

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SEVENTY FIFTH EDITION



November 2024

Thursday, 5th December 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



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MCA



INCOME TAX



INDIRECT TAX



STARTUP INDIA

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GLOBAL MARKETS



01

US 10-year yields drop to 2-week low as bonds rally on Bessent pick



News Link

02

Japan Finalises \$92 Billion Extra Budget for Fresh Spending Package



News Link

03

US core CPI, PCE, and PPI inflation surge for the first time since 2022



News Link

04

Eurozone inflation up to 2.3% in November



News Link

05

Trump threatens 100% tariff on BRICS countries if they pursue creating new currency



News Link

06

China Central Bank injects \$111 billion liquidity as bond supply surges



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BROAD ECONOMIC NEWS

01

India's Manufacturing PMI falls to 56.5 in November

[News Link](#)

02

Forex reserves drop \$1.31 bn to \$656.5 bn as of November 22, 2024

[News Link](#)

03

GDP growth slumps to 7 quarter low of 5.4%

[News Link](#)

04

India's falling wages hit economy as consumers cut back on everything

[News Link](#)

05

Govt scraps windfall tax on ATF, crude products, petrol and diesel exports with immediate effect

[News Link](#)

06

India's power consumption rises 5% to 125.44 billion units in November

[News Link](#)

CAPITAL MARKETS

01

Foreign investors turn net buyers of Indian stocks after record selling run, post 38 consecutive sessions of being net sellers



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02

Zomato to replace JSW Steel on BSE Sensex from December 23



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03

Equity mutual funds see record Rs 41,887 crore inflow in October, monthly SIPs cross Rs 25,000 crore



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04

Debt mutual funds attract ₹1.57 lakh crore inflow in October



News Link

05

Crypto exchange volumes hit 3 year high in November



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06

India's ETF market grows amid global trends; equity ETFs lead, debt ETFs show potential



News Link

STARTUP INDIA



01

Indian startups raised over \$1.298 Billion till Nov 30, 2024



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02

Cabinet approves continuation of Atal Innovation Mission till March 2028



News Link

03

Reverse-Flipping: Indian startups return 'home' amid regulatory reforms



News Link

04

DPIIT signs MoU with WinZO to focus on training gaming professionals



News Link

05

Indian SaaS Startup Funding Sees 33% YoY Spike In H1 2024



News Link

06

TICE funding index: Indian Startups drive growth across sectors, see link for more details



News Link

SEBI


 भारतीय प्रतिभूति और विनियम बोर्ड
 Securities and Exchange Board of India

01 SEBI mulls stricter rules for SME IPOs; proposes raising minimum application size

- SEBI proposed raising the minimum application size in SME IPOs to Rs 2 lakh to attract informed investors.
- A "draw of lots" system for non-institutional investors in SME IPOs was suggested to ensure fairer allotment.
- SEBI proposed limiting Offer-for-Sale (OFS) to 20% of the issue size to improve transparency.
- A monitoring agency would be mandatory for SME IPOs over Rs 20 crore and for specific uses of proceeds.
- SEBI recommended eligibility conditions for issuers, including a minimum issue size of Rs 10 crore and operating profit criteria.



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02 BSE, NSE to be alternative trading venues to each other in case of outages: SEBI

- From April 1, 2025, BSE and NSE will serve as backup exchanges during outages to reduce price risks.
- Investors can hedge positions on the other exchange if one faces an outage.
- The affected exchange must notify the other and SEBI within 75 minutes, and the backup exchange must act within 15 minutes.
- The system will cover cash markets, derivatives, and related products, with joint SOPs from both exchanges.
- Exchanges must set up infrastructure and reserve contracts for exclusive products on the other exchange.



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SEBI


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03

SEBI asks MIs to resolve whistleblower complaints within 60 days

- SEBI has directed MIs to resolve whistleblower complaints within 60 days to improve market transparency.
- A 60-day deadline has been set for timely resolution of complaints.
- SEBI emphasized protecting whistleblower identities to encourage reporting.
- MIs must report the status of complaints to SEBI for regulatory oversight.
- The move aims to strengthen corporate governance and market integrity.



