

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SIXTY FIFTH EDITION



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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



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

SEBI



MCA



INCOME TAX



INDIRECT TAX



STARTUP INDIA

Click on individual images for detailed coverage

GLOBAL MARKETS



01

India overtakes Hong Kong to become world's fourth largest stock market by mcap



News Link

02

G20's Financial Makeover: FSB (Financial Stability Board) Reveals 2024 Agenda - Crypto, AI, and Cross-Border Payments in Focus!



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03

Foreign flows continue to chase India, Japan and US, small-cap funds see big surge



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04

China tightens securities lending rule to support stock market



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05

56% of chief economists expect global economy to weaken in 2024: WEF report



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06

REC (a public financial institution) issues green bonds worth record 61 billion Japanese Yen in global market



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BROAD ECONOMIC NEWS



01

Inflation in India moving towards 4% target, says RBI chief



News Link

02

Indian economy expected to surpass 6.5% growth in FY24: Finance Ministry



News Link

03

India's natural gas demand to surge by 6% in 2024: IEA (International Energy Agency)



News Link

04

Old pension scheme to be 4.5 times costlier than the new one



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05

India kept food inflation lower than many large economies: Economic Review



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06

India's employable youth up from 33.9% in 2014 to 51.3% in 2024: Department of Economic Affairs



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CAPITAL MARKETS

**01**

FII selling in Indian stock market may continue despite ₹27,000 crore outflow in Jan so far, say analysts; here's why

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

Government allows direct listing of securities by Indian companies on GIFT IFSC

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

NABARD to float bonds worth Rs 7,000 crore on January 31

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

Airtel board approves Bharti Hexacom IPO, Govt. to sell 20% stake via OFS

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

India's IPO market is busy. It's also broken

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

68% HNIs, 43% retail investors flip IPO trades in first week, says SEBI Chair Madhabi Buch

[News Link](#)

START-UP INDIA

01

January sees a 43% fall in VC funding in Indian start-ups



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02

1.14 lakh start-ups generate more than 12 lakh jobs in India: Finance Ministry



News Link

03

From Ola electric and Firstcry to Swiggy, more start-ups to go public in 2024



News Link

04

Inside Odisha's ambitious plan to become a start-up hotspot.



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05

45% women-led start-ups: India's start-up surge with \$141b investment



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06

Indian health and wellness start-ups forge ahead with hiring despite funding challenges



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SEBIभारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

01

SEBI Plans to Have a Single Framework for All Industry Standard Forums

- SEBI is working on a plan to introduce a single framework applicable across diverse industry standard forums, covering entities like listed companies, brokers, PMS, AIFs, and FPIs.
- Multiple ongoing pilots are providing insights for the development of this unified framework, aiming for consensus and alignment with regulatory requirements.
- SEBI Chief Madhabi Puri Buch highlighted the necessity for a formal regulation to acknowledge the industry standards forum and its functions, as part of SEBI's broader effort to standardize practices in the financial sector.

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02

SEBI eyes action on mule accounts to curb inflated IPO subscription numbers: Chairperson Buch

- Mule accounts refer to accounts that are used as intermediaries or conduits for fraudulent activities, such as manipulating IPO subscription numbers.
- Madhabi Puri Buch, the Chairperson of the Securities and Exchange Board of India (SEBI) highlighted the intention to crack down on mule accounts that are used as intermediaries for fraudulent activities like manipulating Initial Public Offering (IPO) subscription numbers.
- Buch also cautioned investors against being swayed by subscription numbers or perceived euphoria over an issue saying, "Don't rush into IPOs. Wait for the prices to stabilize" SEBI is probing three IPOs for possible malpractices like inflating subscription numbers without naming the companies.

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SEBI

 भारतीय प्रतिभूति और विनियम बोर्ड
 Securities and Exchange Board of India

03

SEBI bans naked short-selling, releases new circular; know impact on retail investors

- SEBI introduced new rules for stock market investors on January 5, focusing on transparency and preventing manipulation.
- Institutional investors must disclose short sale orders immediately, while retail investors have until the end of the trading day.
- Brokers and stock exchanges are required to gather and share short-sale information on their websites to enhance transparency.
- The rules also prohibit big investors from day trading and require them to settle transactions on a net basis.
- These measures aim to promote fair and transparent trading, safeguarding investors and preventing stock price manipulation.


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04

Market regulator SEBI tweaks rule for on boarding investors in AIFs

- SEBI adjusts AIF investor on-boarding rules in line with changes to anti-money laundering regulations
- AIFs can accept investments from various types of investors under Regulation 10(a) of AIF norms.
- AIF managers must ensure investors aren't listed on UN sanctions lists or residing in FATF-identified high-risk jurisdictions.
- If an investor no longer meets these conditions, further capital contributions are prohibited until compliance.
- The modification aims to enhance compliance with international sanctions and anti-money laundering standards for AIF investments.


