

# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

FIFTY NINTH EDITION



June  
2023

Saturday, 8<sup>th</sup> July, 2023

“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

Inflation is moving in different direction in Europe. It hit 6.8% in Germany & 1.6% in Spain



News Link

02

UN - Global trade growth returns but outlook for 2023 is poor



News Link

03

UK net debt passes 100% of GDP for first time since 1961



News Link

04

Interest rate may need to go higher to tame inflation : US Fed



News Link

05

UAE begins corporate tax roll-out, with free zones exempted.



News Link

06

Global markets in the first half of 2023: Banks vs the machines.



News Link

## BROAD ECONOMIC NEWS



01

India's FY23 external debt rises to \$624.7 billion: RBI



News Link

02

Center's fiscal deficit at 11.8% of FY 24 budget target



News Link

03

In Raising Red Flag on Key States, RBI Puts Spotlight on Unsustainable Subsidies.



News Link

04

India's steel production rises 4.1% in May, global output falls 5%



News Link

05

Fitch raise India's GDP forecast to 6.3% for current fiscal year



News Link

06

India's exports fall 10.3% to \$ 34.98 billion in May



News Link

## CAPITAL MARKETS



01

HDFC-HDFC Bank merger to give rise to a banking giant bigger than Morgan Stanley



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02

NIIF plans to raise at least Rs 20,000 crore for infra investment trust



News Link

03

Aditya Birla Capital raises ₹3,000 crore; BlackRock, ADIA among investors



News Link

04

Coal India in talks with protestors over coal mine expansion



News Link

05

Market size of India's online retail sector likely to touch \$ 325 Billion by 2030



News Link

06

Tata Communications to acquire Kaleyra for about \$100 mn in an all-cash deal



News Link

## STARTUP INDIA



01

RBI comes out with framework to permit default loss guarantee to Fin-techs



News Link

02

The Startup 20 engagement group will press for raising the annual investment in the global startup ecosystem to \$1 Trillion by 2030



News Link

03

Funding to India startup tanked 79% in first half of 2023 as top investors sits out.



News Link

04

Slowdown visible in India's start up story as only three unicorns added in 2023



News Link

05

Crypto startup Pillow, backed by Accel and Quona, to discontinue all services



News Link

06

Agritech - focused omnivore makes first close of third fund at \$150 million



News Link

**SEBI**भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

01

## SEBI says no to relaxations on enhanced surveillance for micro and small-cap companies

- Leading stock exchanges, NSE and BSE along with the markets regulator had come up with an enhanced surveillance mechanism for micro and small-cap companies that have a market cap of less than Rs 500 crore, which has been effective from June 5.
- Capital market regulator Securities and Exchanges Board of India (SEBI) has reiterated that the enhance surveillance framework that was recently put in place for micro and small-cap stocks with a market cap of less than Rs 500 crore will not be relaxed.

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02

## SEBI issues regulations for execution-only platforms for direct mutual fund schemes

- An EOP is a digital or online platform which facilitates transactions such as subscription, redemption and switch transactions in direct plans of schemes of mutual funds.
- The Securities & Exchange Board of India (SEBI) has made it compulsory for execution-only platforms (EOPs) to get registered with the regulators and barred them from offering regular plans of mutual funds schemes as part of the new regulatory framework introduced for such platforms for direct mutual fund investing.

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 भारतीय प्रतिभूति और विनियम बोर्ड  
 Securities and Exchange Board of India

03

### SEBI releases framework for stock brokers, clearing members to upstream client funds

- The Securities and Exchange Board of India (SEBI) had decided on the up streaming of all client funds held by stock-brokers (SBs) and clearing members (CMs) to protect client funds.
- In the latest circular, SEBI has said that the client funds have to be up streamed to the clearing corporation (CCs) only in the form of cash, lien on fixed-deposits receipts (FDRs) or the pledge of units of Mutual Fund Overnight Schemes (MFOs).