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04

Market regulator SEBI simplifies process for registration of certain FPIs

- SEBI has simplified the registration process for certain Foreign Portfolio Investors (FPIs), easing their entry into Indian markets.
- The new guidelines reduce documentation for FPIs from jurisdictions with a lower risk profile.
- The revised process aims to speed up the approval and registration timeline, improving market access.
- SEBI's changes focus on jurisdictions that meet specific transparency standards, reducing the burden on FPIs.
- This move is expected to attract more foreign investments, enhancing liquidity and market depth.



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05

SEBI CIRCULARS

Amendment to Para 15 of Master Circular for Credit Rating Agencies (CRAs) dated May 16, 2024 ("Master Circular")



Link

Investments in Overseas Mutual Funds/ Unit Trusts by Indian Mutual Funds



Link

Procedure for reclassification of FPI investment to FDI



Link

Valuation of repurchase (repo) transactions by Mutual Funds.



Link

Disclosure of expenses, half yearly returns, yield and risk-o-meter of schemes of Mutual Funds



Link

Trading supported by Blocked Amount in Secondary Market



Link

Withdrawal of Master Circular on issuance of No Objection Certificate (NOC) for release of 1% of Issue Amount



Link

RBI



01

RBI's variable reverse repo rate auction sees muted response from banks

- The RBI's 14-day VRRR auction saw weak participation, with banks parking just ₹2,476 crore out of ₹25,000 crore.
- A liquidity deficit of ₹9,489 crore was driven by GST payments and forex outflows.
- The RBI's VRRR strategy may aim to support the weakening rupee amid foreign selling.
- India's GDP growth slowed to 5.4% in Q2 FY24, causing a drop in the 10-year bond yield to 6.74%.
- The slowdown raised expectations of possible RBI rate cuts to support the economy.



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02

Banks see deposits rise for the third consecutive fortnight since mid-October

- For the third straight fortnight, deposit growth outpaced credit growth, the first time in 30 months.
- Deposits rose due to stock market volatility and slower credit demand from regulatory curbs on unsecured loans.
- Credit growth slowed to 11.15% due to regulatory measures and reduced unsecured lending.
- Banks have intensified efforts to strengthen their deposit base, including offering higher returns and special schemes.
- State-owned banks, lagging in deposit growth, have raised funds through the bond market for long-term financing.



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RBI



03

Private consumption back to being driver of domestic demand: RBI Bulletin

- Private consumption is driving domestic demand, supported by festival-related spending and a recovering agriculture sector.
- E-commerce, particularly in rural areas, is booming, with FMCG and auto companies increasing ad spends to boost demand.
- Retail sales are picking up, especially for electric two-wheelers and luxury cars, indicating a shift toward premium products.
- Rising food prices and overall inflation need to be controlled to prevent them from negatively impacting growth.
- Inflation is affecting consumption and earnings, but the long-term economic outlook remains positive.



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04

Growth in bank credit to NBFCs declines sharply to 6.4%: RBI data

- Bank credit to NBFCs grew by just 6.4% in October, down from 18.3% a year ago, slowing overall services sector credit growth.
- Services sector credit growth fell to 14.1% in October, from 20.4% last year, due to weaker credit to NBFCs and trade.
- Retail credit growth dropped to 15.8%, with declines in personal, vehicle, and credit card loans, but housing loans rose 17.8%.
- Trade sector loan growth slowed to 12.4%, while commercial real estate grew 26%.
- Non-food credit growth slowed to 12.8%, with stronger credit growth in agriculture (15.5%) and industry (8%).



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RBI

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RBI CIRCULARS

Amendment to the Master Direction - Know Your Customer (KYC) Direction, 2016, in terms of which Regulated Entities (REs) have to undertake Customer Due Diligence (CDD), as per the process laid out therein, for their customers.



