



# FINTECH NEWSLETTER: RECENT LEGAL DEVELOPMENTS AND MARKET UPDATES IN INDIA

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# INTRODUCTION

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As we cross the halfway mark of 2024, the fintech landscape continues to evolve rapidly, with regulatory bodies and industry players alike actively shaping the future of digital finance. True to the trend throughout the year, the Reserve Bank of India ("**RBI**") and other financial sector regulators have remained proactive, issuing several key directives aimed at strengthening the integrity of digital transactions.

While cybersecurity has been one of the main focus points for the RBI, the need to further enhance cyber

security practices remains, given the fast paced evolution of technology.

In this edition of our fintech newsletter, which covers the timeline from July 1, 2024, to August 31, 2024, we explore different developments in this sector, highlighting the intersection between regulatory oversight, technological innovation, and market dynamics, an environment ripe for transformative changes.



# RECENT LEGAL & REGULATORY DEVELOPMENTS

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## RBI notifies Master Direction on Cyber Resilience and Digital Payment Security Controls<sup>1</sup>

RBI notified the 'Cyber Resilience and Digital Payment Security Controls for non-bank PSOs Master Directions 2024' ("**Cyber Resilience MD**") to improve safety and security of non-bank payment systems operated by the payment system operators ("**PSOs**"). It is intended that the Cyber Resilience MD will be adopted in a phased manner to provide adequate time to different categories of PSOs to put in place the necessary compliance structure.

The Cyber Resilience MD *inter alia*, covers robust governance mechanisms for identification, assessment, monitoring and management of existing and emerging information systems, cyber security, and technology risks that non-bank PSOs are exposed to.

While the Cyber Resilience MD apply only to non-bank authorised PSOs, PSOs are mandated to ensure that unregulated entities that they partner with also comply with the Cyber Resilience MD subject to mutual agreement in order to effectively mitigate the abovementioned risks, and a board-approved organisational policy in that regard, needs to be formulated by PSOs.

Some key controls include:

- As part of governance controls, PSOs must *inter alia*: (i) formulate a board approved information security policy ("**IS Policy**") to manage potential information security risks. This policy must cover all applications and products concerning payment systems as well as management of risks that have materialised; (ii) prepare a board approved Cyber Crisis Management Plan to detect, contain, respond and recover to cyber-attacks and threats; and (iii) ensure that the responsibility and accountability for implementation of the IS Policy and the cyber resilience framework, is with a senior level executive of the PSO having expertise in areas of information security including cyber security.
- As part of digital payment security measures/controls PSOs must *inter alia* (i) facilitate its members/participants to have mechanisms for online alerts based on parameters such as failed transactions; and (ii) ensure redaction of bank account numbers/card numbers in the SMS/email alert or other notification sent to customers.

## RBI releases draft framework on alternative authentication mechanisms for digital transactions<sup>2</sup>

The RBI released the Draft Framework on Alternative Authentication Mechanisms for Digital Payment Transactions ("**Draft Framework**") to *inter alia*, allow the payments ecosystem to leverage technological advancements and implement alternative authentication mechanisms. The Draft Framework applies to all 'payment system providers' and 'payment system participants' (including non-banks), who must comply with the same within 3 (three) months from the date of issuance of the final directions. Some key aspects of the Draft Framework are provided below.

- All digital payment transactions shall be authenticated with an additional factor of authentication ("**AFA**"), unless specifically exempted.
- All digital payments (except card present transactions) must ensure that one of the factors of authentication is dynamically created i.e., the factor is generated at the initiation of payment and must be transaction specific, which cannot be re-used.
- Banks/non-banks, where customers' accounts are maintained ("**Issuers**"), may adopt a risk-based approach in determining the appropriate AFA for a transaction and obtain explicit consent before enabling any new factor of authentication.
- Issuers are liable for the process and technology deployed for authentication of a digital payment transaction, and they shall also maintain the integrity of the authentication technology/process.
- Issuers are prohibited from entering into exclusivity arrangements with any Payment Service Provider or Technology Service Provider that are likely to alter the former's ability of offering alternative authentication solutions.
- AFA requirement shall be exempt for the following transactions: small value contactless card payments up to INR 5,000 (approximately USD 60) per transaction in contactless mode at Point of Sale (PoS) terminals, certain e-mandates for recurring transactions (other than first transactions), utility through gift prepaid payment instruments and prepaid payment instrument – mass transit service and small value digital payments in offline mode up to INR 500 (approximately USD 6).

