

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

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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



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

Asia-Pacific to dominate global growth in 2023: S&P



News Link

02

US economy returned to growth last quarter, expanding 2.6%



News Link

03

Global Economy To Fall Into A Recession On Central Banks' Action



News Link

04

WTO cuts 2023 trade, GDP forecast on Ukraine war, inflation, monetary tightening



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05

Global economy updates: China's GDP grows 3.9% in Q3, Hong Kong stocks fall



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06

World steel use to fall in another bleak sign for global economy



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BROAD ECONOMIC NEWS

01

India GDP to grow at 7%, inflation seen at 6.8% in FY23; RBI to hike repo rate 25-35 bps in Dec



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02

IMF cuts India's FY 2022-23 growth forecast to 6.8%



News Link

03

India's forex reserves hit another low as RBI's rupee defence makes it burn \$118 billion



News Link

04

India may emerge strongest major economy with 7% growth rate in FY23: EAC-PM



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05

India raises base import price of palm oil, leaves gold prices unchanged



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06

Govt. likely to surpass FY23 tax collection goal by over \$24 billion



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CAPITAL MARKETS



01

Lower cash market turnover, rising costs dent top brokers' Q2 profits



02

Google fined Rs 936 crore for unfair practices



03

Dabur India picks up 51% stake in Badshah Masala



04

Utkarsh small finance bank gets SEBI nod of for 500cr initial public offering



05

PE investments down 77.5% to \$3.8 billion in Q3



06

IPO market set for a busy week; 4 firms to raise ₹4,500 cr via public offer



SEBI



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

01

Sebi extends time till Nov 9 to auction properties of saradha group of companies



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- Saradha Group of Companies allegedly ran chit fund operations in West Bengal, Assam and Odisha and collected Rs. 4000cr from 1.7m depositors before it collapsed in April 2013. The regulators will auction as many as 69 properties of Saradha Group of Companies for a reserve price of Rs. 30cr to recover money raised by the company from public through illicit schemes.
- Land parcels in West Bengal are among the properties that will be auctioned off. The last date for submission of the bids has been moved from 1st November to 9th November. SEBI has appointed C1 India as the e-auction provider.

02

BSE gets SEBI nod for social stock exchange as separate segment



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- Stock exchange BSE announced that it has got an in-principle nod from the capital market regulator Securities and Exchange Board of India (SEBI) for the social stock exchange as a separate segment.
- Social enterprises (SEs) eligible to participate in the SSE will be entities, non-profit organisations (NPOs) and for-profit social enterprises. Under the new rules, SSE will be a separate segment of the existing stock exchanges.
- Corporate foundations, political or religious organisations or activities, professional or trade associations, infrastructure and housing companies, except affordable housing, will not be eligible to be identified as a social enterprise.

SEBI



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03

The findings SEBI's new rule on settling unused funds reveals funds mismatch



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- Starting from October 7, every first Friday of the month, all brokerages must transfer unused funds back to the customer's bank account as part of the new process. Client's funds can only be used for the customer's trades and brokers can't hold unused funds forever.
- It was revealed that while brokers withdrew anywhere between ₹16,500 crore and ₹20,000 crore from the clearing corporation (CCs) of stock exchanges, the actual amount they returned to the clients stood somewhere around ₹25,000-30,000 crore

04

SEBI suspends registration of RTA satellite corporate services for 3 month



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- Sebi's investigation revealed that RTA Satellite Corporate Services had less than 50% of the specimen signatures for its client entities on hand. Furthermore, it was mentioned that SCS had scanned signatures from Demat Request Forms (DRFs) in order to display them to the inspection team. It permitted transfer of shares without attempting to confirm the validity of those transfer requests or without even sending seller notices to the transferors.
- Additionally, SCS did not process remat requests with due care and diligence because it relied on the verification performed by the depository participants and the depository.

