

# KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

## FORTY-EIGHTH EDITION



JULY  
2022

Thursday, 4<sup>th</sup> August, 2022

“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.



GLOBAL  
ECONOMY



CAPITAL  
MARKETS



RBI



भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India



Ministry of Corporate Affairs  
Government of India

MCA



INCOME TAX



INDIRECT TAX



STARTUP INDIA

*Click on individual images for detailed coverage*

## GLOBAL ECONOMY

01

US Federal Reserve hikes interest rates by 0.75% for the 2nd consecutive time



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02

It is going to be a tough 2022 and possibly an even tougher 2023: IMF chief



News Link

03

European Central Bank Raises Interest Rates For The First Time In 11 Years



News Link

04

G7 aim to have price cap on Russian oil in place before December 5



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05

China holdings of U.S. debt fall below \$1 trillion for the first time since 2010



News Link

06

Sri Lanka Economic Crisis: Country's inflation surges over 60% in July 2022



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## BROAD ECONOMIC NEWS

01

IMF cuts India's GDP growth forecast for current financial year by 80 bps to 7.4%



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02

India-China trade goes up to over \$67 Bn in first-half of year amid surge in Chinese Exports



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03

India Inc signs over 1,100 deals worth over \$104 billion in first half of 2022



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04

Cabinet approves BPCL unit's \$1.6-bn investment plan in Brazil



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05

No port, vessel related charges on coastal shipping for 6 months: Government



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06

African continental free trade area presents huge opportunities for India: Exim Bank



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## CAPITAL MARKETS



**01**

Realty firm Signature Global files Rs 1,000-cr IPO papers with SEBI



**02**

LIC reduces stake in Sun Pharma; sells shares worth Rs 3,821 crore in over 1 year



**03**

Sula Vineyards files DRHP with SEBI for IPO



**04**

Reliance Jio deposits highest earnest money as 5G spectrum auction race heats up



**05**

Zomato allots 4.66 crore shares to employees at 98% discount



**06**

Nestle India to acquire pet foods business of Purina Petcare for Rs 124 cr



## SEBI



भारतीय प्रतिशुति और विनियम बोर्ड  
Securities and Exchange Board of India

01

### SEBI proposes rules for fintech platforms



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- SEBI has proposed a regulatory framework for fintech platforms providing executive services in direct plans of mutual fund schemes to investors. At present, investors have the option of investing directly (direct plan) or through a distributor in a mutual fund scheme
- Both direct and regular plans are part of the same scheme of a mutual fund but have different expense ratios. SEBI said it has observed various investment advisers and stock brokers have been providing execution services in direct plans of mutual fund schemes through their digital platforms

02

### SEBI revises settlement rules for running accounts



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- The Securities and Exchange Board of India has revised rules on the settlement of running accounts of clients' funds lying with stockbrokers.
- The regulator said brokers should settle running accounts of clients' funds after considering the end-of-the-day obligation of funds as on the date of settlement across all the exchanges on the first Friday of the quarter. For clients, who have opted for monthly settlement, running accounts should be settled on the first Friday of every month. If the first Friday is a trading holiday, then such settlement should happen on the previous trading day, SEBI said.

## SEBI



भारतीय प्रतिशुति और विनियम बोर्ड  
Securities and Exchange Board of India

03

### SEBI notifies social stock exchange framework



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- SEBI has notified a framework for the social stock exchange to provide social enterprises with an additional avenue to raise funds. The framework for the Social Stock Exchange (SSE) has been developed on the basis of the recommendations of a working group and technical group constituted by the regulator
- Under the new rules, SSE will be a separate segment of the existing stock exchanges, according to the three separate notifications issued by the Securities and Exchange Board of India.