Through the recent amendments and changes in law, it appears that RBI is increasingly adopting a principles-based approach to allow for innovation.

### RBI issues draft directions on streamlining onboarding of Aadhaar Enabled Payment System touchpoint operators<sup>3</sup>

The RBI has issued draft directions aimed at enhancing the robustness of Aadhaar Enabled Payment System ("**AePS**"). AePS facilitates transactions by way of Aadhaar number and biometrics or OTP authentication.

As per the draft directions, acquiring banks<sup>4</sup> are responsible for (a) conducting due diligence of 'AePS touchpoint operators' onboarded by them, (b) updating Know Your Customer ("**KYC**") where an AePS touchpoint operator has not performed any financial transaction for a period of 6 (six) months, and (c) monitoring activities of AePS touchpoint operators on an ongoing basis and set operational parameters. Acquiring banks as well as the National Payments Corporation of India ("**NPCI**") must ensure that an AePS touchpoint operator is onboarded by only one acquiring bank.

Separately, the draft directions also prescribe that all system participants must comply with all regulations concerning the operation of AePS as issued by the NPCI.

### RBI issues Master Directions on Treatment of Wilful Defaulters and Large Defaulters<sup>5</sup>

On July 30, 2024, RBI issued the Master Directions on Treatment of Wilful Defaulters and Large Defaulters ("**Wilful Defaulters MD**") to introduce a 'non-discriminatory and transparent procedure' for the classification of borrowers as wilful defaulters with the aim of cautioning lenders and ensuring that no further institutional finance is made available to such defaulters. The Wilful Defaulters MD are applicable to entities such as banks, All India Financial Institution ("**AIFI**") or Non-Banking Financial Companies ("**NBFCs**") including Housing Financial Companies (collectively, "**Lenders**"), and shall come into force on October 30, 2024. Lenders are responsible for identifying and classifying a person as wilful defaulter in accordance with the procedure laid out in the Wilful Defaulters MD. This includes taking into consideration the track record of borrowers as opposed to isolated transactions/incidents and the examination

of evidence of wilful default by an identification committee.<sup>6</sup> The Wilful Defaulters MD also contains specific provisions on treatment of wilful defaulters in a transparent manner, reporting and dissemination of credit information of 'large defaulters' and 'wilful defaulters', and other preventive measures that may be adopted.

### SEBI streamlines prudential norms for passive schemes, to promote ease of doing business for mutual funds<sup>7</sup>

By its circular dated July 8, 2024 ("**SEBI Circular**"), Securities Exchange Board of India ("**SEBI**") streamlined the norms applicable to "investments by passively managed mutual fund schemes in the group companies of their sponsors". This was undertaken pursuant to the public consultation on the working group constituted by SEBI to review the SEBI (Mutual Fund) Regulations, 1996 ("**MF Regulations**") and recommendations on augmenting ease of doing business for mutual funds. As per the SEBI Circular, mutual fund schemes are inter alia prohibited from making investments in listed securities of the sponsors' group companies exceeding 25 (twenty-five) percent of the net assets of the scheme, except for investments by equity-oriented exchange traded funds and index funds subject to conditions prescribed by SEBI.

### RBI issues the framework for self-regulatory organizations ("**SROs**") in the fintech sector<sup>8</sup>

On August 19, 2024, RBI issued a press release announcing the framework for recognition of SROs in the fintech sector ("**SRO Framework**"). The framework sets out the objectives, responsibilities, eligibility criteria, membership, governance standards, and application process for the SROs.

One of the key objectives and responsibilities of SRO is that an SRO must promote a culture of compliance and encourage progressive practices and conventions amongst its members. Further, SROs must also constructively engage with the RBI, and share relevant data with the RBI for policymaking.

