

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SIXTY FIRST EDITION



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2023

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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

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GLOBAL MARKETS

01

UBS targets \$10 billion in costs, to cut 3,000 jobs after Credit Suisse takeover



News Link

02

Turkey's Erdogan says Black Sea grain deal can be restored soon



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03

Russia's diesel and gasoline export ban adds to inflation problem



News Link

04

Blackstone planning to acquire 33.47% promoters stake in Cipla and eventually 59.4%



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05

Asia markets pare losses as Bank of Japan leaves monetary policy unchanged



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06

'A real big deal': Biden backs economic corridor as shifting geopolitical alliances fragment the global economy



News Link

BROAD ECONOMIC NEWS



01

India's economy continues to show strong growth in mid-2023



News Link

02

India's exports increased despite recession, with lowest inflation: Goyal



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03

MEITY to host Global IndiaAI in October



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04

India's new frontline jobs declined by 17.5% to 6.6 mn in FY23 due to macroeconomic headwinds



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UPI transactions cross 10 billion mark in August



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RBI likely to keep interest rate unchanged as inflation still high: Experts



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CAPITAL MARKETS

**01**

PSU banks challenging dominance of private sector, says Alok Jain of Weekend Investing

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

HDFC Bank merger fosters near-term caution but analysts stay upbeat

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

Union Bank Of India Raises 5000 Crore Equity Capital Via Qualified Institutional Placement

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Foreign investors snap up India stocks while fleeing most EMs in August

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Foreigners set for bigger play in \$1 trillion India bond market

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5G to insurance, Mukesh Ambani brings 'New Reliance' with tech in mind

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STARTUP INDIA



01

India will launch BRICS Startup Forum in 2023, says Piyush Goyal



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02

Nasscom seeks direct listing of overseas Indian startups



News Link

03

28,800+ Employees Laid Off By 110+ Startups Since 2022



News Link

04

India Startup Festival 2023 concluded on a high



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05

Zepto raises \$200 Million and emerges as 2023's first unicorn



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06

India rockets to fourth place globally in \$50 mn-plus VC investments for start-ups



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SEBI


 भारतीय प्रतिभूति और विनियम बोर्ड
 Securities and Exchange Board of India

01

SEBI looking to ease fundraising for not-for-profit organisations on social stock exchanges

- Under the proposal, the regulator has suggested reducing the threshold of the minimum issue size as well as application size for not-for-profit organisations (NPOs).
- A not-for-profit organisation (NPO) is required to be registered with the SSE to raise funds. At present, 31 NPOs have been registered in this segment with the two exchanges.
- In its consultation paper, the regulator suggested reducing the threshold of the minimum issue size for NPOs, issuing Zero Coupon Zero Principle instruments, to Rs.50 lakh from the existing Rs.1 crore. Also, it has proposed to lower the minimum application size in the public issue of ZCZP to Rs 10,000 from the current level of Rs 2 lakh.



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02

SEBI mandates additional disclosures for certain FPIs, releases criteria and exemption details

- This is being done after concerns were raised about certain FPIs holding concentrated portion of their equity portfolio in a single investee company/ corporate group
- According to the criteria, in the circular dated August 24, granular details of all entities holding any ownership, economic interest, or exercising control in the FPI, on a full look through basis, up to the level of all natural persons, without any threshold, need to be provided by certain FPIs. These are FPIs that hold more than 50 percent of their Indian equity AUM in a single Indian corporate group; and FPIs that individually, or along with their investor group (in terms of Regulation 22(3) of the FPI Regulations), hold more than INR 25,000 crore of equity AUM in the Indian markets.



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Securities and Exchange Board of India

03

SEBI reduces timeline for listing shares to T+3 from T+6; mandatory from December 1

- With T as the issue-closing date, the securities will now have to be listed on T+3 day versus the current T+6 day. This will be an option for public issues opening after September 1, 2023, and will be a mandatory requirement for issues opening after December 1, 2023.
- Accordingly, application submission by investors, bid modification, validation of bid details with depositories, reconciliation of UPI mandate transactions, UPI mandate acceptance and issue closure will be done on T day.