Link

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



Link

Reporting of Foreign Exchange Transactions to Trade Repository, Authorised Dealers to report all over-the-counter (OTC) foreign exchange derivative contracts and foreign currency interest rate derivative contracts, undertaken by them directly or through their overseas entities



Link

Operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment (FDI)



Link

MCA



01 MCA extends filing deadline for Producer Companies' Financial Statements

- Producer Companies are required to submit their financial statements within sixty days of their annual general meeting (AGM) date. This change extends the previous 30-day filing deadline to 60 days, in accordance with section 378ZA(10) of the Companies Act, 2013.
- The extension is due to challenges faced by producer companies in filing on time. Producer companies, often in agriculture and rural sectors, need more time for data collection and audits. The extension follows the Companies (General) Rules, 2013, to ease compliance for these entities.



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02 MOUs inked for independent director databank

- IICA signed MoUs with six executive search firms to enhance the selection of Independent Directors and improve corporate governance.
- The firms include Korn Ferry, ABC Consultants, EMA Partners, DHR Global, Sheffield Haworth, and Vahura.
- The Independent Director Databank (IDDB) requires registration and proficiency assessments for all Independent Directors.
- Dr. Ajay Bhushan Pandey highlighted the MoUs' role in aligning boardrooms with modern governance needs.
- IICA also launched two resources: the "IICA Note on Board Evaluation" and the "Board Evaluation Services Deck" to improve board performance.



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INCOME TAX



01

Centre's net direct-tax revenue grows 15.4% to ₹12.1 trillion till Nov 10

- India's net direct tax collections grew by 15.4% to Rs 12.1 lakh crore between April and November 2024.
- Gross direct taxes rose by 21%, with Rs 2.9 lakh crore in refunds, a 53% increase.
- The 2024-25 target for direct taxes is Rs 22.12 lakh crore, a 13% increase.
- Strong tax collections boost government finances for infrastructure and welfare while controlling the fiscal deficit.
- A lower fiscal deficit reduces borrowing, promoting private investment, growth, and job creation.



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02

Failure to disclose foreign assets or income could lead to Rs 10 lakh penalty, warns Income Tax department

- Failure to disclose foreign assets or income in the ITR can result in a penalty of up to Rs 10 lakh under the Black Money Act, 2015.
- The Income Tax Department launched an awareness campaign to ensure taxpayers report foreign assets and income for AY 2024-25.
- Foreign assets include bank accounts, property, insurance, equity, and financial interests held abroad.
- Taxpayers must fill out the foreign asset or foreign income schedules in their ITR, regardless of income or asset source.
- The CBDT will send reminders to taxpayers with foreign assets, and the last date for filing revised or belated ITR is December 31, 2024.



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INDIRECT TAXATION



01

GST collection for November rises by 8.5% to ₹1.82 trillion

- November GST collections rose by 8.5% year-on-year to ₹1.82 trillion, but were lower than October's ₹1.87 trillion.
- The growth was driven by festive demand, with optimism for sustained rural and urban consumption.
- Economic recovery signs were supported by high-frequency indicators like PMI and e-way bills.
- States like Jammu & Kashmir, Bihar, and Delhi saw strong growth, while Haryana, Punjab, and Rajasthan showed weaker results.
- Experts warn of potential slower growth in the coming months due to global and domestic challenges.



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02

GST: GSTN issues Advisory on TDS Deduction Reporting by Metal Scrap Dealers

- Metal scrap dealers must deduct TDS on transactions from October 10, 2024, as per Notification No. 25/2024-Central Tax.
- Taxpayers who registered in October but were approved in November couldn't file TDS returns for October.
- Affected taxpayers are advised to report TDS deducted from October 10 to November 30, 2024, in the GSTR-7 return for November.
- Non-compliance with TDS reporting could lead to penalties under the CGST Act.
- GSTN offers helpdesk support and a grievance portal for businesses facing issues.



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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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CA Varun Parakh
Managing Director
M: +91-9890920892
E: varun@kreocapital.com

HEAD OFFICE:

2nd Floor, Near Gate No.
8, V.C.A. Complex, Civil
Lines, Nagpur – 440001
T: +91-712-6641111

MUMBAI OFFICE:

Unit 202, Tower-A,
Peninsula Business
Park, Senapati Bapat
Marg, Lower Parel,
Mumbai – 400013
T: +91-22-41731000

W: www.kreocapital.com
E: info@kreocapital.com

SEBI REGISTRATION
NO: INM000012689