04

### SEBI asks bourses, depositories to launch online complaint redressal system



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- To enable investors to lodge their complaints and track the status of redressal of such grievances, capital markets regulator Sebi on Monday asked stock exchanges and depositories to launch an online complaints redressal system of their own within six months. This is in line with the online platform, SCORES, launched by the capital markets regulator in June 2011 to help investors lodge their complaints, pertaining to the securities market, against listed companies and Sebi-registered intermediary .
- SCORES stands for Sebi Complaints Redress System

05

### OTHER SEBI CIRCULARS

**Settlement of Running Account of Client's Funds lying with Trading Member (TM)**



Link

**Levy of Goods & Services Tax (GST) on the fees payable to SEBI**



Link

**Investor Grievance Redressal Mechanism and Amendment to SEBI**



Link

**Modification in Cyber Security and Cyber resilience framework of KYC Registration Agencies (KRAs)**



Link

**Modification in Cyber Security and Cyber resilience framework of Qualified Registrars to an Issue**



Link

**Entities allowed to use e-KYC Aadhaar Authentication services of UIDAI**



Link

**Addendum to SEBI Circular on Development of Passive Funds**



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## RBI



01

### Reserve Bank implementing central digital currency in phases: RBI executive director

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- The Reserve Bank of India is in the process of implementing the Central Bank Digital Currency (CBDC) in a phased manner for the wholesale and retail segments, said its executive director. The CBDC will be a sovereign-backed digital currency.
- Passage of the Finance Bill 2022 has enabled RBI to conduct a pilot and subsequent issuance of CBDC, Choudhary while delivering a keynote address at 'PICUP Fintech Conference & Awards' by industry association.

02

### Rate hikes to track inflation, rupee fall to weigh

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- RBI may have to tighten interest rates faster than earlier thought and raise the inflation forecast if the rupee's sharp depreciation lately were to offset the gains from the recent easing in global commodity prices from multi-year peaks.
- Now, with the likelihood of the rupee moving upward of 80 per dollar, and given India's large oil and gold import bills, imported inflation would be on the ascent. India, the world's second-largest importer of gold, produces only 1% of consumption locally.

## RBI



03

**RBI proposes norms for outsourcing of IT services by banks, NBFCs**

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- RBI norms for the outsourcing of IT services to ring-fence banks and other regulated entities from financial, operational and reputational risks.
- Regulated entities will not require prior approval from the central bank for the outsourcing of IT and IT-enabled services, according to RBI's draft Master Direction on Outsourcing of (IT) Services. "The underlying principle of these Directions is that the RE should ensure that outsourcing arrangements neither diminish its ability to fulfil its obligations to customers nor impede effective supervision by the supervising authority," said the draft.

04

**Oil's fall bring inflation comfort for RBI**

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- The Reserve Bank of India may not need to revise upward its inflation forecast for FY23 as global prices of crude oil and other commodities, such as industrial metals, have begun softening.

While food inflation remains a concern, the second-order effects from higher input prices are likely to be more benign than initially estimated. Lower commodity prices, particularly of crude oil, should reduce risks of imported inflation. This could cushion the negative impact on the Indian currency, which is being pummelled over concerns of a record high trade deficit and continued withdrawal from Indian financial assets by foreign funds.



05

### OTHER RBI CIRCULARS

Board approved Loan Policy – Management of Advances – UCBs



Link

Master Circular – Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM)



Link

UNSCR 1718 Sanctions Committee on DPRK amends one Entry on its Sanctions List



Link

Asian Clearing Union (ACU) Mechanism – Indo-Sri Lanka trade



Link

Overseas foreign currency borrowings of Authorised Dealer Category-I banks



Link

Investment by Foreign Portfolio Investors (FPI) in Debt – Relaxations



Link

Formation of new districts in the State of Andhra Pradesh – Assignment of Lead Bank Responsibility



Link

01

### IBBI tightens scrutiny: Resolution professionals told to disclose related parties



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- The Insolvency and Bankruptcy Board of India has tightened the scrutiny over resolution professionals (RPs) regarding related-party transactions. The insolvency regulator has asked all the RPs to disclose their financial relationship with various stakeholders such as the corporate debtors, financial creditors and potential buyers involved in a resolution process.
- According to the notification dated July 4, any relationship wherein the resolution professional or resolution entity derives more than 5% revenue a year from the related party must be disclosed.

02

### Power to admit insolvency application not binding even when debt owed: SC



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- The bench said NCLT failed to appreciate the question of time-bound initiation and completion of corporate insolvency resolution process could only arise if companies were bankrupt or insolvent. In a breather to defaulting companies, the Supreme Court held that the provision to admit an application starting the insolvency process is not binding even when a debt is owed.
- The appeal was filed by Vidarbha Industries, which is a power generating company, against the order of the National Company Law Appellate Tribunal (NCLAT).