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04

### SEBI issues guidelines on product offerings by online bond platform providers

- Capital markets regulator SEBI on Friday restricted online bond platform providers from offering products other than listed debt securities on their platforms. In addition, the regulator allowed them to offer securities such as Government Securities, Treasury Bills, listed Sovereign Gold Bonds, listed municipal debt securities, and listed securitized debt instruments on their online bond platforms, according to a circular.
- Under the rules, Online Bond Platform Providers (OBPPs) need to register themselves as stock brokers in the debt segment of the stock exchange.



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SEBI

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Securities and Exchange Board of India

05

## OTHER SEBI CIRCULARS

Investor Service Centers of Stock Exchanges



Link

Amendment to Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT)



Link

Online processing of investor service requests and complaints by RTAs



Link

Standardized approach to valuation of investment portfolio of Alternative Investment Funds (AIFs)



Link

Participation of Mutual funds in repo transactions on Corporate Debt Securities



Link

Issuance of units of AIFs in dematerialized form



Link

**RBI****01**

## RBI relaxing borrowing limit in interbank call market no 'game changer': Traders

- "With a view to providing greater flexibility" the RBI decided that banks can set their own limits for borrowing in call and notice money markets within the prudential limits for inter-bank liabilities prescribed, the central bank said earlier in the day as it announced its monetary policy.
- The Reserve Bank of India on Thursday allowed banks to set their own limits to borrow from the interbank call money market in a bid to better manage liquidity, though at least four traders said it would not move the needle much as lenders might not be willing, or able to participate.



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**02**

## RBI Policy: FY24 CPI forecast now 5.1%, big cut in Q1 projection

- The central bank's April-June 2023 CPI inflation forecast has been cut to 4.6 percent from 5.1 percent, but the forecasts for the second half of 2023-24 were left unchanged
- The Reserve Bank of India (RBI) on June 8 made a slight downward revision to its inflation forecast for 2023-24, lowering it by 10 basis points to 5.1 percent.



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**RBI****03****RBI to hold rates, markets on guard for any shift in stance**

- The monetary policy committee (MPC), which has three members from the RBI and three external members, is expected to leave the repo rate at 6.50% for a second straight meeting. All 64 economists polled by Reuters expect no change.
- The Reserve Bank of India (RBI) is widely seen holding key rates steady on Thursday but commentary around the future trajectory of interest rates and banking system liquidity will be closely monitored by market participants.



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**04****RBI likely to set cutoff yield on 10-year state bonds in 7.32%-7.35% band: Poll**

- The Reserve Bank of India will likely set cutoff yields for the 10-year bonds in the 7.32%-7.35% band, according to a Reuters poll of 13 traders.
- Indian states will aim to raise an aggregate of 173 billion Indian rupees (\$2.09 billion) on Tuesday through the sale of bonds maturing in five years to 30 years.



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RBI



05

## OTHER RBI CIRCULARS

Sovereign Gold Bond (SGB) Scheme 2023-24



Guidelines on Default Loss Guarantee (DLG) in Digital Lending



Remittances to International Financial Services Centers (IFSCs) under the Liberalized Remittance Scheme (LRS)



PSL targets and contribution against shortfall in achievement of PSL targets – Primary (Urban) Co-operative Banks – Extension of time



MIFOR shall cease to be a 'significant benchmark' after June 30, 2023.



Framework for Compromise Settlements and Technical Write-offs



Risk Management and Inter-Bank Dealings – Non-deliverable derivative contracts (NDDCs)



# MCA

**01**

## MCA plans to further intensify crackdown on shell companies: ET Report

- The Indian ministry of corporate affairs (MCA) will increase its crackdown on non-functional or non-compliant "shell" companies, having already struck off almost 128,000 firms that are often used to funnel black money.
- The Registrar of Companies will carry out greater physical verification of firms, while the MCA is thought to be using the latest version of its MCA21 portal to build a database for use in future crackdowns.



