

# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SEVENTY SECOND EDITION



August 2024

Wednesday, 11<sup>th</sup> September 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**

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## GLOBAL MARKETS



01

Gold drops as dollar, yields firm after U.S. inflation report



News Link

02

China's August manufacturing slips to 6-month low



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03

Bangladesh puts its eggs in one economic basket. Now, a reckoning.



News Link

04

US reports jobs lower than expected, raises the odds of a 50 basis point rate cut on Sept 18



News Link

05

ECB's Schnabel (hawk) keeps door open to further rate cuts



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06

Debt woes and funding needs in focus as China hosts African leaders



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*BROAD ECONOMIC NEWS***01**

Indian rupee likely to miss Fed pivot-fuelled emerging market rally

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

Household real income continued to decline in recent months, higher govt spends needed to uplift rural income

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

Unified Pension Scheme to put a Rs 6,250-cr pressure on govt

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

Forex reserves rise by \$7 billion to hit record high of \$681.69 billion

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

India's manufacturing activity eases to a three-month low in August

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

India's services sector growth surges to 5-month high in August: PMI

[News Link](#)

## CAPITAL MARKETS

**01**

FPIs stay bullish on EQUITIES in August, but inflows ease to ₹7,320 crore

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

FPIs inject Rs 11,366 cr in DEBT market in August, inflow surpasses Rs 1 trn as on 24th August

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

Mutual funds, retail shareholding in Indian stock market at record high; FII stake slips to 12-year low

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

NSE Indices has announced changes to the Nifty 50 index

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

10-Year Govt Bond Yield Dips To 6.86, Picks Up After RBI MPC Meet

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

Rupee second-worst performing Asian currency against greenback in Aug

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## STARTUP INDIA



01

VC funding for Indian startups up 42% to \$6.3 bn in Jan-July: Global Data



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02

T-Hub Partners with Beyond4 to Boost India-Malaysia Startup Ecosystem and Global Growth



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03

Indian startups raised over \$1475 million in August, 2024



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04

Investors see opportunities amid focus shift towards environmentally sustainable ventures



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The new AI deal: buy everything but the company



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06

HSBC ramps up funding corpus for tech startups to \$600 million from \$250 million



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**SEBI**

 भारतीय प्रतिभूति और विनियम बोर्ड  
 Securities and Exchange Board of India

## 01 Positive response to Small and Medium REITs: SEBI Chief

- SEBI's small and medium REITs initiative has received positive feedback, with the industry welcoming regulation to build investor trust.
- SEBI is working to reduce delays in public issue applications and is using AI to speed up approval and supervision processes.
- The regulator has implemented 70% of 317 recommendations aimed at improving ease of business and compliance.
- SEBI emphasizes investor protection, supporting initiatives that benefit consumers and rejecting those that harm investors.
- The goal is for compliance to become a seamless part of business operations, running in the background effortlessly.



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## 02 Sebi Regulates Finfluencers: New Rules for Financial Influencers

- SEBI requires finfluencers to register and bans their partnerships with regulated entities.
- Regulated entities cannot work with unregistered finfluencers or those giving financial advice without SEBI approval.
- The rules aim to prevent misleading advice and ensure accountability.
- Partnerships are allowed only for investor education, without recommendations or performance claims.
- The changes address risks from unregulated finfluencers and promote responsible advice.



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**SEBI**भारतीय प्रतिभूति और विनियम बोर्ड  
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03

### Sebi flags inflated valuations and shady tactics in SME market

- SEBI warns of inflated valuations and manipulative tactics in the SME market.
- Some SME promoters use misleading announcements to boost stock prices.
- This allows them to sell shares at high prices, harming investors.
- SEBI plans stricter rules and more transparency to protect investors.
- Significant growth in the SME market raises concerns about fairness.

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04

### Sebi tightens eligibility criteria for stocks to enter/exit F&O segment

- SEBI has raised the MQSOS requirement from ₹25 lakh to ₹75 lakh for stocks in the F&O segment.
- The MWPL requirement has increased from ₹500 crore to ₹1,500 crore.
- Stocks must have an Average Daily Delivery Value of at least ₹35 crore, up from ₹10 crore.
- These changes aim to include only high-quality stocks with sufficient market activity.
- The updated criteria reflect significant growth in market turnover since the last review in 2018.

