

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

US warns China against dumping goods on global markets



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02

UK, Japan only tip of iceberg, 18 other countries at risk of recession



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03

Africa's largest economy is battling a currency crisis and soaring inflation



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04

European markets close slightly higher as investors digest key inflation reports



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05

Fed policymakers look past 'bumpy' inflation toward rate cuts



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06

New sanctions threaten Russian oil sales to India



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BROAD ECONOMIC NEWS



01

Govt. hikes windfall gains tax on crude oil from Rs. 3,300/tonne to Rs. 4,600/tonne



02

Small savings mop-up at 64% of full-year target; should meet FY24 Budget aim: Official



03

Q3 GDP may slide to 6.7-6.9% on poor farm sector show: SBI Research



04

PM Modi to unveil railway projects worth Rs 41,000 Cr.



05

India's core sector growth hits 15-month low of 3.6% in January



06

India's April-January fiscal deficit widens to Rs 11.03 Lakh Cr. 64% of FY24 target



CAPITAL MARKETS



01

FPIs offload ₹29,520 crore in Indian equities as sell-off continues in February: What's behind this trend?



02

India secures top position in global IPO arena



03

Bitcoin rises 39.7% in Feb, heads for biggest monthly gain since Dec 2020



04

More Indian asset managers shift overseas business to GIFT City



05

Supermarket category surges 300x in deal value driven by Reliance Retail in 2023: Report



06

Japan to invest Rs 12,800 crore for 9 projects in various sectors in India



STARTUP INDIA



01

IIT-Bhubaneswar's '100 CUBE' startup initiative to help establish 100 startups worth Rs.100 CR union minister



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02

Govt. launches Bharat Startup Ecosystem Registry to create comprehensive database



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03

Startup India's Fund of Funds for Startups (FFS) Scheme Facilitates Investments Worth Rs 17,534 Crore in 938 Startups



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04

Govt cuts allocation for major schemes under 'Startup India' initiative in Budget



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05

Funding in Karnataka, Gujarat, and Tamil Nadu tech startups plummet in 2023: Report



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06

Indian startups raise \$900 Mn in February: Report



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SEBI



भारतीय प्रतिशुद्धि और विनियम बोर्ड
Securities and Exchange Board of India

01

Don't fall for social media stock scams, warns SEBI.



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- The Securities and Exchange Board of India (SEBI) on February 26 issued a warning alerting investors about deceptive trading platforms falsely claiming to provide stock market access to Indians through the Foreign Portfolio Investors (FPIs) route.
- The markets regulator noted that fraudsters are luring victims through online trading courses, seminars, and mentorship programs related to the stock market.
- Posing as employees or affiliates of SEBI-registered FPIs, these individuals persuade people to download applications that allegedly enable the purchase of shares, subscription to initial public offerings (IPOs), and access to "institutional account benefits."

02

Why market got spooked by SEBI advisory to mutual funds to limit smallcap, midcap fund inflows.



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- Smallcap and midcap indices fell after capital markets regulator SEBI advised mutual funds to protect investor interest by limiting flows, rebalancing portfolios and other measures.
- It said that given the froth building in small and midcap stocks, the Securities and Exchange Board of India has advised that mutual funds should put in place a policy to safeguard the investors in these schemes.
- AMFI has recommended that among other things, mutual funds should moderate inflows into these schemes and also rebalance the portfolio. Also, it should ensure that investors are protected from the first mover advantage of redeeming members.

SEBI



भारतीय प्रतिशत और विनियम बोर्ड
Securities and Exchange Board of India

03

SEBI proposes to relax rules for ETFs and index funds; to make them more robust.



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- At present, index funds and Exchange-Traded Funds (ETF) cannot invest in listed shares of group companies or sponsor companies in excess of 25 percent of its net assets. This restricts the ability of passive funds that invest in thematic and sector indices. SEBI has now proposed to relax this limit.
- It has proposed to remove the restriction to invest up to 25 percent (of their net assets) in group companies or sponsors. In other words, SEBI has proposed that index funds and ETFs can invest in listed companies' shares that belong to group companies of the sponsor, to the extent that their benchmark indices allow.
- This relaxation is part of ease of doing business proposals for mutual funds that SEBI has put forth for consultation, in a paper it came out with on February 23.

04

SEBI bans 12 entities from securities market for manipulative trades in V Marc India.



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- SEBI barred 12 entities, including a V Marc India Ltd promoter, from the securities market for manipulating volumes and share prices.
- Wrongful gains of Rs 6.38 crore were impounded by the regulator, according to an interim order. SEBI stated that the alleged fraudulent scheme caused a surge in volumes and prices, leading to most entities and IPO subscribers exiting fully.
- The examination, covering April 9-30, 2021, was aided by data from Kurani's mobile device, seized during a 'search and seizure operation' related to the investigation into the 'Front Running of Trades of Axis Mutual Fund' in May 2022.