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04

SEBI to curb Finfluencers to help investors get accurate, unbiased information

- Under the proposal, influencers need to be registered with Sebi and adhere to specific guidelines. Also, it has been proposed to ban unregistered finfluencers from partnering with mutual funds and stockbrokers for promotional activities.
- "Finfluencers charge as little as Rs 10,000 to as much as Rs 7.5 lakh for an individual post, excluding tax. Influencer marketing agencies quote as much as Rs 20 lakh for a campaign, plus taxes, to entice their followers," Anand Rathi Wealth Deputy CEO Feroz Azeez said.



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OTHER SEBI CIRCULARS

Offer for Sale framework for sale of units of (REITs) and (InvITs)



Link

Procedure for seeking prior approval for change in control with respect to Merchant Bankers and Bankers to an Issue



Link

Timeline for the Exit Option Window Period for Change in Control of AMC



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Extension of timelines (i) for nomination in eligible demat accounts and (ii) for submission of PAN, Nomination, etc.



Link

Clarification regarding investment of Mutual Fund schemes in units of Corporate Debt Market Development Fund



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Extension of timeline for verification of market rumours by listed entities



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RBI**01**

RBI decides to discontinue I-CRR in a phased manner

- While 25% of the I-CRR maintained would be released on September 9, 2023, another 25% would be released on September 23, 2023 and the balance 50% would be released on October 7, 2023.
- The RBI Governor in his Monetary Policy Statement had announced that scheduled banks would require to maintain an I-CRR of 10% on the increase in their net demand and time liabilities (NDTL) between May 19, 2023 and July 28, 2023.



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02

RBI directs credit information companies to prepare index for commercial, microfinance segments

- The Reserve Bank of India (RBI) directed credit information companies (CICs) to set out a common data quality index (DQI) for commercial and microfinance segments. The DQI could further help in assessing the quality of data submissions by credit institutions (CIs) to CICs and improving the same over a period of time, the central bank said in a press release.
- RBI further said CICs shall provide the DQIs for Commercial and Microfinance segments to all CIs latest by March 31, 2024.



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RBI**03**

RBI Bulletin: Shift to Old Pension Scheme by states would be 'fiscally unsustainable', big step back

- According to an analysis by economists from the Reserve Bank of India, the fiscal burden on states from reverting to the Old Pension Scheme will be around four-and-a-half-times that of the National Pension System
- States' reverting to the OPS would be a major step backwards and can increase their fiscal stress to unsustainable levels in the medium to long-term," the article, released on September 18, said.



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04

RBI 'not comfortable' with NPAs in urban co-op banks, asks lenders to focus on governance

- RBI Governor Shaktikanta Das expressed concern over the high gross non-performing assets (NPAs) ratio of 8.7% in urban cooperative banks (UCBs) and urged them to improve governance standards and focus on credit risks.
- Das emphasized the importance of protecting depositors' money and called for better credit risk management and avoidance of related-party transactions.
- It can be noted that the UCB sector has been fraught with multiple challenges and also witnessed difficult times in the recent past, like the implosion of the city-headquartered Punjab and Maharashtra Bank.



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RBI

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OTHER RBI CIRCULARS

Enhancing transaction limits for Small Value Digital Payments in Offline Mode



Link

Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans



Link

Review of Regulatory Framework for IDF-NBFCs



Link

Fair Lending Practice - Penal Charges in Loan Accounts



Link

PM Vishwakarma Scheme



Link

Display of information - Secured assets possessed under the SARFAESI Act, 2002



Link

₹2000 Denomination Banknotes - Withdrawal from Circulation - Review



Link

01

Unclaimed deposits of Rs 48,461 crore transferred to Depositor Education & Awareness Fund

- Unclaimed deposits worth Rs 48,461.44 crore pertaining to 16,79,32,112 accounts have been transferred by the banks to Depositor Education & Awareness Fund as on March 31, 2023, Parliament was informed on Tuesday.
- ED has further informed that as on August 2, 2023, proceeds of crime of fugitive economic offenders, amounting to Rs 34,118.53 crore have been attached, out of which assets amounting to Rs 15,838.91 crore have been confiscated and assets amounting to Rs 15,113.02 crore have been restituted to the public sector banks, he said.