The framework also sets out the eligibility criteria for recognition as an SROs. Key factors include the applicant being a not-for-profit company registered under Section

8 of the Companies Act, 2013 and having a minimum networth of INR 10 crores (approximately USD 1.20 million). Its membership should be voluntary, and it must adequately represent the sector with a diverse set of members of types and sizes.

Pursuant to the release of the SRO Framework, the RBI had received three applications for recognition as SRO in the fintech sector, out of which it has recognized one of the applicants, the FinTech Association for Consumer Empowerment (FACE), as an SRO.<sup>9</sup>

### RBI modifies Master Directions on NBFC Peer to Peer Lending Platform (Reserve Bank) Directions 2017

The RBI has modified the Master Directions – Non-Banking Financial Companies Peer to Peer Lending Platform (Reserve Bank) Directions 2017 ("**2017 Directions**"). These changes have been made in response to certain NBFC peer to peer ("**P2P**") lending platforms engaging in practices that violated earlier guidelines, such as violation of the prescribed funds transfer mechanism, offering guaranteed returns and promoting P2P lending as an investment product.

The RBI has, to some extent, amended the existing provisions of the 2017 Directions to clarify certain aspects, and has also introduced new provisions in the 2017 Directions mandating additional compliances. The amendments introduced have clarified, inter alia, that an NBFC P2P should not cross sell any insurance products which are in the nature of credit enhancement/guarantee; must disclose the details about the borrowers including their personal identity- the consent for which must be kept on record; should not outsource pricing of services/ fees to be charged to borrowers/ lenders; should not promote P2P lending as an investment product offering assured returns or liquidity options.

Some of the additions made to the 2017 Directions pertain to provisions prohibiting NBFC P2Ps from deploying a lender's fund in a manner inconsistent with the 2017 Directions and restricting them from utilising the funds of one lender for replacement of any other lender. NBFC-P2Ps must have an objective pricing policy and disclose all fees upfront at the time of lending and such fees should be fixed amounts or proportions of the principal and cannot be tied to borrower repayment. The 2017 Directions have also restricted matching participants within closed user groups, such as borrowers or lenders sourced through affiliates.<sup>10</sup>

### SEBI Notifies Cybersecurity and Cyber Resilience Framework for Regulated Entities<sup>11</sup>

SEBI, in supersession of the existing SEBI cybersecurity circulars/ guidelines/ advisories/ letters that it had previously issued to various Regulated Entities ("**REs**"), has now issued a comprehensive Cybersecurity and Cyber Resilience Framework ("**CSCRF**"). The CSCRF is applicable to various REs, such as Alternative Investment Funds, Merchant Bankers, Clearing Corporations, Credit Rating Agencies, Investment Advisors/Research Analysts, and Collective Investment Schemes etc., as opposed to the erstwhile 2015 cybersecurity framework which applied only to 6 (six) specific categories of REs.<sup>12</sup>

SEBI has adopted a graded approach in implementing the CSCRF, classifying REs into five categories based on their operational scope and certain thresholds such as client numbers, assets under management, and trade volume.

The CSCRF outlines standards and guidelines for various cybersecurity functions, including governance, protection, recovery, and response. Key compliance requirements include the establishment, communication, and enforcement of cybersecurity risk management policies, as well as the documentation of a comprehensive cybersecurity and cyber resilience policy.

Different timelines have been prescribed under CSCRF for implementation of its provisions, depending on the existing cybersecurity regulation of the REs. Those REs for which cybersecurity requirements and guidelines already existed must ensure adherence by January 1, 2025, while REs for which the cybersecurity framework and regulation have been prescribed under CSCRF for the first time, have until April 1, 2025, to ensure compliance.

### RBI increases the frequency to update credit information collected by credit information companies ("**CICs**") and credit institutions ("**CI**s")<sup>13</sup>

The RBI through a notification dated August 8, 2024, has directed CICs and CIs to update the credit information collected by them on a fortnightly basis or any shorter intervals agreed between the CIC and CI. Prior to this notification, the CIC and CI could update such information on a monthly basis.