05

SEBI CIRCULARS

Guidelines for returning of draft offer document and its resubmission



SEBI's February 2024 circular provides clear guidelines for submitting and resubmitting draft offer documents. Aimed at enhancing clarity and efficiency, these guidelines streamline the approval process and facilitate smooth resubmissions when needed.

Revised Pricing Methodology for Institutional Placements of Privately Placed Infrastructure Investment Trust (InvIT)



SEBI's circular in February 2024 introduces revised pricing methodology for institutional placements of privately placed Infrastructure Investment Trusts (InvITs). The revised methodology aims to enhance transparency and efficiency in the pricing process for such placements, ensuring fair treatment for investors and issuers alike.

Centralization of certifications under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) at KYC Registration Agencies (KRAs)



The circular issued by SEBI in February 2024 discusses the centralization of certifications under the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) at KYC Registration Agencies (KRAs). This initiative aims to streamline and enhance the compliance process for financial institutions regarding FATCA and CRS requirements.

RBI



01 Rupee rises on inflows, forward premiums fall on RBI swap maturity

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- Forward premiums witness a decline as a result of the maturity of RBI's swap agreements, impacting the forex market dynamics.
- Market participants closely monitor monetary policy developments for cues on future currency movements amidst evolving global economic conditions.
- The strengthening of the rupee reflects growing confidence among investors in the stability and resilience of the Indian economy.
- With the forex market awaiting potential interventions from the central bank and keeping an eye on global macroeconomic trends, the direction of the rupee in the near term remains subject to various factors.

02 RBI is pushing UPI-like credit platform for farmers, MSMEs

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- This initiative aims to provide easier access to credit for farmers and MSMEs, leveraging the success of the UPI framework in enabling digital transactions.
- The platform seeks to simplify the process of availing credit, potentially reducing paperwork and bureaucratic delays for farmers and MSMEs.
- By adopting a digital credit platform, farmers and MSMEs could benefit from faster credit disbursement, promoting financial inclusivity and economic growth in these sectors.
- This move highlights RBI's commitment to leveraging technology to address the financial needs of key sectors like agriculture and MSMEs, fostering economic development and resilience.

RBI



03

RBI allows Paytm's UPI payment business to be migrated to other banks

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- This has allowed Paytm to expand its UPI payment services by migrating them to multiple banks, enhancing accessibility for users.
- By migrating its UPI payment business to multiple banks, Paytm aims to improve reliability and scalability of its UPI platform.
- The decision aligns with RBI's efforts to promote interoperability and competition in the digital payments ecosystem, fostering innovation and consumer choice.
- Paytm's expansion of its UPI payment services to multiple banks reflects the company's commitment to providing convenient and efficient digital payment solutions to its users.

04

RBI MPC Meet 2024 Highlights: Action on Paytm driven by "lack of compliance" to regulations

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- The RBI's Monetary Policy Committee (MPC) meeting for 2024 is covered live, providing updates on repo rates, GDP, CPI inflation, and other monetary policy decisions.
- The meeting is crucial as it offers insights into the RBI's strategies to manage inflation, stimulate economic growth, and maintain financial stability.
- Governor Shaktikanta Das's speech highlights the central bank's outlook on the economy, including factors like inflationary pressures, fiscal policies, and global economic trends.
- Analysts and market participants closely monitor the MPC meeting for signals on future interest rate adjustments and monetary policy actions.



05

RBI CIRCULARS

Participation of Indian Banks on India International Bullion Exchange IFSC Limited (IIBX)



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



Amendment to Master Direction on Prepaid Payment Instruments



Inclusion of Clearing Corporation of India Limited as a Financial Information Provider under Account Aggregator Framework



Exclusion of "Rupee Co-operative Bank Limited" from the Second Schedule to the Reserve Bank of India Act, 1934



Formation of new district in the State of Assam – Assignment of Lead Bank Responsibility



Review of Fixed Remuneration granted to Non-Executive Directors (NEDs)



MCA



01

Corporate Affairs Ministry Notifies Leniency Plus Regime To Combat Cartels.

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- This initiative incentivizes businesses that are already under investigation by one cartel to voluntarily disclose information about other cartels.
- The introduction of the leniency plus regime under the Competition (Amendment) Act 2023 will aid CCI in gathering evidence to combat anticompetitive cartels once the regulations are published, said Avantika Kakkar, partner at Cyril Amarchand Mangaldas, in a media note. Under the "leniency plus" concept, businesses that have exposed a cartel and applied for reduced penalties can now submit a separate application, providing essential information about another cartel in which they are involved.
- A company previously applying for a lesser penalty (LP) in a specific cartel case can now further reduce its monetary penalty by up to 30% from the original proposed penalty.

