

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SIXTY THIRD 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

India is now the fifth country in the world with an equity market capitalization of \$4 trillion



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02

Binance to pay record \$4.3 billion fine for breaking US anti-money laundering laws, loses CEO



News Link

03

Canada says Google will pay \$74 million annually to Canadian News Industry under new online law



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04

Google pushes for antitrust action against Microsoft in UK cloud market



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05

Saudi Arabia extends the term of its \$3 billion deposit with Pakistan's central bank



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06

Europe's petrochemical industry is heading for death row



News Link

BROAD ECONOMIC NEWS**01**

G20: PM Modi proposes setting up global social impact fund to spread DPI in Global South



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02

Government reduces windfall tax on crude petroleum to Rs 6,300 per tonne, tax on diesel halved



News Link

03

NBFCs likely to see 14-17% growth in assets in FY 24-25, says Crisil rating



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04

India's Q2 GDP growth slows to 7.6%, yet trumps analyst expectations



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05

Key infrastructure sector growth surges 12.1% in October



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06

India's manufacturing activity ticks higher as input inflation falls to 40-month low: PMI



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CAPITAL MARKETS

**01**

IPO Frenzy: Investors lock up ₹2,58,000 crore in race for shares worth ₹7,400 crore

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

Wipro gains on strategic partnership with NVIDIA for AI in healthcare

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

Flows to Indian bonds set for highest in six years on index call

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

CDSL achieves landmark of 10 crore demat accounts

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

Bank of Baroda to issue infrastructure bonds of up to ₹5,000 crore in first tranche

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

68% equity schemes underperform their benchmarks in five years

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STARTUP INDIA

01

Electric Mobility firm Baaz Bikes raises \$8 million in Series A round led by BIG Capital



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02

VC funding in Indian startups sinks to a 6-year low, about \$7.05 billion in funding till November, down 71% from \$24.36 billion in 2022



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03

Adobe acquires Bengaluru-based AI startup Rephrase.ai



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04

Fintech startup Kiwi raises \$13 million in Series A led by Omidyar Network India



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05

Flip, the startup snatching an opening in ecommerce left by Amazon and TikTok



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06

Sharechat co-founders raise \$3 million from India Quotient, Elevation Capital for robotics startup



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SEBI


 भारतीय प्रतिभूति और विनियम बोर्ड
 Securities and Exchange Board of India

01

SEBI to introduce T+0 settlement trade by March 2024 and instantaneous settlement by 2025, says Chief Madhabi Puri

- SEBI is working on a roadmap for the same-day settlement of trades by March 2024, followed by an optional parallel system for instantaneous settlement, SEBI chief Madhabi Puri said.
- In January of this year, India adopted a T+1 settlement system, ensuring that trades are resolved on the subsequent business day.
- Chief emphasized that both market infrastructure and brokers have underscored the necessity for a technological pathway that enables immediate settlement. She stressed the importance of avoiding a one-hour delay as an interim step and advocated for a direct transition from T+0 to instantaneous settlement.


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02

Investor Risk Reduction Access platform developed to reduce risks faced by investors due to technical glitches.

- IRRA has been jointly developed by all the stock exchanges– BSE, NSE, NCDEX, MCX and Metropolitan Stock Exchange of India (MSE) and was launched by SEBI Chairperson Madhabi Puri Buch.
- IRRA is a platform that will act as a 'safety net' for investors in case of technical glitches faced by a trading member or a stock broker registered with SEBI.
- It will provide investors an opportunity to close open positions and cancel pending orders in case of disruption at the stock brokers' end.
- The platform has been designed to reduce risks for investors participating in the market. It is not meant for taking fresh positions or orders, but only to cancel the pending orders.


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SEBI


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03

SEBI floats paper to offer flexibility on share trading by company insiders

- SEBI plans to ease regulations that will give better flexibility to (KMP), who typically possess unpublished price-sensitive information (UPSI), for trading shares of their company.
- It was recommended that the minimum cool-off period between disclosure of trading plans and implementation of the same may be reduced to 4 months from 6 months.
- Another recommendation made by the committee is to do away with the requirement of black-out period for trading plans.
- The committee has also recommended price limits to protect the insider from any significant adverse fluctuation from share prices during the prohibition period.


