

# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

FIFTIETH EDITION



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2022

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**“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**



**SEBI**



**MCA**



**INCOME TAX**



**INDIRECT TAX**



**STARTUP INDIA**

*Click on individual images for detailed coverage*

*GLOBAL MARKETS*

01

Economy Global to grow 2.7% in 2022 and will slow down further in 2023: Moody's

[News Link](#)

02

Stagflation Risk Rises Amid Sharp Slowdown in Growth

[News Link](#)

03

Energy, inflation crises risk pushing big economies into recession: OECD

[News Link](#)

04

Global Risk Assets Tumble as Pressure on UK Mounts: Markets Wrap

[News Link](#)

05

Sterling hits record low against the dollar, as Asia-Pacific currencies also weaken

[News Link](#)

06

Fed raises rates by another three-quarters of a percentage point, pledges more hikes to fight inflation

[News Link](#)

*BROAD ECONOMIC NEWS*

01

RBI policy: Repo rate hiked by 50 bps to 5.9%;  
FY23 GDP forecast cut to 7%



News Link

02

\$25 billion investment expected to flow into  
India's new semiconductor plan



News Link

03

Rupee dives to new low, Dalal Street mirrors  
fall in global markets



News Link

04

Surge in services demand helps steady India's  
economy in August



News Link

05

India set to become 3rd largest economy in the  
world, report says



News Link

06

S&P projects India's GDP growth at 7.3% for  
FY23



News Link

## CAPITAL MARKETS



01

Old economy stocks outperform D-St benchmarks up to 20% returns in Sept quarter

[News Link](#)

02

FPIs pump in Rs 8,600 Crore in September; pace of investment slow

[News Link](#)

03

Bank of America expects Indian IPO market to pick up within six months

[News Link](#)

04

HDFC Capital raises over Rs 500 Crore in first close of proptech fund

[News Link](#)

05

7 Adani companies contributed 79% of India's m-cap gain in 2022

[News Link](#)

06

61% equity mutual fund schemes failed to beat benchmarks in five years

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**SEBI**भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India**01****SEBI rolls out framework for credit rating agencies**

- Markets regulator SEBI on Wednesday came out with a new framework for credit rating agencies (CRAs), involving ratings of securities having explicit credit enhancement features. The new framework, applicable from January 1, 2023, is aimed at enhancing transparency and improving the rating process, SEBI said in a circular.
- Under the rule, CRAs can assign the suffix 'CE' (Credit Enhancement) to the rating of instruments having explicit credit enhancement.

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more***02****SEBI set to allow confidential pre-filing of IPO documents**

- SEBI is set to allow companies holding initial public offerings (IPOs) to submit confidential pre-filing of offer documents; relax open offer pricing norms for the disinvestment of Public Sector Undertakings (PSUs); and seek enhanced disclosures from startups in offer documents on the IPO issue price.
- The regulator's board, which will meet on September 30, will also clear a proposal to bring buying and selling by mutual funds under insider trading rules; they are currently excluded. The move comes in the wake of the Franklin Templeton episode in which some executives were accused of insider trading.

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

03

### SEBI working on ASBA-like facility for secondary market transactions as well

- SEBI Chairperson Madhabi Puri Buch on Wednesday said the capital markets regulator is working on an ASBA-like facility for secondary market transactions as well. Buch said the moves like ASBA for secondary market are aimed at reducing "structural vulnerabilities" in the system and asked fintech players to avoid a few things in their business models.
- At present, the investor parks money with the broker, ensuring that the middleman gets a float, whereas an ASBA-like facility will take away the money from such entities.

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04

### SEBI lays down a roadmap for Social Stock Exchanges

- SEBI has developed a robust framework to enable match making between social/charitable organizations and philanthropists/, big and small, who are in search of such organizations. Using the existing and well developed infrastructure of stock exchanges, SEBI has ambitiously sought to create a transparent and well governed market place for philanthropy
- Within existing national exchanges, Zero coupon zero principal tradable bonds can be issues by social enterprises. The 'social investor' would soon have a choice of investing through Social Impact Funds

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

05

## OTHER SEBI CIRCULARS

Participation of SEBI FPIs in Exchange Traded Commodity Derivatives in India

[Link](#)

Amendments to guidelines for preferential issue and institutional placement of units by a listed REIT

[Link](#)

Circular on Modification in Daily Price Limits (DPL) for Commodity Futures Contracts

[Link](#)

