

# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SIXTY SEVENTH EDITION



March 2024

Saturday, 6<sup>th</sup> April 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



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Japan brings era of negative interest rates to an end with first hike in 17 years



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02

Iraq and foreign oil firms trade blame over shut pipeline



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03

US monthly inflation slows, consumer spending surges, reveals data



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04

The Federal Reserve holds interest rates steady. Here's the impact on your money.



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05

Global IPO revival lags first quarter share sales as markets rally



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Why Russia Has Been So Resilient to Western Export Controls?



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## BROAD ECONOMIC NEWS



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Govt, Asian Development Bank ink USD 23 mn loan pact to strengthen fintech ecosystem at GIFT City



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India-EFTA sign \$100-billion Trade and Economic Partnership Agreement



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Forex reserves rise \$32.9 billion in April-December



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NHAI completes InvIT monetization of over Rs 16k cr through round 3



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India's coal & lignite production surpasses 1-billion-tonne mark



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Ready reckoner rates to remain unchanged in Maharashtra in FY25



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## CAPITAL MARKETS

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Bitcoin Halving 2024 Explained: How it works & Why does it Matter?

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New-age tech stocks somersault on Dalal Street, give up to 258% returns in FY24

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FPIs infuse over Rs 38,000 cr in equities in March so far amid strong domestic economic outlook

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NSE rejig: Shriram Finance to replace UPL in Nifty50 from March 28

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Insurance sector attracted Rs 54,000 crore FDI in last 9 years: DFS Secretary

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FY24 Market Review: Nifty Midcap and Small cap surged over 60%; check best-performing stocks

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*STARTUP INDIA*

01

Indian gaming likely to hit \$7.5 billion, create 250,000 jobs by 2025: Meta India head



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02

Unicorns to add \$1 trn to economy by 2030, generate 50 mn jobs: CII study



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03

Startup Mahakumbh: MeitY Startup Hub Puts Spotlight On Startups At India's Largest Startup Event



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Domestic startups come under income tax glare for their recent funding



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Fintech startup funding up by 48% in Q1 2024; raising \$429 million between January-March 15



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Fund of Funds commits Rs 9,500 crore for startups, says SIDBI chairman



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SEBI


 भारतीय प्रतिभूति और विनियम बोर्ड  
 Securities and Exchange Board of India

01

## Mutual fund stress test: Methodology and test results for small and mid-cap funds

- The MF stress test devised by the SEBI looks to assess the endurance of liquidity management in the scenario that 25 % or 50 % of investors ask for their money back, amid extreme market conditions.
- Liquidation of 25 % and 50 % of the portfolio: The test involves a pro-rata liquidation of either 25 % or 50 % of the portfolio. This aims to assess the amount of time a fund manager requires to liquidate holdings and answer redemption demands in the case that a significant number of investors demand it.
- Removing the bottom 20 %: The test does not involve cutting the more illiquid part of the portfolio; a fund can remove the bottom 20 % of the portfolio based on the assets' liquidity.


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02

## New REITs regulations by SEBI is a game changer: 7 ways how it can help fractional real estate investors

- The new regulations for medium and small REITs, especially the reduction of the minimum ticket size to Rs 10 lakh, by the Indian market regulator SEBI, is touted to be a game changer for the new-age fractional investment platforms in the country.
- Over the last few years, several new-age fractional investment companies such as hBits, Strata, PropertyShare, and Altgraf have listed a range of commercial properties on their IT-enabled platforms, which HNIs can invest in.
- Currently, these platforms are unregulated entities that are mainly web-based and operate by aggregating funds from investors to buy stakes in pre-leased commercial real estate, typically with a minimum ticket size of Rs 25 lakh.


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SEBI


 भारतीय प्रतिभूति और विनियम बोर्ड  
 Securities and Exchange Board of India

03

## SEBI's plans for more disclosures may complicate IPO process for resource-constrained SMEs: Experts

- The S&P BSE -SME IPO Index, which measures the performance of listed SMEs on the BSE SME platform, was down 9.9 per cent from 55,453.91 on March 11 to 49,940.50 on March 13.
- SEBI plans to bring in additional disclosures to curb price manipulation in SME IPOs and share trading may have a short-term bearing on SMEs' sentiment looking to go public.
- It's essential for SEBI to strike a balance between implementing necessary regulations to curb volatility and ensuring that these measures do not affect market activity or discourage companies from accessing capital markets.