02

Chinese companies under corporate affairs ministry's scanner for links to loan apps.

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- The Corporate Affairs Ministry is investigating Chinese companies associated with loan apps for alleged violations. Security agencies and the Serious Fraud Investigation Office (SFIO) are cracking down on illegal loan apps. The Registrar of Companies (RoC) in NCT and Haryana imposed penalties for concealment of beneficial ownership.
- The ministry, responsible for implementing the companies law, is primarily examining whether frauds have occurred within these companies. Some of the cases are said to be probed by the Serious Fraud Investigation Office (SFIO)
- The government remains actively engaged with the RBI and other regulators to combat fraudulent loan apps, emphasizing customer protection and a secure digital lending ecosystem.

MCA



03

Corporate Affairs Ministry to release new regulations for unlisted startups in three months.

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- In response to growing concerns surrounding bigger unlisted companies like Paytm Payments Bank and ed-tech startup Byju's, the Company Law Committee (CLC) is set to release a comprehensive report outlining new regulations tailored for larger unlisted startups. Sources from the Ministry of Corporate Affairs (MCA) indicate that the report is expected within the next three months.
- The forthcoming report by CLC is anticipated to outline provisions aimed at enhancing control for both investors and board directors within these startups. This move underscores a commitment to bolstering transparency and accountability in the startup ecosystem.
- In an effort to gather comprehensive insights, the MCA has sought feedback from key professional bodies, namely the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries of India (ICSI).

04

Operation clean-up: MCA plans next round of shell companies' crackdown.

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- Corporate Affairs Ministry (MCA) may in June or July this year go in for another round of crackdown on non-functional (shell) companies, official sources said this will be on top of the nearly five lakh companies struck off in the recent years and to weed out firms that were used to funnel black money, sources added.
- Striking off the records is the process of removing the name of a company from the Registrar of Companies. Section 248 of the Companies Act, 2013, provides for the removal of the name of a company from the Registrar of Companies if it has not been carrying out any business or operation for a period of two immediately preceding financial years, and has not made any application within the said period for obtaining the status of a dormant company under Section 455 of the Act.

INCOME TAX



01

Budget 2024 highlights: Key income tax, personal finance announcements

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- The article highlights changes in income tax slab rates introduced in Budget 2024, affecting taxpayers across different income brackets.
- It discusses revisions and enhancements in tax deductions and exemptions, impacting taxpayers' ability to reduce taxable income.
- It covers any reintroduction of wealth tax or changes in capital gains tax rates and rules, affecting investors and asset holders.
- An analysis of the budget's economic impact on individuals, businesses, and the overall economy, considering changes in disposable income and spending behaviour.
- Recommendations for personal finance strategies post-budget, including tax planning, investment strategies, and retirement planning advice.

02

Income Tax 2024: What are the changes notified in new ITR forms?

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- The article delves into the updated disclosure formats incorporated into the new ITR forms, focusing on how these changes aim to enhance transparency and compliance in tax reporting.
- It includes revisions made to the schedules and sections within the ITR forms, elucidating the modifications made to accommodate changes in tax laws and regulations.
- It assesses the impact of the changes in the new ITR forms on taxpayers, offering guidance on navigating the updated filing process efficiently and ensuring compliance with regulatory requirements.
- The article serves as a valuable resource for individuals seeking to understand the implications of the budget on their personal finances and tax liabilities.

INDIRECT TAXATION



01 February GST collections at Rs 1.68 lakh crore, up 12.5% YoY



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- This surge in GST collections suggests a robust recovery in economic activity despite ongoing challenges posed by the pandemic.
- The growth in GST collections is attributed to various factors such as increased compliance, stricter enforcement measures, and gradual revival of businesses across sectors.
- The government's continuous efforts to streamline the GST framework, including simplification of procedures and rationalization of tax rates, have contributed to improving tax compliance and revenue collection.
- The upward trend in GST collections reflects positively on India's economic outlook and indicates resilience in the face of global economic uncertainties.

02 Commercial Taxes Department 'dismantles' fake Input Tax Credit racket



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- The racket involved fraudulent claims for input tax credit, a scheme designed to offset taxes paid on inputs against future tax liabilities.
- The department's crackdown on the fake input tax credit racket has led to the seizure of substantial amounts of fake invoices and related documents.
- This initiative aims to curb tax evasion and maintain the integrity of the tax system, ensuring that businesses comply with tax regulations.
- The Commercial Taxes Department's efforts underscore the government's commitment to combatting tax fraud and maintaining transparency in the taxation system, ultimately protecting government revenue and fostering a fair business environment.

KREO CAPITAL PRIVATE LIMITED

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.

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.

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

HEAD OFFICE:
6th floor, B-Wing,
Shriram Towers,
Civil Lines,
Nagpur - 440001.
T: +91-712-6652070

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**

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