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*SEBI*भारतीय प्रतिभूति और विनियम बोर्ड  
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05

## SEBI CIRCULARS

Review of eligibility criteria for entry/exit of stocks in derivatives segment



Link

Guidelines for borrowing by Category I and Category II AIFs and maximum permissible limit for extension of tenure by LVFs



Link

Amendment to Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024 - Review of statement of investor complaints and timeline for disclosure of statement of deviation(s)



Link

Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024 - Review of statement of investor complaints and timeline for disclosure of statement of deviation(s)



Link

Modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012



Link

Institutional mechanism by Asset Management Companies for identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities



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RBI



01

## RBI Monetary Policy: Governor Shaktikanta Das-headed MPC Maintains Repo Rate at 6.5%

- The RBI's MPC kept the repo rate unchanged at 6.5% for the ninth time, focusing on the "Withdrawal of Accommodation" stance.
- Inflation rose to 5.2% in June, largely driven by food prices, which hold a 46% weight in the inflation index
- The last rate hike was in February 2023, with a total 250 basis point increase since May 2022.
- GDP growth forecast for FY25 is revised to 7.2%, with quarterly growth projections around 7.2% to 7.3%.
- Despite suggestions to ignore food inflation, the RBI continues to focus on it due to its significant impact.



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02

## RBI Governor unveils Bharat BillPay for Business, UPI Circle

- RBI Governor Shaktikanta Das launched Bharat BillPay for Business and UPI Circle at the Global Fintech Festival 2024.
- Bharat BillPay simplifies B2B transactions by automating invoicing and payments.
- UPI Circle allows users to delegate payments to trusted secondary users with set limits.
- Both initiatives aim to improve security, inclusivity, and efficiency in digital payments.
- A live demo of UPI Circle was shown using UPI apps like BHIM.



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RBI



03

### RBI announces premature redemption for SGB issued between 2017 to 2020

- RBI announced premature redemption for SGBs issued from May 2017 to March 2020, starting October 11, 2024.
- Redemption will follow a phased schedule, with payments, including interest, credited by set dates.
- The move lets investors capitalize on rising gold prices, with a CAGR of 14-15%.
- SGBs held over 12 months are taxed at 12.5%, while short-term assets follow regular tax rates.
- SGBs offer better tax efficiency and interest compared to physical gold, though physical gold provides more liquidity.



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04

### RBI recognises FACE as self-regulatory organisation in FinTech sector

- RBI recognized the Fintech Association for Consumer Empowerment (FACE) as a Self-Regulatory Organisation (SRO) for the FinTech sector.
- FACE was selected from three applicants, with one returned for resubmission and another under review. More SROs may be approved in the future.
- SROs will facilitate open communication between fintechs and regulators, helping them stay informed about regulatory priorities.
- Over the past year, RBI engaged with fintech players in 750 interactions and 50 structured meetings to strengthen industry collaboration.



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*RBI*

05

## RBI CIRCULARS

Scheme for Trading and Settlement of Sovereign Green Bonds in the International Financial Services Centre in India



Link

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



Link

Frequency of reporting of credit information by Credit Institutions to Credit Information Companies



Link

Review of Risk Weights for Housing Finance Companies (HFCs)



Link

Review of regulatory framework for HFCs and harmonisation of regulations applicable to HFCs and NBFCs



Link

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



Link

Review of Master Direction - Non-Banking Financial Company - Peer to Peer Lending Platform (Reserve Bank) Directions, 2017



Link

**MCA****01**

## Internship portal in the works, will match skill sets with opportunity

- MCA will launch a portal for internships with India's top 500 companies.
- 1 crore youth will benefit over five years, focusing on marginalized and less skilled individuals.
- Interns receive ₹5,000/month and ₹6,000 one-time assistance, with companies covering training costs via CSR funds.
- Eligibility excludes IIT/IIM graduates, accountants, taxpayers, and children of government employees.
- A voluntary quota system will be implemented, based on companies' CSR expenditure.