Issue and listing of Commercial Paper by listed REITs

[Link](#)

Amendments to guidelines for preferential issue and institutional placement of units by a listed InvIT

[Link](#)

Firewall between Credit Rating Agencies and their Affiliates

[Link](#)

Issue and listing of Commercial Paper by listed InvITs

[Link](#)



**RBI****01**

**RBI policy: Repo rate hiked by 50 bps to 5.9%; FY23 GDP forecast cut to 7%**

- The Reserve Bank of India (RBI)'s Monetary Policy Committee (MPC) announced a 50 basis points (bps) hike in the repo rate to 5.90 per cent on Friday in order to bring elevated inflation back to its target.
- The MPC also retained its current stance of remaining focused on the withdrawal of accommodation, Das said.
- CPI inflation for the current financial year is seen at 6.7 per cent, with the price gauge seen at 7.1 per cent in July-September, 6.5 per cent in October-December and 5.8 per cent in January-March. CPI inflation is seen at 5 per cent in the first quarter of the next financial year.



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**02**

**RBI merges 28-day and 14-day VRRR auctions to counter moderation in systemic liquidity**

- RBI Governor outlined measures to tackle the liquidity deficit in the system stating that it is temporary and should be seen in the context of large potential liquidity arising from higher government spending in the latter half of the fiscal year. The Reserve Bank uses the variable rate reverse repo rate (VRRR) auctions of longer maturity to balance out surplus liquidity in the system.
- The Governor said that the surplus liquidity in the system moderated to Rs 2.3 lakh crore during August-September up to (September 28) from Rs 3.8 lakh crore in June-July as shown by the daily absorption through the LAF corridor taking into account the SDF and VRRR auction.



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*RBI*

03

### RBI mulls steps to arrest rupee slide

- The Reserve Bank of India (RBI) is said to be contemplating several bespoke measures, such as opening a special window for oil importers and reducing hedging costs for foreign-currency depositors, to minimize the pace of decline in the rupee against the surging US dollar.
- Under a special-purpose oil window, oil marketing companies can avail dollars offshore from the RBI at a specified rate, and these can be repaid only at a later date without involving rupees.
- India's forex reserves have depleted nearly \$100 Bn to \$545.6 Bn in September this year. It peaked at \$642.4 billion on September 3, 2021.



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04

### RBI cancels Laxmi Co-operative Bank's License, says lender lacks adequate capital

- The Reserve Bank of India on 22 September announced that it has cancelled Solapur-based The Laxmi Co-operative Bank Limited, citing the lender lacks adequate capital and earning prospects.
- It also cited the bank failed to comply with the requirements of Sections 22(3) (a), 22 (3) (b), 22(3)(c), 22(3) (d) and 22(3)(e) read with Section 56 of the Banking Regulation Act, 1949.
- The RBI added that the bank with its present financial position would be unable to pay its present depositors in full and public interest would be adversely affected.



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*RBI*

05

## OTHER RBI CIRCULARS

Standing Liquidity Facility for Primary Dealers

[Link](#)

Liquidity Adjustment Facility- Change in rates

[Link](#)

Master Directions on Interest Rate on Deposits

[Link](#)

Compliance Function and Role of Chief Compliance Officer (CCO)- Urban Co-operative Banks

[Link](#)

Guidelines on Digital Lending

[Link](#)

Risk Weights for Exposures guaranteed by Credit Guarantee Schemes (CGS)

[Link](#)

Rupee Drawing Arrangement - Enabling Bharat Bill Payment System (BBPS) to process cross-border inbound Bill Payments

[Link](#)

**MCA****01****MCA crackdown on Chinese shell companies in India SFIO arrests mastermind & chief plotter**

- After the simultaneous search and seizure operations conducted by the Ministry of Corporate Affairs on 8th Sept. 2022, on the offices of Jillian Consultants India Private Ltd, a wholly owned subsidiary of Jilian Hong Kong Ltd., at Gurgaon, Fininty Pvt Ltd at Bangalore and Husys Consulting Ltd, an erstwhile listed company at Hyderabad, the Serious Fraud Investigation Office (SFIO) has arrested Mr Dortse yesterday.
- Evidence procured during the enquiry by ROC Delhi and the simultaneous search operations clearly points to dummy Directors being paid by Jilian India Ltd. to act as dummies in several shell companies.