The RBI has also reduced the timelines for the CICs to ingest the credit information received from the CIs from 7 (seven) calendar days to 5 (five) calendar

days. Additionally, CICs would need to provide the CIs who have not adhered to the revised timelines to the Department of Supervision for monitoring purposes. These timelines will be effective from January 1, 2025. However, the entities are encouraged to adhere to the updated timelines expeditiously.

### SEBI Proposes Regulatory Changes for Investment Advisers and Research Analysts<sup>14</sup>

On August 6, 2024, SEBI released a consultation paper titled *"Consultation Paper on Review of Regulatory Framework for Investment Advisers and Research Analysts."* The consultation paper proposes significant changes to the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 ("**IA/RA Framework**").

The consultation paper proposes several key modifications to the IA/RA Framework. SEBI has suggested relaxing the minimum eligibility criteria for Investment Advisors ("**IAs**") and Research Analysts ("**RAs**") including by way of removing the net worth and experience requirements, allowing individuals with basic qualifications to register

upon passing a certification exam. Additionally, the proposal seeks to enable IAs and RAs to operate based on their initial certification without the need for renewal.

Another proposed modification is allowing dual registration of persons as both an IA and an RA, provided there is an arm's length relationship between the two services. The consultation paper also addresses the growing influence of technology by requiring IAs and RAs to disclose their use of artificial intelligence tools to its prospective clients, allowing such client to make informed decision continuing or discontinuing the services of the IA/RA.

In terms of compliance, the consultation paper suggests implementing KYC requirements for RAs. This would include maintaining and uploading client KYC records and documenting all disclosures made to clients. Furthermore, SEBI proposes amending the definition of an RA to limit its scope to individuals offering research services for consideration, a distinction currently absent in the SEBI (Research Analysts) Regulations, 2014.



# INDUSTRY DEVELOPMENTS

## Remittances to the International Financial Services Centres allowed for additional purposes under the Liberalised Remittance Scheme<sup>15</sup>

The RBI vide its circular dated July 10, 2024 has allowed 'Authorised Persons' to facilitate remittances for all permissible purposes under the Liberalised Remittance Scheme ("LRS") to the International Financial Services Centres ("IFSCs") for the following purposes – (a) for availing financial products/services within IFSCs as per the International Financial Services Centres Authority Act, 2019, and (b) all current and capital account transactions in any jurisdiction via a foreign currency account held in IFSCs. Prior to the publication of the circular, remittances under LRS to IFSCs could only be made for investing in IFSCs in securities (except those issued by entities/companies resident in India outside IFSC), and paying education fees to foreign institutions in IFSCs for courses specified in the government's gazette notification. With the broadening of the permissible remittance purposes, Authorised Persons may now facilitate remittances to the IFSCs for other financial products that may not otherwise be regarded as a "security", such as financial offerings on a blockchain etc.

## NPCI Introduces "UPI Circle" to Enhance Financial Inclusion

NPCI launched "UPI Circle," a new feature aimed at enabling Unified Payments Interface ("UPI") users to delegate their trusted secondary users for making payments. The UPI user acts as a primary to link with their trusted secondary user on their UPI app for either 'partial or full delegation', for performing transactions within the security/protocol limits.

Full Delegation: refers to situations where the primary user authorises the secondary user to initiate and complete transactions within defined spending limits.

Partial Delegation: refers to situations where the primary user authorises initiation of payment requests from secondary users with the primary users completing the UPI transaction with the UPI Pin.