05

OTHER SEBI CIRCULARS

Addendum to SEBI Circular on Development of Passive Funds



Link

Standardisation of rating scale used by Credit Rating Agencies (CRAs)



Link

BSE, NSE readying mechanism to mitigate cyber attack risks: SEBI chief



Link

Suspension, Cancellation or Surrender of Certificate of Registration of a Credit Rating Agency



Link

Governing council for Social Stock Exchange



Link

Reduction in denomination for debt securities and non-convertible redeemable preference shares



Link

RBI



01

RBI approves amalgamation of Shree Sharada Sahakari Bank Ltd. with The Cosmos Co-operative Bank Ltd.



- All the branches of Shree Sharada Sahakari Bank Ltd, Pune (Maharashtra) will function as branches of The Cosmos Co-operative Bank Ltd., Pune (Maharashtra) with effect from October 30, 2022.
- The scheme will mean that Sharda Sahakari's eight branches in India will be added to 146 branches of Cosmos Cooperative in the country.
- The bank also shared its belief that if small cooperative banks want to safeguard their customer base and manage the profit and loss account effectively, then these types of amalgamations are the need of the hour.

02

Multiple NBFCs in a Group: Classification in middle layer



- NBFCs that are part of a common Group or are floated by a common set of promoters shall not be viewed on a standalone basis. If the consolidated asset size of the Group is ₹1000 crore and above, then each NBFC-ICC, NBFC-MFI, NBFC-MGC lying in the Group shall be classified as an NBFC in the Middle Layer and consequently, regulations as applicable to the Middle Layer shall be applicable to them.
- Statutory Auditors are required to certify the asset of all the NBFCs in the Group every year.

RBI



03

RBI digital rupee pilot for wholesale segment from November 1st

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- The use case for this pilot is settlement of secondary market transactions in government securities which is expected to make the inter-bank market more efficient. Settlement in central bank money would reduce transaction costs by pre-empting the need for settlement guarantee infrastructure or for collateral to mitigate settlement risk.
- Future pilots will focus on wholesale transaction and cross-border payments.
- State Bank of India, HDFC Bank, Bank of Baroda, etc. have been chosen to take part in the pilot

04

RBI's liquidity infusion largest since April 2019 as surplus cash dries up

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- The Reserve Bank of India on October 21, injected the largest amount of funds into the banking system in three and a half years. It also cited the bank failed to comply with the requirements of
- This indicates that the surplus cash with banks is drying up at an accelerated pace.
- The RBI last Friday injected liquidity worth Rs 72,860.70 crore — the highest since April 30, 2019. Three days later, on October 24, the central bank injected Rs 62,835.70 crore, the RBI data showed

RBI



05

OTHER RBI CIRCULARS

Bank credit growth rises to 17.94% YoY in early oct, shows RBI data



Link

RBI raises minimum capital requirement for setting up asset reconstruction company to Rs 300 cr



Link

RBI monetary policy: central bank expects current account deficit to come under 3% in FY23



Link

RBI reviewing regulation for governing non-core business of banks



Link

RBI allows asset reconstruction cos to submit resolution plans under IBC



Link

RBI increases interest rate on floating rate bonds RBI to 7.69%



Link

MCA



01

MCA planning to shift all company forms to new portal by December



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- While many company secretaries have been raising issues of technical glitches on the new website, MCA officials have said that the new system has seen more form submissions than before. For instance, total LLP filings since April 2022 were 319,000 compared to 281,000 for the corresponding period last year.
- While ICAI and ICSI have also created help desks for users to address issues that the professionals might be facing while using the portal, many CSs have raised problems such as inability to register digital signatures, receive OTP, generate challans among others.

02

Corporate Affairs Ministry to withdraw over 10,000 court cases for this reason - check details



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- MCA has filed about 34 thousand cases against companies in different courts of the country in the past few years. Now, they have created a category of cases that can be withdrawn. One of the major reasons behind the withdrawal of the cases is the lack of responses. In many of the cases, there has been no response from the end of the respondents in the last five years.
- Few weeks ago, the NCLT sought a major expansion of its capacity to further speed up the admission of bankruptcy petitions and clear the backlog. Although, as per the official record available on the website of the MCA, no company has been prosecuted in the last month.