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02

SEBI Mulls Issuance of Fractional Shares by Indian Entities

- The thought behind introducing fractional shares is being raised amidst a spike in equity market participation, with demat (dematerialised) accounts experiencing a threefold surge from FY20 to August 31, 2023. Thus underscoring broader financial inclusion and evolving risk perceptions.
- Fractional ownership concepts are already present in a few of the other asset classes, including real estate. Some startups even offer platforms for investors to engage in fractional investments in physical assets.



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03

MCA looks to turbocharge IBC process

- The Corporate Affairs Ministry (MCA) is looking to bring in legal amendments to the insolvency and bankruptcy code (IBC) 2016 in the upcoming winter session as part of its overall effort to crunch the time taken for completion of Corporate Insolvency Resolution Process (CIRP) and avoid delays.
- IBC mandates admission of application within 14 days, the reality is a worrisome picture. Part of the reason for this is that the average time taken by financial creditors in filing CIRP applications post occurrence of default is significantly long.
- The time taken for appointment of Resolution Professional (RP) is upto 60 days as against period prescribed under IBC of 10 days.



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04

Stricter regulations for 'bigger' unlisted companies, mature start-ups on cards

- The Company Law Committee (CLC) formed by the Ministry of Corporate Affairs (MCA) is discussing the possibility of bringing in stricter regulations for 'bigger' unlisted companies. The committee is also likely to define 'bigger' in terms of size and turnover.
- In the past few months, tutoring startup BYJU'S faced fire after reports of failing to file its financial accounts on time and skipping an interest payment on its term loan. The ed-tech startup was also accused by its investors of hiding half a billion dollars.



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INCOME TAX



01

India's net direct tax collections rise over 23% to Rs 8.65 lakh crore so far this fiscal

- India's net direct tax collections grew 23.51 percent to Rs 8,65,117 crore till September 16, 2023, in the current fiscal. The provisional figures show net collection figure for the corresponding period in the previous fiscal year was Rs 7,00,416 crore.
- The data shows the CIT (Corporate Tax) net collections stood at Rs 4,16,217 crore, while PIT (Personal Income Tax), including STT, contributed significantly with net collections of Rs 4,47,291 crore.
- Furthermore, the provisional figures for the gross collection of direct taxes (before accounting for refunds) in FY23-24 stand at Rs 9,87,061 crore. This represents an 18.29 percent growth compared to the corresponding period in the previous fiscal year



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02

Now, life insurance maturity money will not be fully tax-exempt: CBDT issues new tax rules

- The Central Board of Direct Taxes (CBDT) issued new guidelines on how tax-exempted maturity amount from a life insurance policy will be calculated in a financial year if the premium paid exceeds a specified level.
- These new guidelines have come after Budget 2023 made the life insurance maturity amount taxable if the premium paid in a financial year exceeds Rs 5 lakh. These guidelines will be applicable to all life insurance policies except for unit-linked insurance policies (ULIPs).



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INDIRECT TAXATION



01 5% GST on ocean freight imports exempted from October 1, 2023

- The Indian government has decided to waive the 5% integrated GST on ocean freight for imported goods, effective from October 1, 2023. The Finance Ministry made amendments to the IGST Act to implement this exemption, relieving importers from the previous obligation of paying 5% GST under the Reverse Charge Mechanism.
- This decision aligns with the Supreme Court's ruling in the Mohit Minerals case, underscoring the government's position on this matter. The apex court had clarified that imposing a separate levy on Indian importers for the 'supply of services' by the shipping line would contradict the GST Act.



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02 GST Collection hits INR 1.62 Trillion in September.

- Central and state governments collected ₹1.62 trillion in goods and services tax (GST) in September, marking the fourth highest monthly collection since the inception of the indirect tax regime and a 10% annual growth from the year-ago period.
- Overall, GST receipts so far this year are in line with the 10.5% nominal GDP growth rate projected by the finance ministry and reflect the trends in tax administration efficiency as well as consumption.



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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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