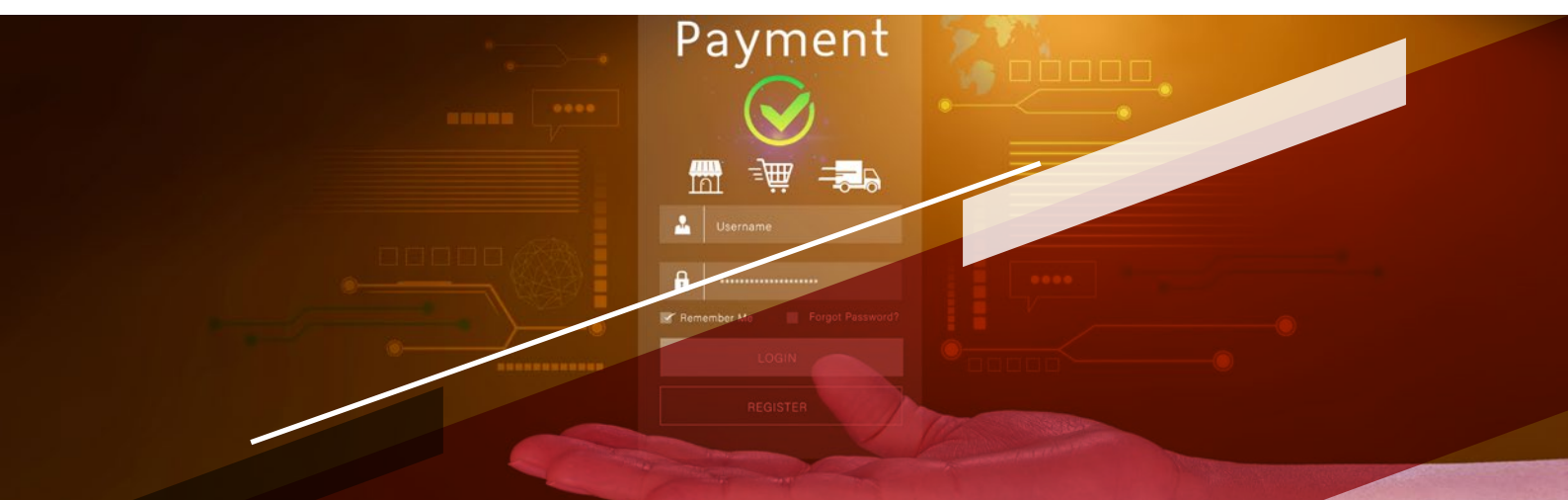
## RBI Announces Public Repository for Digital Lending Apps

RBI has announced that it would create of a public repository for Digital Lending Apps ("DLAs"), which will be hosted on the RBI website. This initiative aims to enhance transparency in the digital lending ecosystem and help consumers identify unauthorized lending apps.

The public repository will display data submitted by RBI regulated entities ("REs") on the DLAs on-boarded by them and REs would be mandated to add details of new DLAs and remove existing ones in case of termination of relationships.<sup>16</sup>

## NPCI Enables e-KYC Setu System for Regulated Entities

NPCI introduced an e-KYC Setu system for facilitating RBI-regulated entities ("REs") to conduct e-KYC verification of the identity of a client or its beneficial owner through online Aadhaar authentication under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016. To avail the facility REs have to be on-boarded as members of the e-KYC Setu System through a simplified single window onboarding process. The facility will be provided through web-based URL re-direction to the NPCI webpage, and a software development kit will facilitate the eKYC authentication.



# MARKET UPDATES AND MAJOR DEALS IN INDIA

Despite the ongoing “funding winter”, several startups have successfully secured substantial investments, demonstrating resilience in a challenging economic climate. Last two months have been pivotal for India’s fintech sector. This is also highlighted by the Global Fintech Fest held in August. This event, which is set to get even bigger in scale, brought together industry leaders,

regulators, and innovators, international delegates, along with the Prime Minister, Finance Minister and the Commerce Minister of India to discuss the future of financial technology. RBI Governor Shaktikanta Das emphasized the sector’s resilience, noting USD 6 billion in investments over two years.

## MARKET UPDATES

### Cashfree Becomes First Non-Bank Entity to Receive Cross-Border Payment Aggregator License

Cashfree, one of India’s leading payments and API banking company, has been granted a Cross Border Payment Aggregator License (“PA-CB”) by RBI becoming the first non-bank entity to secure the PA-CB license under the new regulations issued by the RBI in October 2023.<sup>17</sup> A PA-CB license enables a license holder to facilitate cross border payments further to import and export of goods and services under the direct regulation of the RBI. Following Cashfree’s lead, other prominent payment companies including BillDesk, Amazon Pay, and Adyen have also successfully secured PA-CB licenses from the RBI.<sup>18</sup>

### WazirX Cryptocurrency Exchange Suffers Major Cyber Attack

WazirX, a prominent cryptocurrency exchange in India, has recently experienced a severe cyber attack targeting one of its multi-signature wallets. In response to the attack, the company has temporarily suspended both INR and cryptocurrency withdrawals on its platform to mitigate further risk and assess the situation.