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OTHER SEBI CIRCULARS

Ease of doing business - Changes in reporting



Link

Ease of Doing Investments by Investors- Facility of voluntary freezing/ blocking of Trading Accounts by Clients



Link

Framework for Offer for Sale (OFS) of Shares to Employees through Stock Exchange Mechanism



Link

Extension of timeline for verification of market rumors by listed entities



Link

Streamlining of Regulatory Reporting by Designated Depository Participants (DDPs) and Custodians



Link

Guidelines for AIFs with respect to holding their investments in dematerialized form and appointment of custodian



Link

RBI**01**

RBI may shift policy stance to 'neutral' by June, deliver rate cuts starting August: Nomura

- RBI likely to shift policy stance to neutral by June, according to Nomura.
- Nomura predicts RBI may initiate rate cuts from August onwards.
- The current policy stance is accommodative, aiming to support economic recovery.
- Nomura's forecast suggests a change in RBI's approach towards monetary policy.
- This potential shift indicates RBI's responsiveness to economic indicators and inflation trends.



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02

Reserve Bank of India likely to withdraw relief to govt-owned NBFCs

- RBI plans to remove exemptions for government-owned NBFCs, according to Business Standard.
- These exemptions allow certain government-owned NBFCs to bypass regulatory requirements.
- The move aims to ensure uniform regulatory standards across all NBFCs.
- Currently, government-owned NBFCs enjoy exemptions related to capital adequacy and governance norms.
- Ending these exemptions aligns with RBI's efforts to strengthen oversight and risk management in the financial sector..



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RBI



03

RBI to conduct overnight VRR to infuse Rs 25,000 crore on Tuesday

- RBI announces an overnight variable rate repo auction to inject up to Rs 25,000 crore into the banking system.
- Variable rate repo auctions are part of RBI's strategy to infuse liquidity into the banking system.
- In the recent two-day VRR auction, bids exceeded the notified amount, reaching Rs 73,290 crore.
- Liquidity deficit in the banking system reached Rs 2.58 trillion as per RBI data.
- Previous VRR auctions saw strong response from banks, bidding 2.5 to 3.2 times the amount due to tight liquidity conditions, with the last auction held on December 15.



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04

RBI group recommends tighter rules for states while giving guarantees

- RBI suggests stricter norms for state government guarantees to improve fiscal management.
- The definition of 'guarantee' should be broad, covering all instruments creating obligations for state governments on future payments.
- State governments must clearly define the purpose of guarantees, aligning with financial rules for project viability and favorable terms.
- Government guarantees shouldn't be used to finance state-owned entities replacing budgetary resources. States should set a ceiling for guarantees at 5% of revenue or 0.5% of GDP, with a guarantee fee linked to the loan's tenor.



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RBI



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OTHER RBI CIRCULARS

Credit/Investment Concentration Norms – Credit Risk Transfer



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Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk



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Review of Instructions on Bulk Deposits for Urban Co-operative Banks (UCBs)



Link

Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions



Link

Amendment to the Master Direction (MD) on KYC



Link

Guidelines on Appointment / Re-appointment of Statutory Auditors of State Co-operative Banks and Central Co-operative Banks



Link

Guidelines on import of gold by Tariff Rate Quota (TRQ) holders under the India-UAE CEPA as notified by-The International Financial Services Centres Authority (IFSCA)



Link

MCA



01

Ministry of Corporate Affairs comes out with uniform norms for pre-legislative consultations.

- The Ministry of Corporate Affairs and its regulatory bodies, including the Competition Commission of India and Insolvency and Bankruptcy Board of India, have implemented a uniform policy for pre-legislative consultations. This requires a 30-day public comment period on draft regulations, effective from January 1.
- The policy includes a comprehensive review of existing rules under the Companies Act and Limited Liability Partnership Act to enhance transparency and stakeholder involvement.
- This initiative aligns with the Finance Minister's focus on public consultations in financial sector regulations, as outlined in the Union Budget 2023-24, aiming to simplify compliance and incorporate suggestions from the public and regulated entities.



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02

Exclusive: Corporate affairs ministry may strike off registration, freeze funds of Chinese loan apps for fraud

- The Ministry of Corporate Affairs is investigating 665 Chinese companies, particularly loan apps, for potential violations of the Companies Act, including fraud, extortion, and harassment of borrowers.
- If the investigation reveals fraudulent activities, the ministry is likely to cancel the registration of these Chinese loan app companies and freeze their accounts. The Directorate of Enforcement is also probing allegations of money laundering by these apps.
- The ministry's zonal teams have completed search and seizure operations in various cities, and a preliminary report is expected soon. Action, including freezing funds and striking off registrations, may be taken within 2-3 months based on the final investigation report.



