

# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SEVENTY THIRD EDITION



September 2024

Saturday, 5<sup>th</sup> October 2024

“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

Bank of England holds interest rates at 5%



News Link

02

US Fed cuts 50 bps rate



News Link

03

Euro zone inflation falls to 1.8% in September, below the European Central Bank's 2% target



News Link

04

China rolls out about 1 trillion yuan (\$141.7bn) stimulus to spur weak economy



News Link

05

US economy adds 254,000 jobs in September as unemployment rate slips to 4.1%



News Link

06

Oil prices rose by more than 4% as Israeli troops moved into Lebanon and Iran launched missiles on Israel



News Link

*BROAD ECONOMIC NEWS***01**

India's retail inflation at 3.65% in August 2024, within RBI's 4% target

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

Centre lifts ban on export of non-basmati white rice, traders hail move

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

India's forex reserves hit all-time high of \$692.3 billion, up \$2.8 billion as of Sept 20

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

India Sept business growth at nine-month low as demand eases, PMI shows

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

India's current account deficit widens to 1.1% at \$9.7 billion in Q1FY25

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

India's household financial net worth, debt hit new peaks in 1QFY25

[News Link](#)

*CAPITAL MARKETS*

01

NSE defers T+0 rolling settlement cycle until further notice, to conduct live trading from DR site from Sept 30-Oct 1



News Link

02

FPIs buy Indian equities worth nearly ₹90,000 crore in H1FY25 after record inflows in FY24; Sept sees highest inflows



News Link

03

75% small cap mutual funds outperform their benchmarks in September



News Link

04

Amundi launches Indian government bond ETF



News Link

05

September IPO Surge: 47 companies raise over ₹16,000 crore; 61% trade above issue price



News Link

06

New STT rates for F&O to kick in from Oct 1



News Link

## STARTUP INDIA



01

Indian startups raised over \$1298 million in September, 2024



News Link

02

Indian Startup Funding Climbs 20% To \$8.7 Bn In 2024's First Nine Months



News Link

03

India Gets 3 New Unicorns In Q3 2024 As Mega Deals Soar



News Link

04

DPIIT Launches BHASKAR: A Revolutionary Platform for India's Startup Ecosystem



News Link

05

Government to Accelerate Approval for Merging Overseas Start-ups into Indian Subsidiaries



News Link

06

Govt unveils agri startup fund and investment portal



News Link

SEBI


 भारतीय प्रतिभूति और विनियम बोर्ड  
 Securities and Exchange Board of India

01

## SEBI Board Meeting: Regulator approves new asset class for HNIs with riskier appetite

- SEBI approved a new asset class, "Investment Strategies," for HNIs, with a minimum investment of Rs 10 lakh.
- This class aims to diversify options between mutual funds and portfolio management services.
- A consultation paper was issued in July, inviting feedback until August 6, 2024.
- SEBI launched the Mutual Funds Lite framework for passively managed schemes.
- This was SEBI's first meeting after conflict of interest allegations against its chairperson.



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02

## SEBI announces centralised fee-collection platform for IAs, RAs, to be operational from October 1

- SEBI has introduced a centralized fee collection mechanism (CeFCoM) for investment advisors (IAs) and research analysts (RAs).
- The platform will be administered by BSE and is set to launch on October 1, 2024.
- BSE will provide the operational framework by September 23, 2024.
- This initiative addresses the growing interest in the securities market.
- SEBI encourages IAs and RAs to promote the use of this optional mechanism to clients.



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SEBI


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03

### SEBI amends rules; introduces fixed price process for voluntary delisting

- SEBI allows a fixed price delisting process with a 15% premium on fair price.
- New rules enable delisting of investment holding companies (holdcos) with 75% fair value in listed equities.
- Counter offer threshold for public shareholders reduced from 90% to 75%.
- Delisted companies cannot relist for three years, with fair value assessed by independent valuers.
- SEBI's UDiFF reduces reporting formats from 200 to 23, saving Rs 200 crore in operational costs.


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04

### SEBI mandates UPI for public issue applications of debt securities

- UPI is mandatory for individual investors applying up to ₹5 lakh through intermediaries.
- Other methods, like Self-Certified Syndicate Banks and stock exchanges, remain available.
- The new rules take effect from November 1. Aims to streamline debt securities applications to align with equity processes.
- Investors must provide a UPI ID in the bid-cum-application form. Reduced public comment period on draft offer documents.
- Minimum subscription period shortened. Bidding period extension for price revisions reduced to one working day.