The details of the suspected hackers and perpetrators remain unknown. However, despite this incident potentially falling among the largest cryptocurrency heists in history, the crypto market remained unaffected<sup>19</sup>.

### TechFini Receives NPCI Certification for UPI-Based Payment Infrastructure

TechFini, a fintech startup, has received final certification from NPCI enabling it to operate in the UPI ecosystem and facilitate digital payments. Further, TechFini also received certification for UPI Unified Dispute and Issue Resolution,

positioning it among a select group of platforms capable of addressing the complexities involved in dispute resolution within the UPI ecosystem. It is expected for the company to expand its offerings and collaborate with different financial institutions and contribute the growth of the digital payments ecosystem and enable its clients as well as its customers to experience seamless UPI payments.<sup>20</sup>

### RBI Penalizes Ola Financial Services for Regulatory Non-Compliance

The RBI has imposed a substantial monetary penalty of INR 1.67 crores (approximately USD 200,000) on Ola Financial Services,<sup>21</sup> which is the fintech entity of the ride-hailing entity Ola Cabs and runs Ola Money, for non-compliance with the RBI’s norms on functioning of prepaid payment instruments<sup>22</sup> and conducting of KYC processes.<sup>23</sup>

### Paytm Secures Government Approval for Investment in its subsidiary

One 97 Communications (Paytm) recently received approval from the Indian government for its INR 500 million (approximately USD 5.97 million) investment in its subsidiary, Paytm Payment Services. The company plans to resubmit the necessary applications with the Finance Ministry to re-start its payments bank,<sup>24</sup> which had been suspended earlier this year.<sup>25</sup>

### UPI Achieves Milestone of 500 million Daily Transactions

According to data published by NPCI, UPI crossed the 500 million transaction count on August 2 and August 5, 2024. This is the third instance of UPI achieving this

milestone, with the previous occurrence on July 2, 2024. The Indian government has a target of facilitating 1 (one) billion transactions per day by 2026-27. This is indicative of the exponential growth and adoption rate of UPI payments, and with its innovative and safe technology, UPI has been implemented in different countries across the globe with the most recent example being the signing of a Memorandum of Understanding between India and Maldives to implement UPI in the Maldives. This agreement was signed on August 9 during Union External Affairs Minister S Jaishankar's three-day official visit to the Maldives.

By implementing UPI in the Maldives, India and its unique UPI technology continues to expand its footprint across the globe.<sup>26</sup>

### OPEN Launches Bharat Billpay for Business

OPEN, a fintech company which offers an all-in-one finance platform for small and medium enterprises, introduced Bharat Billpay for Business in partnership with NPCI Bharat BillPay Limited ("NBBL"). With this launch OPEN has become one of the first Indian fintechs to offer this service for businesses.

Bharat Billpay for Business is an advanced platform developed by NBBL that streamlines B2B transactions. It enables businesses to manage and pay invoices through interoperable network connecting enterprise resource planning systems, accounting software, and banks within the Bharat Billpay network. This allows all businesses using Open Money to generate invoices that are instantly available to their clients through various systems for immediate payment and reconciliation. This initiative eliminates the need for manual bill entry and streamlines the entire billing and payment process.<sup>27</sup>

### Binance Resumes Operations in India After Paying USD 2.27 million Penalty

Binance, the global cryptocurrency exchange has resumed operations in India after a seven-month ban. The company registered with India's Financial Intelligence Unit (FIU-IND) and paid a penalty of INR 18 crores (approximately USD 2.27 million). This is the highest penalty ever imposed on a crypto entity in the country.<sup>28</sup>