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**02**

## MCA21 portal issue: Corporate affairs secretary to hold stakeholders' consultations in Chennai, Hyderabad

- The move by the ministry comes amid stakeholders facing various issues with respect to the portal, which is the key platform for submitting statutory filings under the companies law.
- A team from LTI Mindtree, the IT vendor responsible for developing the portal, will also be part of the meetings where members ICAI and ICSI are expected to flag the functionalities that are deterring smooth filing of statutory corporate reports.



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## MCA



03

## Filings on MCA portal surge since Jan revamp

- Over 530,000 company filings have taken place between the 23 January launch and 1 June, the ministry said. The filings indicate the ministry is on course to migrating forms for annual returns and financial statement to the new system shortly, so that companies can use them in this year's filing cycle.
- Companies have one month from the AGM to file financial statements and 60 days to file annual returns, without additional fee.
- the ministry would be rolling out around 30 more web-based forms for statutory filings under the Companies Act by the end of July, completing the transition to the new artificial intelligence-enabled corporate reporting regime.



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04

## Companies can file CSR report for FY23 by March next year : MCA

- The Companies (Accounts) second amendment rules, 2023, issued on 1<sup>st</sup> June, said for FY23, the CSR-2 form shall be filed "on or before 31 March, 2024" after filing financial statements in applicable forms.
- CSR-2 is the new form that businesses covered under Section 135 of the Companies Act, 2013, are required to file. As per this, every company having net worth of ₹500 crore or more, or turnover of ₹1000 crore or more, or a net profit of ₹5 crore or more in the previous financial year, has to spend 2% of net profits on CSR. This is to be calculated as the average net profits of the company made during the three immediately preceding financial years.



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## INCOME TAX



01

### Tax on cash deposit & withdrawal : Things to know

- In case of withdrawal of cash, as per section 194N of Income Tax Act, 1961; TDS will be deducted as:
- 2% in excess of Rs 1 crore in financial year (If ITR has been filed for 3 consecutive years)
- 2% in excess of Rs 20 lakh in the financial year and 5% on the amount withdrawn in excess of Rs 1 crore (In all other cases)



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02

### ITR Filing, higher EPS pension, PAN linking : 3 deadline to watch out in July.

- The income tax return (ITR) filing deadline is approaching, creating a sense of urgency for taxpayers to ensure timely submission
- The Employees' Provident Fund Organization (EPFO) has extended the deadline to opt for a higher pension to July 11, 2023
- The last date to link your PAN and Aadhaar card was June 30. From now on, the PAN card will become inoperative for those who have not linked it yet



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## INDIRECT TAXATION



01

### Taxpayer can explain discrepancy in their GST returns on GST portal before getting notice

- Now taxpayers under the Goods and Services Tax (GST) will be able to explain the mismatch in their inward and outward supply filed in tax return on the GST portal itself, without risking a notice from the tax authorities.
- The Centre Board of Indirect Taxes and Customs (CBIC) has developed a functionality in its portal which will allow the taxpayers to find their exact tax liability on the real basis, giving them opportunity to explain any discrepancy in tax returns before issuing any tax demand.



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02

### GST council likely to vet CBIC's plan for additional validations in return filing to check evasion

- The GST Council is likely to consider CBIC's proposal in its meeting scheduled to take place next month. According to Central Board of Indirect Taxes and Customs' (CBIC) proposal, it aims to introduce additional validations within the GST return filing system with the goal of keeping track of evasion and fake input tax
- The CBIC last week introduced validation and risk rating for GST registrations, as it looks to curb fake entities issuing fake bills just to claim ITC benefit and defraud the exchequer. The official said the strategy to go in for additional validation both at the time of registration and filing of return is aimed at eliminating tax evasion.



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CAPITAL MARKETS | INVESTMENT BANKING | WEALTH MANAGEMENT | LENDING SOLUTIONS

## ABOUT OUR INVESTMENT BANKING SERVICES

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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