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04

SEBI cuts minimum issue size on Social Stock Exchanges by 50% to Rs 50 lakh

- SEBI on November 25 cut the minimum issue size for non-profit organizations (NPOs) on the Social Stock Exchange (SSE) by half.
- SEBI also announced that the minimum application size for NPOs would be reduced to Rs 10,000 from Rs 2 lakh.
- SEBI said lowering the minimum application size threshold would help a large number of investors who want like to subscribe to Zero Coupon Zero Principal Instruments of more NPOs. The minimum application size of Rs 2 lakh could be too large for people who donate on a regular basis.


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05

OTHER SEBI CIRCULARS

Simplification and streamlining of Offer Documents of Mutual Fund Schemes



Link

Procedural framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors



Link

Procedural framework for dealing with unclaimed amounts lying with InvITs and manner of claiming such amounts by unitholders



Link

Procedural framework for dealing with unclaimed amounts lying with REITs and manner of claiming such amounts by unitholders



Link

Most Important Terms and Conditions



Link

Simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and nomination



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RBI**01**

P Vasudevan Takes Over The Reins Of RBI's Fintech Department

- Recently, the Reserve Bank of India underwent a shuffle, appointing P Vasudevan, an executive director, as the new head of the fintech department.
- Ajay Kumar Choudhary, the former executive director in charge of the fintech department, has retired. Choudhary has now taken on a role on the board of RBI Innovation Hub.
- Apart from his new role in the fintech domain, P Vasudevan remains responsible for currency management, corporate strategy, and the budget department.



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02

RBI adds 19 unauthorized forex trading platforms in Alert List

- The Alert List contains the names of entities, which are neither authorized to deal in forex under the Foreign Exchange Management Act, 1999 (FEMA) nor to operate electronic trading platform for forex transactions under the Electronic Trading Platforms (Reserve Bank) Directions, 2018.
- The Reserve Bank on Friday updated the 'Alert List' of unauthorized forex trading platforms by adding 19 more entities, taking the total to 75.



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RBI



03

RBI wakes up to the systemic risk from exuberant retail lending

- Finally, the RBI has initiated tightening of screws on reckless retail uncollateralized lending by banks and NBFCs by increasing the risk weight on such loan portfolios.
- Including the outstanding and incremental loans, the risk weights in respect of consumer credit exposure of banks, higher risk weight has been increased by 25pp to 125% for personal loans excluding housing loans, education loans, vehicle loans, and loans secured by gold and gold jewellery. The same hike in risk weight to 125% is applicable to retail lending by NBFCs.
- On credit card receivables the risk weights for Banks (currently at 125%) and NBFC (100%) have been hiked to 150% and 125%, respectively.



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04

Fines levied by Reserve Bank of India on various financial institutions quadruples in FY24

- The monetary penalty imposed by the Reserve Bank of India (RBI) on banks, NBFCs and other financial institutions has crossed ₹50 crore so far, with five months still to go in the current financial year.
- Until the second week of November, the RBI had collected as much as ₹51.3 crore in fines.
- The amount collected forms part of RBI's income.



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

International Trade Settlement in Indian Rupees (INR) – Opening of additional Current Account for exports proceeds



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Regulatory measures towards consumer credit and bank credit to NBFCs



Link

Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 05 Entries



Link

Guidelines on import of silver by Qualified Jewellers as notified by – The International Financial Services Centres Authority (IFSCA)



Link

Formation of new districts in the State of Rajasthan – Assignment of Lead Bank Responsibility



Link

'Fully Accessible Route' for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds



Link

MCA



01 MCA directs private companies to convert their shares into demat form

- The MCA has made significant changes in the way private companies issue shares to subscribers and maintain those shares. It has directed that all private companies, except small companies below a threshold set under the law, have to convert all their shares into paperless form.
- These changes are expected to bring transparency and fairness to the shareholding pattern of a large number of private companies.
- Timeline to comply has been set to within 18 months from the closure of financial year 2022-23.