# MAJOR DEALS

**BharatPe**, raised INR 85 crore (approximately USD 10 million) in a debt funding through the issuance of non-convertible debentures. Trifecta Venture debt and Innoven Capital, participated in this funding round. This round was followed by an earlier debt round conducted by the company in 2024.<sup>29</sup>

**Auxilo**, an education-focused NBFC, secured INR 100 crore (approximately USD 12 million) in a debt funding round, with Dezerv Securities, MAS Financial Services and CredAvenue Securities participating in this round. The company aims to scale its operations in India and overseas.<sup>30</sup>

**Stable Money**, a Wealthtech startup raised over INR 123 crore (approximately USD 15 million) in a fresh funding round, with participation from RTP Capital, Lightspeed India, and Matrix Partner. RTP Capital led this funding round, with Lightspeed India and Matrix Partners also participating.<sup>31</sup>

**BlackSoil NBFC**, associated with the BlackSoil Group, has successfully raised INR 208 crore (approximately USD 24 million) in debt financing. A diverse group of investors, including High Net Worth Individuals, Ultra High Net Worth Individuals, Family Offices, banks, and NBFCs, participated in this round. The fresh funds are intended to be utilised to offer tailored and innovative financial solutions, and bridging the credit gap for new-age businesses.<sup>32</sup>

**Seeds Fincap**, an NBFC has raised over USD 8.5 million in a Series A funding round, which was jointly led by Lok Capital and Matrix Partners India (now known as Z47). The funds are proposed to be utilised to enable the NBFC to expand its lending capabilities, improve its technological infrastructure and broaden its branch network.<sup>33</sup>

**Dezerv**, a prominent wealthtech platform, raised USD 31.9 million in a Series B funding round which was led by Premji Invest. Existing investors Elevation Capital and Matrix Partners also participated in this round. The company intends to utilise these fresh proceeds to fuel its growth initiatives and strengthen its financial position.<sup>34</sup>

**CoinDCX**, one of India's largest crypto exchanges, acquired BitOasis based in Dubai and a leading virtual assets trading platform in the Middle East and North Africa (MENA) region. The acquisition has received a no-objection from Dubai's Virtual Assets Regulatory Authority, and the company expects a significant increase in spot trading volumes.<sup>35</sup>

**Axio**, a digital consumer finance startup raised USD 20 million from Amazon Smbhav Venture Fund. The funds will be utilized to support further growth, including scaling its loan book, expanding checkout finance use offerings, and offering additional credit products to customers.<sup>36</sup>



**FlexiLoans**, a Micro, Small and Medium Enterprises ("MSME") focused fintech lender has secured USD 90 million through equity and debt from new investors MAJ Invest, Fasanara Capital, while existing investor Sanjay Nayar of the KKR Group also participated. The funds will be used to focus on technology development and double its loan books through co-lending, supply chain finance and buy-now-pay-later offerings.<sup>37</sup>

**InvestorAi**, an AI-powered equity investment platform has raised INR 80 crores (approximately USD 9.64 million) in a Series A round from Ashish Kacholia, Founder, Lucky Investment Managers and his associates. The fresh funds are proposed to be used for scaling the business and adding new products.<sup>38</sup>

**Neo**, a wealth and asset management firm secured INR 400 crores (approximately USD 47 million) in a Series B round. The funding round was led by MUFG Bank, based out of Japan, and US-based Euclidean Capital. The fresh funds are proposed to be utilised to expand the company's wealth management division and enhance support for its asset management business.<sup>39</sup>

**Innoviti**, India's largest payments-centric retail SaaS platform for enterprise brands has raised INR 70 crores (approximately USD 8.5 million) in its Series E funding round. The round was led by Random Walk Solutions, and existing investors Bessemer Venture Partners USA, Patni Family Office India, and Alumni Ventures, USA also participated. The fresh funds are proposed to be utilised to make further in-roads in market retail and online spaces, and scale its operations.<sup>40</sup>

