



Fortnightly Newsletter

SARVAANK
ASSOCIATES

15 November 2024 to 30 November 2024



Security and Exchange Board of India

SEBI Circular on Valuation of repurchase (repo) transactions by Mutual Funds.

SEBI has revised the valuation methodology for repurchase (repo) transactions by mutual funds, effective January 1, 2025, to ensure uniformity and prevent regulatory arbitrage. Repo transactions, including TREPS, with a tenor of up to 30 days will now be valued on a mark-to-market (MTM) basis, replacing the earlier cost-plus-accrual method, with overnight repos being exempt. Additionally, all repo transactions (except overnight) and money market or debt securities will be valued based on prices provided by AMFI-empaneled valuation agencies, while new securities without agency prices will be valued at purchase yield or price

The Circular can be accessed [Here](#)

SEBI Circular for Withdrawal of Master Circular on issuance of No Objection Certificate

SEBI has removed the mandate for issuer companies to deposit 1% of the issue size with the designated stock exchange under Regulation

In this newsletter you can expect:

SEBI Circular on Valuation of repurchase (repo) transactions by Mutual Funds.

SEBI Circular for Withdrawal of Master Circular on issuance of No Objection Certificate

The Central Board of Direct Taxes Notifies Tenth Amendment to Income-tax Rules, 1962

Discussion Paper Monitoring Committee under Corporate Insolvency Resolution Process

Indian Startups Witness 226% Funding Surge, Raise \$596M



38(1) of the SEBI Regulations, 2018, as per the amendment notified on May 17, 2024. Consequently, the Master Circular dated November 7, 2022, on the issuance of No Objection Certificates for release of the 1% issue amount stands withdrawn. Stock exchanges are directed to create a joint Standard Operating Procedure for releasing security deposits made prior to this amendment. .

The Circular can be accessed [Here](#)

SEBI Master Circular for Amendment for Credit Rating Agencies

SEBI has reiterated the definition of default for debentures/bonds, where even a one-day delay or a shortfall of one rupee in payment is recognized as a default, as per the SEBI (Credit Rating Agencies) Regulations, 1999. In light of the COVID-19 pandemic, SEBI introduced a post-default curing period allowing CRAs to upgrade ratings from default to non-investment grade after 90 days of regularized payments, with flexibility on a case-by-case basis. Additionally, SEBI has called for clearer guidance on 'technical defaults' and the uniform application of policies across CRAs, especially for instances where non-payment occurs due to factors outside the issuer's control, such as incorrect investor details or government-mandated freezes.

The Circular can be accessed [Here](#)

SEBI Consultation Paper on Strengthening SME Frameworks

SEBI has released a consultation paper to review the SME segment framework under the SEBI (ICDR) Regulations, 2018, and the applicability of corporate governance provisions under the SEBI (LODR) Regulations, 2015, aimed at strengthening SME pre-listing and post-listing norms. The initiative aligns with SEBI's objective of enhancing access to finance for SMEs, beginning with the establishment of SME-dedicated platforms in 2008. Key SME-IPO eligibility criteria under Chapter IX of the ICDR Regulations include a post-issue paid-up capital threshold of INR 10 crore and provisions for issuers with up to INR 25 crore face value capital. Notably, SME issuers are exempt from filing a draft red herring prospectus and SEBI observations, simplifying compliance while requiring submission of the offer document to SEBI post-filing with the RoC.

This paper can be accessed [Here](#)

SEBI Amends Merchant Bankers Regulations, 1992

SEBI has introduced the Securities and Exchange Board of India (Merchant Bankers) (Amendment) Regulations, 2024, to enhance regulatory clarity and operational efficiency. Key amendments include updated eligibility criteria for



applicants, revised responsibilities of lead managers, prohibition of conflict of interest in managing issues, and streamlined compliance obligations, including disclosures on underwriting and market-making. The amendments also align references to the Companies Act, 2013, and replace gender-specific terms with gender-neutral ones.