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05

## SEBI CIRCULARS

Allowing securities funded through cash collateral as maintenance margin for Margin Trading Facility (MTF)



Link

Flexibility in participation of Mutual Funds in Credit Default Swaps (CDS)



Link

Reduction in the timeline for listing of debt securities and Non-convertible Redeemable Preference Shares to T+3 working days from existing T + 6 working days (as an option to issuers for a period of one year and on a permanent basis thereafter such that all listings occur on a T+3 basis)



Link

Modification in framework for valuation of investment portfolio of AIFs



Link

Operational Guidelines for Foreign Venture Capital Investors (FVCIs) and Designated Depository Participants (DDPs)



Link

Enabling T+2 trading of Bonus shares where T is the record date



Link

RBI



01

## RBI's September bulletin highlights strong domestic growth drivers

- India's GDP growth is strong due to private consumption and investment.
- Inflation has eased for two months, but food price volatility remains a risk.
- Manufacturing is performing well, offsetting agricultural underperformance; services remain stable.
- Priority sector lending (PSL) has improved bank asset quality and credit flow.
- The NBFC sector saw double-digit credit growth, supported by the Scale Based Regulation framework.



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02

## RBI flags irregular practices in gold lending, calls for immediate action

- The RBI flagged irregular practices in gold lending, prompting immediate corrective action from banks and NBFCs.
- Governance issues were noted, including high loan volumes to single individuals and weak oversight.
- Transparency concerns arose from auction deficiencies, leading to low returns for customers.
- Some entities disbursed a large share of loans in cash, violating Income Tax Act limits.
- The RBI urged a review of gold loan policies and emphasized the need for strict controls over outsourced activities.



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*RBI*

05

## RBI CIRCULARS

Gold loans - Irregular practices observed in grant of loans against pledge of gold ornaments and jewellery



Link

Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit



Link

Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)



Link

Liberalised Remittance Scheme (LRS) for Resident Individuals- Discontinuation of Reporting of monthly return



Link

Prudential Treatment of Bad and Doubtful Debt Reserve by Co-operative Banks



Link

Review of Extant Instructions - Withdrawal of Circulars



Link

**MCA****01**

## MCA grants five year dematerialisation breather for producer companies

- The MCA extended the deadline for producer companies to dematerialise shares from September 30, 2024, to March 31, 2028.
- Producer companies, focused on agriculture, cannot publicly trade their shares.
- The extension recognizes the challenges faced by the agricultural sector, allowing for a gradual compliance transition.
- It supports small farmers who often lack the resources for dematerialisation.
- This move balances regulatory needs with the goal of member welfare and rural development.



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**02**

## MCA Notifies Companies (Accounts) Amendment Rules, 2024

- On September 24, 2024, the MCA issued the Companies (Accounts) Amendment Rules, 2024 to enhance corporate governance and transparency.
- The amendments are made under various sections of the Companies Act, 2013.
- The rules will come into force upon publication in the Official Gazette.
- For the financial year 2023-2024, companies must file Form CSR-2 separately by December 31, 2024, after submitting Form AOC-4 or related forms.
- This change aims to streamline the filing and maintenance of company accounts.



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MCA



03

## Companies Amendment Rules,2024: Prospectus and Allotment of Securities

- On September 20, 2024, the MCA issued G.S.R. 583(E), amending the Companies (Prospectus and Allotment of Securities) Rules, 2014, specifically for producer companies in agriculture and rural sectors.
- The amendment grants these companies a five-year extension to comply with securities allotment regulations.
- This acknowledges the unique challenges faced by producer companies, especially in rural areas.
- Effective immediately, it allows smaller companies to gradually meet compliance without pressure.
- The change aims to enhance corporate governance and support sustainable growth in vital rural enterprises.



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04

## MCA gives a boost to reverse flipping plans of start-ups

- The Ministry of Corporate Affairs clarified compliance for "reverse flipping," enabling companies to relocate to India.
- Amendments to the Companies (Compromises, Arrangements and Amalgamations) Rules require prior RBI approval for mergers between foreign holding companies and Indian subsidiaries.
- This change simplifies the process and encourages startups to move back to India.
- Experts cite favorable valuations, government support, and improved business conditions as key drivers of this trend.
- Companies must also apply to the Central Government under Section 233 of the Companies Act for inbound mergers.



