

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SIXTY SECOND 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



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Securities and Exchange Board of India

SEBI



MCA



INCOME TAX



INDIRECT TAX



STARTUP INDIA

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GLOBAL MARKETS



01

Banks and financial services sector sees 70% jump in green washing incidents globally



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02

Fed keeps rates unchanged, Powell hedges on possible end of tightening campaign



News Link

03

Cost of conflict: Israel-Hamas war can have a huge impact on oil prices, severe jolt to economy



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04

Bitcoin tops \$35,000, leaps to 2023 high on ETF bets



News Link

05

Euro zone PMI hits lowest in nearly 3 years, stirs recession worries



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06

Germany set to overtake Japan as 3rd-largest economy



News Link

BROAD ECONOMIC NEWS



01

India to clock GDP growth of 6.5% in FY24: Former NITI Aayog Vice Chairman Rajiv Kumar



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02

Banks continue to raise interest rates on loans despite RBI pause



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03

Israel-Hamas war may impact India's steel, fertiliser, organic chemicals sectors: PHDCCI



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04

About \$350 billion loans disbursed digitally in India; FinTechs emerge big lenders in last 2 years



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05

Disney said to near multibillion-dollar India deal with Reliance



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06

Unemployment Rate Rose to Two-Year High of 10.09% in October: Report



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CAPITAL MARKETS**01**

Indian banks brace for trading losses amid global rate hikes



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02

FPI selloff in Indian shares hits nine-month high in October



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03

RBI MPC Highlights: Top 10 announcements of October MPC Meet



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04

Tatas evaluate bid for UTI AMC as Reliance enters the MF space



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05

In major rejig, HDFC Bank splits retail loans division



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IDBI Bank sale: RBI set to complete vetting of buyers, bids likely early next year



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STARTUP INDIA

01

Indian start-ups raised over \$1.2 Bn in October-23



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02

Skyroot Aerospace becomes India's highest funded spacetech start-up with \$27.5 million investment round led by Temasek



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03

84 startup founders make it to Hurun India rich list, youngest is 20-years-old



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04

Drone start-up UrbanMatrix Technologies raises Rs 6 crore in funding



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05

Industrial Deeptech IoT start-up Datoms raises \$1.2M led by YourNest Venture Capital



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06

Zerodha's Nikhil Kamath invests in finfluencer Sharan Hegde's start-up The 1% Club



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SEBI


 भारतीय प्रतिभूति और विनियम बोर्ड
 Securities and Exchange Board of India

01

SEBI's Game-Changing LODR Amendment: A Bold Leap Towards Transparency in Listed Entities

- This regulation, provides quantitative thresholds for disclosure, & grants companies the flexibility to construct their materiality policy w.r.t certain other disclosures that may have an impact on the performance of the listed company.
- The LODR Amendment has also significantly revised the timelines for disclosure of material events.
- SEBI's emphasis on cybersecurity is also notable in the LODR Amendment.


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02

SEBI eases norms for borrowing for large corporates through debt securities

- Under the new framework, Sebi has introduced incentives for large corporates in case of surplus in the requisite borrowings and moderated disincentives if they fail to raise at least 25 per cent of their incremental borrowings through debt securities.
- Large corporates are those that have an outstanding long-term borrowing of at least Rs 100 crore with a credit rating of 'AA and above' and have their debt securities listed on a stock exchange.
- In case of shortfall or surplus by way of issuance of debt securities, additional or lower contributions, respectively, to the core Settlement Guarantee Fund (SGF) of the Limited Purpose Clearing Corporation (LPCC) needs to be made by the LC, according to the circular.


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03

SEBI tweaks guidelines on anti-money laundering; partners with 10% stake to come under beneficial owners

- Sebi on Friday tweaked guidelines pertaining to anti-money laundering standards, whereby partners holding a 10 per cent stake in a firm will come under the definition of beneficial owners. Earlier, the requirement was 15 per cent.
- In case the client is a partnership firm, the beneficial owner would be the one who has "ownership of/ entitlement to more than 10 per cent of capital or profits of the partnership or who exercises control through other means"
- The development comes after the government amended the Prevention of Money Laundering (Maintenance of Records) Rules or PMLA rules in September.