The E-Gazette can be accessed [here](#).

Ministry of Finance

The Central Board of Direct Taxes (“CBDT”) Notifies Tenth Amendment to Income-tax Rules, 1962

The CBDT has introduced the Income-tax (Tenth Amendment) Rules, 2024, effective from April 1, 2024, with key provisions addressing safe harbour rules for foreign companies engaged in diamond mining. The rules specify a minimum profit threshold of 4% of gross receipts under the head “Profits and gains of business or profession” for eligible businesses selling raw diamonds in notified special zones, along with procedural requirements for opting into the safe harbour regime. Restrictions on deductions, depreciation, and loss set-offs have been outlined, and misuse of safe harbour provisions may lead to invalidation. Additionally, mutual agreement procedures under tax treaties will not apply to businesses availing of the safe harbour option.

The E-Gazette can be accessed [Here](#)

Insolvency and Bankruptcy Board of India

Discussion Paper Monitoring Committee under CIRP

The Insolvency and Bankruptcy Board of India issued a discussion paper on November 19, 2024, proposing amendments to strengthen the framework governing Monitoring Committees in the implementation of resolution plans under the Insolvency and Bankruptcy Code, 2016, following the Supreme Court's recommendation in *State Bank of India & Ors v The Consortium of Mr. Murari Lal Jalan and Mr. Florian Fritsch*, which emphasized the statutory recognition of Monitoring Committees. The paper proposes mandatory constitution of such committees for all resolution plans, with the Committee of Creditors having the authority to decide the tenure, composition, and functions of the committee. The committee will be empowered to oversee the implementation of the resolution plan, statutory compliance, and transfer of assets to the successful resolution applicant, with quarterly progress reports submitted to the Adjudicating Authority.

The Discussion Paper can be accessed [Here](#)



Startups

Start-ups have a key role to play in the space sector: ISRO Chairman

ISRO Chairman S. Somanath emphasized the critical role of the private sector and start-ups in advancing India's space capabilities during his address at Huddle Global 2024, organized by Kerala Start-up Mission. Despite being a recognized space power, India holds just 2% of the global space market, valued at USD 386 billion, with plans to grow this share to USD 500 billion by 2030 and USD 1.5 trillion by 2047. India currently operates 15 satellites but has the potential to expand to 500, given its expertise and the growing space tech ecosystem. From only one space-related start-up in 2014, the sector now boasts over 250 start-ups. In 2023 alone, space start-ups attracted investments in total of INR 1,000 crore. The increasing number of private players capable of manufacturing and launching satellites, along with emerging private launchpads, signals a dynamic future for India's space industry.

The News Article can be accessed [Here](#)

Indian Startups Witness 226% Funding Surge, Raise \$596M

The Indian startup ecosystem saw a 226% surge in funding, raising \$596 million across 23 deals, including six growth-stage and 15 early-stage investments. Zepto led the round with \$350 million from Motilal Oswal's private wealth division, followed by HealthKart securing \$153 million from ChrysCapital and others, alongside announcing a ₹55 crore (\$6.5 million) ESOP buyback. Zopper raised \$25 million in a Series D round co-led by Elevation Capital, while Doodhvale Farms closed a \$3 million round led by Atomic Capital. Bengaluru led city-wise with 10 deals, as Indian startups edge closer to surpassing last year's total funding of \$10.5 billion.

The News Article can be accessed [Here](#)



Sarvaank
Law Decoded for *Entrepreneurs*

Contact us

REGISTERED ADDRESS: Office No. 8, First Floor, Atmaram Mansion (Scindia House), Connaught Place, New Delhi 110001

OPERATING ADDRESS: Second Floor (2nd) Archana Complex, Ekasur Vithi Road, Block B, Greater Kailash I, New Delhi, Delhi-110048

WEBSITE: www.sarvaankassociates.com

EMAIL: info@sarvaankassociates.com

CONTACT NUMBER: +91 88267 18554