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**02**

## Surge in number of new firms being set up in 2024-25

- New company and LLP incorporations rose by 5% in 2024-25, reaching 91,578.
- India had 26.63 lakh registered companies by March 2024, with 5,164 foreign firms.
- DIR-3 KYC filings increased to 10.17 lakh in 2024-25; mandatory for directors with a DIN.
- Total filings on the MCA-21 portal grew to 27.60 lakh.
- Budget 2024-25 initiatives, including MSME loans and EPFO reimbursements, aim to boost business and employment.



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**MCA****03**

### Rapid Relief: MCA's new LLP exit policy takes effect on August 27

- MCA extends C-PACE services for voluntary LLP closures, effective August 27, 2024.
- New rules streamline and speed up the exit process for dormant LLPs.
- The move reduces compliance burden and strengthens corporate governance.
- LLP formations have surged due to fewer regulations and CARO exemptions.
- Experts see this as enhancing ease of doing business and simplifying LLP closures.



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**04**

### MCA Targets 400 Companies which are connected to Chinese companies for Deregistration over next 3 Months including loan apps, online job companies, etc.

- MCA plans to deregister 300-400 Chinese companies in 17 states over the next three months.
- Over 700 Chinese companies are under investigation, with around 600 inquiries completed.
- Targeted companies are involved in loan apps, predatory lending, financial fraud, and incorporation-related issues.
- Section 248 of the Companies Act allows a three-month process for striking off companies.
- Increased scrutiny is placed on Chinese investments and business activities in India, especially in sensitive sectors.



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## INCOME TAX



01

### India's net direct tax collection grows 22% to Rs 6.93 lakh crore as of early August

- India's net direct tax collection grew by 22.5% to approximately ₹6.93 lakh crore as of August 11, 2024.
- Personal income tax contributed ₹4.47 lakh crore, while corporate tax accounted for ₹2.22 lakh crore.
- Refunds issued from April 1 to August 11 totalled ₹1.20 lakh crore, marking a 33.5% increase.
- Gross direct tax collection rose 24% to ₹8.13 lakh crore, including ₹4.82 lakh crore from personal income tax.
- The government aims to collect ₹22.07 lakh crore in direct taxes for the current fiscal year.



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02

### CBDT says tax clearance certificate not mandatory for all

- The CBDT clarified that an Income Tax Clearance Certificate (ITCC) is not required for all Indian citizens travelling abroad.
- ITCC is only needed for individuals with serious financial irregularities or direct tax arrears over ₹10 lakh not stayed by any authority.
- This regulation has been in effect since 2003 and remains unchanged after recent amendments.
- Obtaining an ITCC requires specific reasons and approval from the Principal Chief Commissioner or Chief Commissioner of Income Tax.
- The ITCC requirement is reserved for exceptional cases involving significant financial issues.



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## INDIRECT TAXATION



### 01 GST collection climbs 10% to Rs 1.75 lakh crore in August

- GST collections in August 2024 rose 10% to ₹1.75 lakh crore.
- Cumulative GST revenue from April–August 2024 increased 10.1% to ₹9.13 lakh crore.
- Domestic GST revenue grew 9.2% to ₹1.25 lakh crore, imports up 12.1% to ₹49,976 crore.
- Refunds surged 38% to ₹24,460 crore, net GST revenue up 6.5% to ₹1.5 lakh crore.
- Mixed state performance - Maharashtra, Karnataka, Delhi saw 13%, 11%, 22% growth, Andhra Pradesh and Chhattisgarh declined 5% and 10%.



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### 02 GST return filing changes: New thresholds and liability rules to take effect from September

- Starting in September, taxpayers must report supplies above ₹1 lakh in GSTR-1's Table B2CL, per Notification No. 12/2024.
- Negative liability in GSTR-3B can now be carried forward to the following month automatically.
- GSTR-1 or IFF filings will be blocked if bank account details are not added and validated in GST registration.
- Despite a sequential decline, GST collections have shown strong growth since their introduction, totalling ₹9.13 lakh crore in 2024 so far, up 10.1% from last year.



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# KREO CAPITAL PRIVATE LIMITED

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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