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04

## SEBI go-ahead for same-day settlement on select stocks from March 28

- Come March 28, a select set of stocks would move to same-day settlement—known as T+0 in market parlance—as the Securities and Exchange Board of India (SEBI) has given its go-ahead to introduce the beta version of the shortened settlement cycle on an optional basis.
- The capital markets regulator, in a circular, stated that the new framework would be introduced for a limited set of 25 stocks and also a limited set of brokers.
- A shortened settlement cycle will bring cost and time efficiency, transparency in charges to investors and strengthen risk management at clearing corporations and the overall securities market ecosystem.


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

05

## SEBI CIRCULARS

Entities allowed to use e-KYC Aadhaar Authentication services of UIDAI in Securities Market as sub-KUA



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Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode



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Measures to instil trust in securities market - Expanding the framework of Qualified Stock brokers (QSBs) to more stock brokers



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Repeal of circular(s) outlining procedure to deal with cases where securities are issued prior to April 01, 2014, involving offer / allotment of securities to more than 49 but up to 200 investors in a financial year



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Simplification and streamlining of Offer Documents of Mutual Fund Schemes - Extension of timelines



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Notification for List of goods notified under SCRA, 1956



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RBI



01

## Bank credit to industry rises 8.6 pc in February, shows RBI data

- RBI data revealed 8.6% YOY industry credit growth in Feb-24, up from 6.8% in Feb-23. Agriculture, food processing, and vehicle loans sectors showed significant credit variations compared to the previous year.
- Credit growth to agriculture and allied activities remained robust at 20.1% in February compared to 15% in the year-ago month
- Personal loans growth moderated to 18.1% in February (from 20.6% a year ago) due to decelerated growth in vehicle loans and other personal loans.
- Credit to services sector grew 21.2% as compared to 20.5% in Feb-23.



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02

## RBI infuses Rs 1.16 lakh crore in banking system via three variable rate repo auctions amid tight liquidity

- Liquidity deficit in the banking system widened to Rs 1.39 lakh crore as on March 21, from Rs 72,918 crore on March 18, due to outflows on account of GST payments on Mar-20, experts said.
- But the sharp movement in liquidity deficit was capped by the government spending.
- Through a 14-day auction, RBI injected Rs 25,004 crore at a cut-off rate of 6.72 %, while Rs 50,005 crore was injected via 4-day VRR auction at 6.74 % cut-off rate.
- Similarly, it conducted the third VRR auction maturing on in 4-day basis and infused Rs 40,700 crore at a 6.53 % cut-off rate.



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RBI

03

### Sovereign Gold Bonds (SGB) up for final redemption in 2024: Tentative dates of SGBs up for redemption this year

- This year, already two SGB Schemes launched in 2016 have come up for final redemption.
- Every financial year, the RBI announces the issuance of SGB tranches for that particular year with issuance dates and redemption date. Though the tenor is eight years for SGB, premature redemption of the gold bonds is permitted after five years from the date of issue of such bonds.
- Price of Bond will be fixed in INR based on simple average of closing price of gold of 999 purity published by the India Bullion and Jewellers Association Limited for the week preceding the subscription period. The issue price of the Gold bonds will be Rs 50 per gram less than the nominal value.



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04

### India's central bank likely to hold rates steady until at least July- Reuters poll

- The RBI will keep interest rates unchanged until at least July, a bit longer than the U.S. central bank is expected to do so, on strong growth and still-elevated inflation.
- India's economy grew a stellar 8.4% in the fourth quarter of 2023, the fastest among major economies. Inflation, which is still close to the upper band of the central bank's 2%-6% target, does not hint at an imminent rate cut.
- All 56 economists in the March 15-22 Reuters poll expected the RBI to hold the repo rate at 6.50% (INREPO=ECI), opens new tab at the conclusion of its April 3-5 meeting.



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RBI



05

## RBI CIRCULARS

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



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Arrangements with Card Networks for issue of Credit Cards



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Money Transfer Service Scheme - Submission of Statement on CIMS



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Amendment to the Master Direction - Credit Card and Debit Card - Issuance and Conduct Directions, 2022



Link

Cut-off time for uploading of GST, ICEGATE and TIN 2.0 luggage files



Link

Investments in Alternative Investment Funds (AIFs)



Link



01

## MCA starts major review of regulatory rules

- According to Secretary-MCA, extensive public consultations would be carried out for the review, which is aimed at making compliance easier, and making regulation more system-driven and effective.
- The review is expected to cover the entire gamut of laws that come under the MCA such as Companies act, LLP Act, and the Insolvency & Bankruptcy Code. Also, it would encompass all regulatory bodies concerned such as the NFRA, ICAI, CCI, ICSI and Institute of Cost Accountants of India.
- The review of rules is coming at a time when a record number of new companies and LLPs are being formed. As per MCA's latest figures, some 0.17 million companies have been incorporated in the 11 months of FY24.