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02 MCA enforces provision for foreign listing of Indian public companies

- In a step towards allowing Indian companies to list on foreign stock exchanges, MCA 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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03

Searching for lost, unclaimed shares to get easier on MCA's new integrated portal

- In less than a month, the integrated IT portal for search and claims of these unclaimed shares will be functional. According to MCA officials, the search facility will be good to go in a month, but the claimed facility might take some more time and will continue to be available on V3 of MCA 21. So, in a month, Indian residents can do a status check of their lost shareholdings or unclaimed dividends of their parents or grandparents online
- Close to 117 crore unclaimed shares worth more than Rs 50,000 crore are lying in the Investor Education Protection Fund (IEPF), managed by the Ministry of Corporate Affairs (MCA). This includes dividends on these shares.



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04

LLPs to report about Significant Beneficial Owner to Registrar of Companies

- A Limited Liability Partnership Firm (LLP) will now have to report about Significant Beneficial Owners to the Registrar of Companies within 30 days of the date of declaration made by an individual about holding or acquiring that status.
- The Corporate Affairs Ministry notified the Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023 with effect from November 10. These include definition and timeline for reporting. The latest move signifies the intent to ascertain the true or "beneficial" owner's interest in and control over the contributions made by the partners and individuals to the LLP.



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INCOME TAX



01

Net direct tax mop-up grows 22% to Rs 10.60 lakh crore so far in FY'24, crosses 58% of budget target

- Net direct tax collection swelled 22 per cent so far this fiscal year to Rs 10.60 lakh crore, crossing 58 per cent of the Budget target for the full year.
- The net corporate tax collection grew 12.48 per cent and personal income tax mop up rose 31.77 per cent.
- Refunds totaling Rs 1.77 lakh crore have been issued between April 1 to November 9, 2023. On a gross basis, collection from direct tax, which includes corporate and Personal Income Tax (PIT), rose 17.59 per cent to Rs 12.37 lakh crore.
- The growth rate for corporate income tax (CIT) is 7.13 per cent, while that for PIT is 28.29 per cent.



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02

Tax assessment notices cannot be issued after 3 years, if the estimated concealment of income is below Rs 50 lakh

- In a recent Court order, the Delhi High clarified that the extended 10-year review period for Income-Tax (I-T) assessments applies only when the estimated undisclosed income exceeds Rs 50 lakh.
- Under Section 148 of the Income Tax Act, 1961, a notice can be issued by the Assessing officer to reassess a taxpayer's income tax return (ITR) if he has reason to believe that any income chargeable to tax has escaped assessment for any assessment year..
- An income-tax notice cannot be issued if three years have passed since the end of the relevant assessment year. However, if there is evidence of concealment of income of at least Rs 50 lakh, a notice can be issued beyond three years but within 10 years of the end of the relevant assessment year.



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INDIRECT TAXATION



01 GST: India considering revoking arrests for evasions below INR 3 crores

- The proposal aims to elevate the threshold to ₹3 crore from the existing ₹2 crore, as part of an initiative to decriminalize certain aspects of tax evasion, reducing undue pressure on businesses and fostering a more favourable environment for conducting operations.
- CBIC is actively considering amendments to streamline the process of issuing summonses.
- Presently, Section 132 of the Central GST (CGST) Act criminalizes GST evasion above ₹2 crore, warranting a three-year jail term.
- A senior government official highlighted that discussions involved increasing the threshold for initiating criminal proceedings to ₹3 crore, while industry representatives had pitched for ₹5 crore.



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02 New GST rule may affect business

- If the supplier does not have the money to pay the tax in time, the buyer will have to pay tax & interest on this behalf.
- The newly introduces Rule 37A says that if there are any problems in the tax returns of FY 22-23, they should be checked before 30-Nov-23 & reverse the portion of ITC. Else the buyer will have to pay excess tax with interest.
- Hence, if the supplier only files GSTR 1, the buying firm should ensure that GSTR 3B is filed within the time limit.



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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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