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03

Security Bug in MCA Portal Leaked Aadhaar-Based KYC Details of India's Top Industrialists

- The Ministry of Corporate Affairs (MCA) portal, has been reported to have many software glitches over the last year, the latest in the series of issues is of a security bug where Aadhaar-based KYC details of every company director, including industrialists and celebrities like Ratan Tata, Mukesh Ambani, Gautam Adani, Virat Kohli, and Shah Rukh Khan, were accessible without authorisation.
- Security researcher Sai Krishna Kothapalli of Hackcrew published a report revealing details of the security issue. The report disclosed how the issue was fixed only after 11 months, after it was reported to the Indian Computer Emergency Response Team
- This incident shows yet again how Aadhaar data that is being collected as part of the KYC process is often leaky because the institutions that collect it don't safeguard this data.



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04

MCA floats framework for public inputs in key rule changes; seeks public comments on Companies Act, LLP Act in the first phase

- This move aims to enhance transparency and involve stakeholders in shaping key regulatory modifications affecting corporate governance and operations.
- Emphasis on democratic decision-making: By inviting public input, the MCA intends to foster a more democratic decision-making process, ensuring diverse perspectives are considered before finalizing regulatory changes.
- Opportunities for stakeholders to influence policy: Businesses, professionals, and the public now have a platform to voice concerns, provide insights, and influence policy decisions that impact the corporate landscape.



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INCOME TAX



01

Direct tax collections cross 80% of 2023-24 target

- India's net direct tax collections touched ₹14.7 lakh Crore by January 10, meeting over four-fifths of this year's target and reflecting a growth of 19.4% over the same period of 2022-23.
- The Central Board of Direct Taxes on Thursday said that provisional direct tax collections continue to register 'steady growth' with gross collections rising 16.77% to ₹17.18 lakh Crore, led by a 26.11% rise in Personal Income Tax (PIT) inflows. Corporate Income Tax or CIT collections grew at a relatively muted pace of 8.32%.
- This collection is 80.61% of the total Budget Estimates of Direct Taxes for F.Y. 2023-24



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02

Tax reins tightened, charitable trusts have no margin of error

- The government intensifies scrutiny on trusts, emphasizing compliance to prevent misuse of tax exemptions for charitable activities.
- Charitable trusts are required to maintain meticulous records and documentation, ensuring transparency in their financial dealings and activities.
- Any non-compliance or discrepancy in maintaining records may result in penalties for charitable trusts, making accuracy crucial for tax adherence.
- The heightened regulations and scrutiny could influence the philanthropic landscape, requiring trusts to navigate the new tax landscape carefully.



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INDIRECT TAXATION



01 Real estate firms pay Rs 1,500 crore GST on royalty receipts

- Real estate giants in India, like Tata Realty, Tata Housing, Jindal Realty, DLF, and Vatika Group, paid over Rs 1,500 crore in GST for intra-group transactions involving royalty for brand name usage.
- Government notices were sent to companies, including Tata group firms, for not paying GST on using parent company brand names, seen as a service by Special Purpose Vehicles (SPVs) subject to 18% GST. Tata group companies, with Tata Realty and Tata Housing leading, paid over Rs 100 crore.
- Directorate General of GST Intelligence (DGGI) Broadens Tax Net, Targets GST Recovery on Brand Usage. Emphasizes Stewardship in Taxation, Spotlight on Holding Companies' Gains from SPVs' Brand Use.



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02 GST officers detect over 29,000 bogus firms involved in fake ITC claims of Rs 44,000 crore

- GST authorities issued ₹1.45 lakh crore in demand notices to 1,500 businesses in December for discrepancies in annual returns and input tax credit claims for FY 2018.
- The notices, with penalty and interest, met the December 31 deadline for 2017-18, impacting numerous businesses.
- A small proportion of 7.25 million GST returns filed in 2017-18 underwent scrutiny for potential tax underpayment. By December 30, 48,000 GST returns for 2017-18 and 2018-19 were scrutinized, with a shift in focus to 2018-19 due to the lapsed time limit.
- The department may issue more notices for 2018-19, and the deadline for discrepancies in returns for 2018-19 and 2019-20 has been extended to April 30.



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CAPITAL MARKETS | INVESTMENT BANKING | WEALTH MANAGEMENT | LENDING SOLUTIONS

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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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