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04

Sebi launches fresh salvo to stop FPIs from manipulating stocks on D-Street

- The SOP comes in the wake of the new disclosure regulations that would compel any FPI breaching certain investment limits to reveal the identities of every individual behind the entities which have put money in the fund or have control over it.
- The rigorous disclosure rules will be triggered on an FPI whose exposure to equities in India crosses ₹25,000 crore, or which has invested 50% of its India assets under management in stocks of companies belonging to a single corporate group.



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05

OTHER SEBI CIRCULARS

Centralized mechanism for reporting the demise of an investor through KRAs



Link

Requirement of Base Minimum Capital Deposit for Category 2 Execution Only Platforms



Link

Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Reg.



Link

Ease of doing business and development of corporate bond markets – revision in the framework for fund raising through debt securities by large corporates



Link

Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Qualified RTAs (QRTAs)



Link

Revision in manner of achieving minimum public unitholding requirement – Infrastructure Investment Trusts (InvITs)



Link

RBI

01 RBI extends prompt corrective framework to govt NBFCs

- The PCA framework is aimed at placing business restrictions on lenders which have made poor credit decisions. Lenders can exit the PCA Framework by improving their financials through capital infusion or better performance.
- RBI has said that the PCA framework will be applicable to government NBFCs from October 1, 2024 based on audited financial of the NBFC as on March 31, 2024.



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02 RBI may take OMO route for G-Securities sales

- RBI holds ₹ 13.6 lakh crore in G-Secs. It is holding ₹ 2 lakh crore of FAR securities which will be included in JPM Index.
- Market participants say overseas funds worth over ₹1 lakh crore seen hitting the Indian Market.
- Foreign investments worth \$20-25 bn could flow into Indian govt bond market till Mar-25.
- Excess liquidity in banking system has been flagged as a risk to financial stability & price stability.
- Net supply of govt bonds worth around ₹ 12 lakh crore expected in FY 25.



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RBI**03**

Premature withdrawal to be allowed on all bank FDs of up to Rs 1 crore: RBI hikes limit of non-callable FDs

- Fixed Deposit rule change: RBI has increased the minimum amount for offering non-callable term deposits to Rs 1 crore. Earlier the limit was Rs 15 lakh.
- This hike in non-callable FD limit will be applicable to all commercial banks and co-operative banks with immediate effect.
- Further, the banks have also been permitted to offer differential rate on interest on TDs based on non-callability of deposits (i.e., non-availability of premature withdrawal option) in addition to tenor and size of deposits.



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04

Private banks must have two whole time directors: RBI

- The Reserve Bank of India (RBI) has directed private sector banks to appoint at least two whole-time directors (WTDs) in addition to the managing director and CEO.
- Banks that do not have two WTDs must submit proposals within four months.
- The RBI believes that having a team of WTDs will aid in succession planning and address the complexity of the banking sector. The central bank has given banks the autonomy to determine the number of WTDs based on factors such as business complexity and operational size.



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RBI**05****OTHER RBI CIRCULARS**

Reverse Repo transactions - Reporting in Form 'A' Return



Reserve Bank of India Directions, 2021: Presentation of unclaimed liabilities transferred to Depositor Education and Awareness (DEA) Fund



Regulation of Payment Aggregator - Cross Border (PA - Cross Border)



Non-Callable Deposits - Master Direction on Interest Rate on Deposits



Framework for compensation to customers for delayed updating/ rectification of credit information



Clarification regarding Shifting of Branches/ Offices/ Extension Counters within the same city, town / village by District Central Co-operative Banks (DCCBs) and Guidelines on Closure of Branches and Extension Counters by DCCBs





01

Private companies to have shares in demat form

- For greater transparency in the shareholding pattern of private companies, other than small companies, MCA has come with far reaching guidelines to dematerialise their shares by September 2024.
- Dematerialisation requirement is applicable to all securities be it equity shares, preference shares, debentures, warrants.
- Any company making any offer for issue of any securities or buyback of securities or issue of bonus shares or rights offer, after the date when it is required to comply with this rule, would have to ensure that the entire holding of securities of its promoters, directors, key managerial personnel has been dematerialised.