**Blitzscale Technology**<sup>i</sup>, the parent company of WMall and ShopDeck, has secured USD 7.85 million in Series B funding. Bessemer Venture led this round and other investors such as Chiratae Ventures, Elevation Capital, VH Capital and Reed India participated. The funds will be utilised to help sellers create e-commerce stores and manage logistics and payments, will use the funds for growth, expansion, marketing, and general corporate purposes.<sup>41</sup>

**Clix Capital**, an NBFC secured INR 220 crores (approximately USD 144.58 million) in a fresh funding round, led by existing investors Apollo Global Management, Pramod Bhasin and Anil Chawla. The fresh funds are proposed to be utilised to boost lending capabilities across the MSME, education, and healthcare equipment sectors, along with investing in artificial intelligence and machine learning technologies.<sup>42</sup>

**Navi Finserv Limited**,<sup>ii</sup> a fintech company, raised INR 3500 million (approximately USD 42.17 million), by way of debt funding through the issuance of non-convertible debentures. The transaction was arranged by Morgan Stanley India Primary Dealer Limited, and the debentures were oversubscribed by 190% approximately.<sup>43</sup>

i. Induslaw represented Blitzscale Technology in this deal.

ii. IndusLaw represented Navi Finserv Limited in this deal.



1. <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12715&Mode=0>.
2. [https://www.rbi.org.in/scripts/bs\\_viewcontent.aspx?Id=4477#F2](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4477#F2).
3. [https://www.rbi.org.in/scripts/bs\\_viewcontent.aspx?Id=4475](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4475)
4. Acquiring banks are those that onboard the AePS touchpoint operators.
5. <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12713&Mode=0>.
6. A committee constituted by a lender for identifying a wilful defaulter, defined in Section 3(1)(j) of the Wilful Defaulters MD.
7. <https://www.sebi.gov.in/legal/circulars/aug-2024/cybersecurity-and-cyber-resilience-framework-csrf-for-sebi-regulated-entities-res-85964.html>.
8. [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58523](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58523).
9. [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58586](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58586).
10. <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12721&Mode=0>.
11. <https://www.sebi.gov.in/legal/circulars/aug-2024/cybersecurity-and-cyber-resilience-framework-csrf-for-sebi-regulated-entities-res-85964.html>.
12. Such categories were namely Stock Brokers, Depository Participants, Mutual Funds (MFs)/Asset Management Companies (AMCs), KYC Registration Agencies (KRAs), Qualified Registrar to an Issue and Share Transfer Agents (QRTAs), and Portfolio Managers.
13. <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12718>.
14. [https://www.sebi.gov.in/reports-and-statistics/reports/aug-2024/consultation-paper-on-review-of-regulatory-framework-for-investment-advisers-and-research-analysts\\_85509.html](https://www.sebi.gov.in/reports-and-statistics/reports/aug-2024/consultation-paper-on-review-of-regulatory-framework-for-investment-advisers-and-research-analysts_85509.html).
15. <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12699&Mode=0>.
16. <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR852A3E593E2B9434A549DB1F51375F1A9F2.PDF>.
17. The RBI's Regulation of Payment Aggregator – Cross Border (PA - Cross Border), can be accessed [here](#).
18. <https://economictimes.indiatimes.com/tech/technology/amazon-pay-adyen-billdesk-secure-cross-border-payment-licence-from-rbi/articleshow/112114925.cms>.
19. <https://www.thehindu.com/sci-tech/technology/wazirx-hacked-halts-withdrawals-as-over-230-million-stolen/article68421190.ece>.
20. <https://economictimes.indiatimes.com/tech/technology/fintech-startup-techfini-gets-npci-nod-to-operate-as-upi-provider/articleshow/111783606.cms>.
21. <https://m.economictimes.com/tech/funding/rbi-fines-ola-financial-rs-1-67-crore-for-flouting-kyc-rules/articleshow/92830520.cms>.
22. RBI's Master Directions on Prepaid Payment Instruments (PPIs) can be accessed [here](#).
23. RBI's Master Direction - Know Your Customer (KYC) Direction, 2016 can be accessed [here](#).
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25. Refer to our previous fintech newsletter on this: [January 2024 edition](#).
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