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# INCOME TAX



01

## Net direct tax collections grow 21.48% y-o-y, touches Rs 12.01 lakh crore till September

- India's net direct tax collections for FY 2024-25 grew by 21.48% to Rs 12.01 lakh crore (up from Rs 9.88 lakh crore in FY23).
- Corporate tax: Rs 5.59 lakh crore, Personal income tax: Rs 6.14 lakh crore, Securities transaction tax (STT): Rs 26,154 crore.
- Advance tax collections: Rs 3.31 lakh crore from corporate tax (up 18.17%) and Rs 1.04 lakh crore from personal tax (up 39.22%).
- Personal income tax growth continues to outpace corporate tax, reflecting economic strength.
- September 15, 2024, was the deadline for the second installment of advance tax payments.



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02

## ICAI invites suggestions on Comprehensive Review of the IT Act 1961 and Pre-budget Memorandum 2025

- The Finance Minister announced a review of the Income-tax Act, 1961 to simplify language, reduce disputes, and minimize litigation.
- A CBDT committee was formed, and ICAI submitted preliminary suggestions during a stakeholder consultation on September 18, 2024.
- ICAI invites suggestions in three areas: simplifying language, reducing litigation, and lowering compliance burden.
- Suggestions should reference relevant sections, identify issues, and provide clear recommendations.
- ICAI also seeks inputs for its Pre-Budget Memorandum 2025, focusing on expanding the tax base, curbing tax avoidance, rationalization, and easing administration.



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## INDIRECT TAXATION



01

### India's September GST collection rises 6.5% YoY at Rs 1.73 lakh crore

- September 2023 GST collections were ₹1.73 lakh crore, up 6.5% YoY; net revenue was ₹1.53 lakh crore, up 3.9%.
- Domestic revenue increased 5.9% to ₹1.27 lakh crore; import revenue rose 8% to ₹45,390 crore.
- Refunds totaled ₹20,458 crore, a 31% YoY increase.
- Total GST collections in 2024 so far are up 10.1% to ₹9.13 lakh crore.
- The GST Council is considering rate cuts on life and health insurance and addressing compensation cess issues beyond March 2026.



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02

### GST relief: No need to pay interest and penalty on GST tax demand; conditional waiver from November 1, 2024

- From November 1, 2024, taxpayers can waive interest and penalties on non-fraudulent GST demands for FY 2017-18 to 2019-20 by paying the tax by March 31, 2025.
- The scheme targets non-fraudulent cases under Section 73.
- Taxpayers must accept the demand, pay it, and withdraw appeals to qualify.
- No refunds for those who have already paid interest and penalties.
- The scheme aims to ease burdens on small businesses but may increase scrutiny on fraud cases.



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## INDIRECT TAXATION



03

### GST evasion worth ₹2.02 lakh crore detected in 2023-24; over 40% from online-gaming

- GST evasion hit ₹2.02 lakh crore in 2023-24, doubling from the previous year, with nearly 40% from online gaming.
- The online gaming sector evaded ₹82,000 crore but recovered only ₹53 crore.
- Half of the 6,000 cases were due to non-payment of tax; 20% involved fake input tax credits.
- Key evasion sectors included Banking and Pharmaceuticals, totaling ₹19,000 crore in the BFSI sector.
- Significant evasion was also found in iron and tobacco, with minimal voluntary recoveries.



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04

### India hikes edible oil import tax on palm, soyabean, and sunflower oil to support farmers

- India raised import taxes on crude and refined edible oils by 20 percentage points to support farmers.
- The new duties are 27.5% for crude oils and 35.75% for refined oils, significantly increasing costs.
- This move may raise domestic oil prices and lower demand for imports.
- It aims to help farmers reach the minimum support price for soybean and rapeseed, as current prices are below that level.
- India imports over 70% of its vegetable oil, mainly palm oil from Southeast Asia, which may face price impacts.



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# KREO CAPITAL PRIVATE LIMITED

CAPITAL MARKETS | INVESTMENT BANKING | WEALTH MANAGEMENT | LENDING SOLUTIONS

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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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