*Click to know more***02****MCA clarifies the mandating Companies to round off Figures appearing in Financial Statements**

- The Ministry of Corporate Affairs ("MCA") has issued an Update dated September 26, 2022, clarifying the mandating Companies to round off Figures appearing in Financial Statements.
- The MCA has said that, "CLARIFICATION: Amendment to Schedule III to the Companies Act, 2013 vide MCA Notification GSR. 207(E) dated March 24, 2021 mandates companies to round off the figures appearing in the Financial Statements depending upon their total income. However, if the companies provide absolute figures in e-forms ie. AOC-4, the same shall not be treated as incorrect certification by the Professionals."

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**MCA****03** Govt amends rules governing corporate social responsibility

- The government has asked companies having any amount in their unspent corporate social responsibility accounts to set up a CSR committee. To this effect, the government has amended rules governing corporate social responsibility (CSR), according to an official notification issued by the Ministry of Corporate Affairs.
- Under the Companies Act, 2013, certain classes of profitable companies are required to spend at least 2 per cent of their average net profit of the preceding three financial years on CSR activities in a particular financial year.



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**04** Insolvency and Bankruptcy Code changes to hasten, maximise recovery

- Multiple amendments and clarifications to the Insolvency and Bankruptcy Code by the Insolvency and Bankruptcy Board of India (IBBI) will help creditors fetch better value for distressed assets and lift sagging recovery rates, consultants and bankers said.
- In a notification, IBBI has for the first time set a minimum fixed fee for RPs. Depending on the size of claims admitted, RPs can now earn between ₹1 lakh and ₹5 lakh per month.
- An RP is now entitled to 1% of the realisable value if the resolution plan is submitted to the National Company Law Tribunal (NCLT) in less than 165 days. Conversely, he gets nothing if the plan is submitted after more than 330 days.



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## INCOME TAX



01

### Direct tax collection surges by 35% to Rs 6.48 lakh crore

- Direct tax collection, including personal income tax, rose by 35.46 percent to Rs 6.48 lakh crore in the current fiscal up to September 8, reflecting an uptick in the economy. The country recorded a GDP growth of 13.5 percent during the first quarter ended on June 30, 2022.
- The government has estimated to collect Rs 14.20 lakh crore from direct taxes this fiscal. This includes Rs 7.20 lakh crore from corporate taxes and Rs 7 lakh crore from individual taxpayers.



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02

### Loan waiver not a benefit, banks exempt from 10% TDS for one-time settlement

- CBDT said in a detailed clarification that OTS or loan waiver by a bank will not be treated as a benefit or a perquisite and not face Tax Deducted at Source as they would have to bear the additional cost of tax deduction besides the haircut.
- The exemption will be available to all public financial institutions, scheduled banks, cooperative banks, rural development banks, state financial corporations, and state industrial investment corporations.
- CBDT also clarified that TDS would not be leviable on issuance of bonus or right shares by listed entities.



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## INDIRECT TAXATION



01

### Govt working on decriminalising certain offences under GST, lower compounding charges

- The government is working on decriminalisation of certain offences under GST by raising the threshold limit for launching prosecution and also lowering charges for compounding of offence, an official said on Wednesday. Currently, the law provides for launching prosecution against offenders in cases where the amount of Goods and Services Tax (GST) evasion or misuse of input tax credit is more than Rs 5 crore.
- The compounding charges for offences under GST would also be lowered so that taxpayers are encouraged to compound their offences instead of going into litigation.



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02

### Govt working on GST on crypto transactions, defining legal framework

- The government is working on a comprehensive indirect tax regime for crypto assets, which will check revenue loss to the exchequer due to the uncertain nature of these assets, reported Livemint on Monday.
- This comes amid heated debates on crypto assets in India as the Reserve Bank of India has said they are a threat to the nation's financial stability. On the other hand, the central government is in touch with multilateral agencies and the Bank for International Settlements to develop a consensus on regulating such assets, reported Livemint.



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*STARTUP INDIA*

01

HCL acquires majority stake in vernacular edtech platform GUVI



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02

Startup FoF commits Rs 7,385 cr to 88 AIFs as of Sept 24: Govt



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03

Healthcare SaaS startup CoverSelf raises \$4.8 million led by Beenext and 3one4 Capital



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04

General Atomics enters into strategic partner with Indian startup for next-gen computer chips



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05

SoftBank cuts valuation of IPO-bound Oyo to \$2.7 billion



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06

Singapore's Skyroot Aerospace raises \$51 million in new funding round led by GIC



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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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