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02

## Ministry of Corporate Affairs notifies guidelines for CCI to impose penalty based on global turnover

- In what is expected to give significant teeth to the Competition Commission of India (CCI) to take on MNCs and Big Tech firms found to be engaging in anti-competitive behaviour, MCA has notified the provisions in the Competition (Amendment) Act, 2023 to empower the regulator to levy penalty based on a company's global turnover.
- Previously, the CCI could impose fines based on the turnover of the relevant domestic entity. The penalty could be as high as 10% of the turnover in cases of abuse of dominant position. In case of cartels, the penalty was three times of their profit for each year of such an agreement or 10% of the turnover for each year of the agreement.



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# MCA



03

## MCA revises thresholds for mergers and amalgamation under Competition Act

- Merger transactions with acquisition targets having assets under Rs 450 cr or turnover below Rs 1,250 cr are exempt from CCI approval.
- In another notification, the MCA has said that if the acquisition target has an asset value of less than Rs 450 crore or turnover of less than Rs 1,250 crore, then such a combination deal would be exempt from CCI approval as well. This relief is valid for two years from the date of publication in the official gazette.
- According to Section 5 of the Competition Act, acquisition of one or more enterprises/merger/ amalgamation of enterprises, which exceeds the prescribed threshold shall be a 'Combination' for the purposes of the Act



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04

## MCA to intensify action against Chinese companies, finds fraud in a majority of 500 companies investigated

- Given the geopolitical and trade tensions between India and China in recent years, there has been heightened scrutiny of Chinese investments and business activities in India.
- Investigation on more than 70 % of the Chinese companies has been already completed out of the total 665 under probe. The reports have been submitted.
- MCA is now readying an action plan, including summoning the directors of these companies, which include those hosting loan apps, and filing charges before the special courts.
- In cases of failure to comply with mandatory filing requirements, the companies will be struck off or removed from the official register of companies and their legal existence will be ended.



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## INCOME TAX



### 01 Centre approves Rs 1.42 lakh crore tax devolution to States

- The Centre approved the release of two instalments of tax devolution amounting to ₹1.42 lakh crore to 28 states for social welfare and infrastructure development schemes. This release will help states maintain their pace of expenditure in the build-up to the general elections expected in April-May.
- This release is in addition to another instalment of Rs 71,061 crore already made on February 12.
- UP leads the pack of the beneficiary states. It will receive Rs 25,495 crore from the latest instalments, followed by Bihar (Rs 14,295 crore), MP (Rs 11,157 crore), West Bengal (Rs 10,692 crore), Maharashtra (Rs 8,978 crore), Rajasthan (Rs 8,564 crore), Odisha (Rs 6,435 crore) and Tamil Nadu (Rs 5,797 crore).



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### 02 Advance tax receipts up 6% on quarter in Q4; direct tax receipts at 97% of FY24 revised estimate

- The Centre's advanced direct tax receipts for Q4 of the current fiscal rose by a decent 6% on quarter to Rs 2.85 trillion as per the data till March 15 of the current financial year.
- The sequential advance tax increase in Q4 comes over a 19% annual increase in advance tax receipts for the third quarter of FY24, indicating continued traction in the economic activity.
- Despite higher refunds during the period till March 15, direct tax receipts (post-refund) stood at Rs 18.91 trillion or 97% of the full-year revised estimate (RE) of Rs 19.45 trillion for FY24, indicating that receipts for the full year will exceed the revised estimate.



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## INDIRECT TAXATION



### 01 Food firms, GST authority spar over 18% tax rate on snacks

- Some of the country's top food companies such as ITC, PepsiCo India, Balaji Wafers and Prataap Snacks are in disagreement with the Directorate General of GST Intelligence, regarding the imposition of an 18% GST on snack foods.
- The issue concerns a recent clarification by the government, classifying snacks as extruded and non-extruded.
- In food processing, extrusion involves pushing ingredients through a machine to attain the desired shape. Many ready-to-eat snacks are produced through this process.
- Extruded snacks contribute 25-30% to the total Rs 47,000-crore salty snacks market, according to industry experts.



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### 02 Spectre of multi-authority, repetitive and multi-directional proceedings haunting GST-payers

- The multiple proceedings arise due to the overlapping powers of various "proper officers" across Centre and States under the GST law, tracing back to the federal structure.
- While State Tax officers like the SGST Commissionerates have jurisdiction limited to their State territory, the Central Tax formations like Director General of GST Intelligence (DGGI) have pan-India jurisdiction.
- The GST Council may also recommend establishment of a central database for documenting the audit and investigation findings and a strict approval chain before any proceeding gets initiated against a taxpayer who has already been scrutinised.



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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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