MCA



03

MCA approves demerger of NMDC Steel from NMDC



- Steel giants such as ArcelorMittal, POSCO, Jindal Steel and JSW Steel were preparing to bid for the steel manufacturing facility of India's largest iron ore producer NMDC, the MCA has approved the demerger of NMDC Steel from NMDC.
- The SPV floated by NMDC to enter the steel business had envisaged setting up a 3 Mn Tones / year capacity Greenfield integrated steel plant at Nagarnar in Chhattisgarh involving an investment of over Rs 23,000 crore. This was part of the Government of India's charted road map to augment the country's steel production to 300 million tons a year by 2025.

04

Ministry of Corporate Affairs nominates two directors on board of IL&FS



- The Ministry of Corporate Affairs (MCA) has nominated two directors -- G Mahalingam and Deepak Mohanty -- on the board of IL&FS. The appointment of these two directors has been approved by both the MCA and National Company Law Tribunal.
- Both Mahalingam and Mohanty are former executive directors in the Reserve Bank of India.
- With this induction, the existing board of IL&FS now comprises 6 members with C S Rajan as non-executive chairman.

INCOME TAX



01

Direct tax collection grows 24 per cent to Rs 8.98 lakh crore till Oct 8



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- The Finance Ministry on Sunday informed that India's direct tax collection surged 24 per cent to Rs 8.98 lakh crore between April 1 - October 8, 2022.
- The gross collection of taxes on corporate earnings rose 16.74 per cent during April 1 to October 8, while personal income tax collection jumped 32.30 per cent, reported PTI citing the tax department.
- After adjusting refunds, direct tax collection stood at Rs 7.45 lakh crore, 16.3 per cent higher than the net collection for the corresponding period a year ago, the statement said.

02

Tax surge a cushion to bear hit from subsidies



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- In the past, a shortfall in tax receipts of the Union government vis-à-vis the budget estimate (BE) and excess of expenditure over BE led to high fiscal deficit (FD) year after year.
- To rein in FD, it often took recourse to non-tax receipts such as dividend from public sector undertakings (PSUs), proceeds from selling government shares in one PSU to another, transfer of surplus by the Reserve Bank of India (RBI), proceeds from sale of spectrum for telecom services, etc.
- Since 2021-22, the situation has changed drastically with tax collections exceeding the target by a substantial margin even as slippage in expenditure has continued unabated.

INDIRECT TAXATION



01

GST evasion of ₹420 crore detected in various sectors in Kerala



- The Kochi Zonal Unit of the Directorate General of GST Intelligence, which has jurisdiction all over Kerala and Lakshadweep, has detected GST evasion of around ₹420 crore. It has realized around ₹115 crore of the tax amount evaded in FY 2021-22 in various sectors.
- The Unit also detected around ₹283 crore with a realisation of about ₹47 crore in the current financial year. The office has also made two arrests in FY 2021-22 and one more arrest in the current financial year for gross violations of the GST law.

02

Govt mulls star rating system under GST to curb illegal Input Tax Credit



- Aiming to decriminalise offences under GST, the government is working on a provision to raise the threshold limit for launching prosecution and lower charges for compounding of offence, an official said on 28 September. According to the current law, the amount of Goods and Services Tax (GST) evasion or misuse of input tax credit is more than ₹5 crore for launching prosecution against offenders.
- This means commencement of legal proceedings against the offender. With this, the compounding charges for offences under GST would also be lowered, resulting in taxpayers being encouraged to compound their offences instead of going into litigation.

STARTUP INDIA



01

Zoho's key product suit grows 2.5 times in two years



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02

Amid startup funding crunch, Udaan raises \$120 million and plans IPO after a year



News Link

03

India space congress 2022 enables startups to partner in \$1.5 trillion space economy



News Link

04

PayU reports over 50% jump in revenue , clocks net profit of Rs 126 crore



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05

Oyo plans to add around 400 properties in leisure markets by end of this calendar year



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06

Third-party seller aggregator Evenflow aims to clock Rs 1000 Crores by 2025



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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.

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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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