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02

Corporate affairs ministry exempts aviation from IBC's moratorium clause

- Section 14 of the IBC declares a moratorium on proceedings, transfer or disposal of any of the assets of the company from the date of commencement of its insolvency.
- The MCA's notification will allow lessors to promptly take their planes back from airlines.
- Indian government has officially adopted the Cape Town Convention (CTC), an international treaty that offers time-bound solutions for lessors to repossess aircraft, thereby reducing their inherent risks. Lessors have advocated for the implementation of this treaty, which will grant precedence to the CTC over insolvency laws in India.



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MCA



03

MCA Amends LLP Norms; Mandates Declaration of Beneficial Interest & Keeping of Register for Partners

- Form 4A: Register of Partners to be maintained by every LLP from the date of its incorporation.
- Form 4B: Declaration to be filed by a person whose name is entered in register of partners of LLP but doesn't hold any beneficial interest in contribution, within 30 days from the date on which his name is entered in the register.
- Form 4C: A declaration disclosing interest in Form 4C within a period of 30 days by a person who holds or acquires a beneficial interest in the contribution of an LLP but his name is not registered in the register of partners.



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MCA enforces provision for foreign listing of Indian public companies

- In a step towards allowing Indian companies to list on foreign stock exchanges, the ministry of corporate affairs (MCA) on Tuesday brought into force a provision to allow certain public companies to issue a class of securities for listing on foreign bourses.
- The provision, which comes into effect from October 30, was introduced in the Companies Amendment Act 2020
- This would open the doors to list certain classes of Indian public companies, which would be notified by the MCA, in permitted foreign jurisdictions starting with the International Finance Service Centre (IFSC) in GIFT City, Gujarat.



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INCOME TAX



01

Direct tax collections cross Rs 11 lakh crore in October, up 18% YoY

- Gross direct tax collections for 2023-24 crossed the Rs 11-lakh-crore mark in October with the figure standing at Rs 11.07 lakh crore as on October 9.
- The gross direct tax collection from 1-Apr-23 to 9-Oct-23 is 18 percent higher compared to the same period last year.
- A five-fold-plus jump in corporate tax collections in August had helped limit the Centre's fiscal deficit in the first five months of 2023-24 to 36 percent of the full-year target.
- The Budget targeted 10.5 percent growth in corporate and income tax collections this year from the revised estimate for 2022-23.



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02

CBDT allows delay for Form 10-IC filing by domestic companies

- CBDT has provided conditional respite to allow the taxpayers to file Form 10-IC within stipulated or extended deadlines. Conditions being
 - i) The I-T Return for the relevant assessment year has been filed on or before the due date specified under section 139(1) of the Act.
 - ii) The assessee company has chosen taxation under section 115BAA of the Act in item (e) of "Filing Status" in "Part A-GEN" of the Form of Return of Income ITR-6.
 - iii) Form No. 10-IC is submitted electronically on or before 31.01.2024 or within three months from the end of the month in which the circular is issued, whichever is late



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INDIRECT TAXATION



01

GST collections for October up 13% to 1.72 lakh crore, second highest till date

- The strong performance was attributed to festive demand and a steady economic growth trajectory.
- The remarkable growth in GST collections over the past few months is also due to the efforts of the tax authorities in deploying tools to compare data sets to determine short payment and evasion.
- The growing emphasis on audits led by specific information available on various databases, not only on the GST portal, has led to a significant increase in compliance across sectors and states



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02

GST Council cedes right to levy tax on distilled alcohol to states

- Finance Minister said that Allahabad High Court had ruled that states have no power to impose tax on Extra Neutral Alcohol (ENA). The responsibility now lies solely with the GST Council and the Centre. However, in the interest of maintaining healthy Centre-state relations, it was decided at the GST Council meeting that this right would be given to the states.
- GST Council recommended to keep ENA used for manufacture of alcoholic liquor for human consumption outside GST.
- The Council also decided to reduce the tax rate on molasses from 28 to 5%, which would benefit sugarcane farmers as mills would get more money & it will reduce the cost of making cattle feed.



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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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