tax evasion of Rs 24,000 Cr detected in special drive: FM Nirmala Sitharaman

- Finance Minister Nirmala Sitharaman on Tuesday said GST officers have detected 21,791 fake GST registrations and over Rs 24,000 crore of suspected tax evasion during a two-month-long special drive.
- Amendments have been made in GST Rules to strengthen the registration process, including biometric-based Aadhaar authentication, for high-risk registrants, along with the verification of the original copy of the documents.



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02

Exclusive: Foreign airlines may pay tax in accordance with GST notices, claim rebate

- Many foreign airlines including British Airways, Etihad, and Emirates that have received GST demand notices pertaining to cross charges are likely to pay up the amount and not contest its validity.
- Most of these airlines are based outside India and plan to claim rebates in their home countries on the additional goods and services tax paid.
- Cross charges refer to transactions between separately registered units of a single entity. Under GST, an Indian entity and its head office are treated as separate units. This means transactions between them come under the purview of the tax regime, even if they are without consideration.



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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.

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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