## MCA



03

### Competition Commission clears Axis Bank-Citi deal



- Competition Commission has approved Axis Bank's proposed acquisition of Citi's consumer business in India, one of the largest deals in the country's financial services space. Under the deal worth Rs 12,325 crore, announced on March 30, Axis Bank would take over Citi's credit cards, personal loans and wealth management businesses that are focused on the affluent segment.
- Deals beyond a certain threshold require approval of the Competition Commission of India (CCI), which keeps a tab on unfair business practices across sectors.

04

### NCLT cannot exercise power to initiate insolvency proceedings arbitrarily: Supreme Court



- The Supreme Court Tuesday held the (NCLTs) cannot exercise the discretionary power to order initiation of insolvency proceedings "arbitrarily or capriciously" and are required to consider grounds made by the corporate debtor against it.
- It said if a corporate debtor opposes the initiation of insolvency proceedings on the ground that it has a money award in its favour and the awarded amount exceeds the debt, then NCLT "would have to exercise its discretion under Section 7(5)(a) of the IBC (Insolvency and Bankruptcy Code) to keep the admission of the application of the Financial Creditor in abeyance.

## INCOME TAX



01

### Experts seek revamp of TDS on digital assets to boost trade volumes, government revenue



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- The current tax regime discourages trading and locks up liquidity and the government may end up losing out on tax revenue as trading volumes drop, experts said. Experts have called for rationalization of tax deducted at source on digital asset transfers, saying the levy locks up liquidity and the government will likely lose out on revenue as transaction volumes slide.
- Starting July 1, buyers of digital assets must deduct one percent of the amount payable to sellers as tax. This is in addition to a flat 30 percent income tax on earnings from cryptocurrencies that started on April 1.

02

### Federal Bank launches online tax payment service



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- Federal Bank has partnered with the Central Board of Direct Taxes to assist taxpayers pay through the e-pay tax facility in the e-filing portal. Anyone can now pay taxes instantly through modes such as Debit/Credit Card, UPI, Net banking, cash, NEFT/RTGS etc. The NRIs, domestic customers and any tax-paying citizen can generate tax Callan and make payments through the bank's branches.
- The Bank had received approval from the Centre for direct tax collection last financial year and made effective since July 1. With this partnership, Federal Bank becomes one of the pioneers to be registered under Tin 2.0 platform of Income Tax Department.

## INDIRECT TAXATION



01

### Supreme Court permits companies to claim transitional tax credit

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- In a judgment that could benefit many companies, the Supreme Court ruled on Friday that businesses that were unable to claim tax credits when the indirect tax system switched to the Goods and Services Tax (GST) would be able to do so. A tax credit is a component of a company's tax payment that can be applied to offset a subsequent tax obligation.
- When India moved to the GST regime in 2017, companies had to transition the credit sitting on their books. So, the closing balance in the old tax regime would become the opening credit balance under GST.

02

### Only GST-registered tenants face rent tax

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- If you are a salaried individual and have taken a residential flat on rent/lease, the recently introduced norms for levy of GST under the reverse charge mechanism (RCM) on rent that is paid will not apply.
- The new norms stipulate that from July 18, when an 'unregistered person' gives his/her flat on rent to a GST 'registered person' (for example, a company), then GST will apply. Further, under the reverse charge mechanism, it is the tenant who will have to bear the GST (current rate is 18%) and the compliance obligations. The term 'person' under tax laws denotes not just an individual, but is wide and includes all legal entities including corporates.

## STARTUP INDIA



01

Shopify lays off 1,000 employees a day before quarterly results: report



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02

SIDBI developing online platform to bring together startups, investors



News Link

03

Cochin Shipyard, IIMK sign agreement to boost start-ups in maritime sector



News Link

04

Edtech unicorn upGrad acquires Harappa Education for ₹300 crore



News Link

05

Startup accelerators led by NRL Ideation targeting North East hopes to invest Rs 300-350 cr



News Link

06

Healthcare platform MediBuddy acquires healthtech startup Clinix



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# KREO CAPITAL PRIVATE LIMITED

CAPITAL MARKETS | INVESTMENT BANKING | WEALTH MANAGEMENT | LENDING SOLUTIONS

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## 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.

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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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