

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

EIGHTIETH EDITION



April 2025

Wednesday, 7th May 2025

“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



SEBI



MCA



INCOME TAX



INDIRECT TAX



STARTUP INDIA

Click on individual images for detailed coverage

GLOBAL MARKETS

01

US-China trade war intensifies: tariffs hit 125% as other countries get reprieve

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02

European Central Bank lowers rates by 25 basis points

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03

The ISM Manufacturing PMI for the U.S. slipped to 48.7 in April 2025 from 49.0 in March, slightly above market expectations of 48

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04

Euro zone inflation unchanged at 2.2% in April, leaving path open for further ECB interest rate cuts

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The Bank of Japan (BoJ) kept its key short-term interest rate unchanged at 0.5% during its May meeting, maintaining the highest level since 2008.

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US labour market adds 177,000 jobs in April, unemployment rate holds steady at 4.2%

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BROAD ECONOMIC NEWS

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PMI data: India's manufacturing growth hits 10-month high in April

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Private sector activity rises to 8-month high of 60 in April

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India's retail inflation eases to 67-month low of 3.34% in March

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Government Imposes 12% Safeguard Duty On some Steel Imports To Prevent Chinese Dumping

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Gold Imports Nearly Triple To \$4.47 Billion In March

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Maharashtra govt approves EV Policy 2025

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CAPITAL MARKETS



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Equity MF Inflows Double In FY25, AUM Jumps 23 Per Cent On SIP Surge



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DII's overtake FPIs in NSE ownership for 1st time in 22 years



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Overseas investors pull Rs 13,359 crore from Indian bonds amid US yield surge and geopolitical tensions



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CoinSwitch launches INR - based Crypto Futures



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NSE Revises Eligibility Criteria For Firms To Migrate From SME Platform To Main Board



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NSE, BSE Plans Alternative Trading Platform For Market Resilience Amid Disruptions



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STARTUP INDIA



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Indian startups raise over \$932 million in April



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02

India Crosses 1 Million New Entrepreneurs, Marking a Startup Milestone



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SEBI's Probe into BluSmart: A Wake-Up Call for Startup Governance in India



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India's Startup Ecosystem Is Worth Over \$354 Billion: DPIIT official



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PM Modi Allocates ₹400 Cr for Indian Institute of Creative Technology in Mumbai: Vaishnaw at WAVES 2025



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VC funding in India dips to \$2.4 bn in Q1 2025 amid global concerns



News Link

SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

01

SEBI revises cut-off timing for overnight mutual funds: What will change for investors from June 1

- From June 1, 2024, SEBI has changed the cut-off time for overnight mutual fund purchases to 1:30 PM, earlier than the previous 2 PM.
- Applications submitted after 1:30 PM will get the next business day's NAV, not the same day's.
- Due to the ultra-short maturity of overnight funds, this move ensures accurate NAV allotment and better fund discipline.
- Investors need to submit transactions earlier in the day to ensure same-day NAV benefits.
- This rule applies only to overnight schemes, not to liquid or other mutual funds.

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02

SEBI eases norms for stock brokers to operate from GIFT city, abolishes separate NOC requirement

- SEBI has removed the mandatory No-Objection Certificate (NOC) requirement for stock brokers and clearing members to operate in GIFT City (IFSC).
- The new rule streamlines the onboarding process, allowing Indian brokers to set up shop in GIFT City without prior NOC from existing exchanges.
- This is expected to encourage more Indian market players to enter the international financial ecosystem at GIFT IFSC.
- Brokers must intimate SEBI and their stock exchanges within 7 days of getting registration in GIFT City.
- The move aligns with SEBI's broader goal to position GIFT City as a global financial hub with easier access and cross-border linkages.

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SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

03

SEBI extends deadline for optional T+0 settlement for QSBs to Nov 1

- SEBI has extended the implementation of optional T+0 settlement for Qualified Stock Brokers (QSBs) from March 15 to November 1, 2025.
- T+0 settlement means same-day trade settlement — both funds and securities are transferred on the trading day itself, instead of the next day (T+1)
- The framework will now be rolled out in two phases, starting with select top 500 listed stocks in phase 1.
- It will be optional and voluntary for QSBs initially, giving them time to upgrade systems and infrastructure.
- This move is aimed at enhancing market efficiency, liquidity, and investor confidence by reducing settlement time and counterparty risk.

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04

SEBI Clarifies ESG Rating Norms for ERPs

- **Withdrawal Norms:** SEBI clarified when ESG ratings can be withdrawn by ERPs, differing for subscriber-pays and issuer-pays models.
- **Disclosure Requirements:** ERPs must publish ratings in a specified format; rationale can be restricted to subscribers in certain cases.
- **Stock Exchange Display:** ESG ratings must be made visible on stock exchange websites under a designated section.
- **Governance Relaxation:** Category II ERPs get a two-year deferral from forming specific governance committees.

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SEBIभारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

05

SEBI CIRCULARS

Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015



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Relaxation of provision of advance fee restrictions in case of Investment Advisers and Research Analysts



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Amendment to Circular for mandating additional disclosures by FPIs that fulfil certain objective criteria



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Clarification on Regulatory framework for Specialized Investment Funds ('SIF')



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Timelines for collection of Margins other than Upfront Margins – Alignment to settlement cycle



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Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)



Link

RBI



01

RBI Cuts Repo Rate to 6%, Shifts Stance to 'Accommodative' Amid Global Uncertainty

- The RBI revised its inflation projection for FY26 to 4%, down from the previous estimate of 4.2%, citing a slowdown in headline inflation and expectations of a normal monsoon
- FY26 inflation forecast revised to 4% (from 4.2%) on account of easing prices and expected normal monsoon.
- Real GDP growth trimmed to 6.5% (earlier 6.7%) due to global uncertainties and export-related risks.
- RBI flagged concerns like U.S. tariffs but reassured with strong \$676B forex reserves (11-month import cover).
- Further rate reductions possible depending on future economic developments and absence of external shocks.



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02

RBI amends liquidity coverage ratio norms, halves digital deposit buffer to 2.5%

- Digital Deposit Buffer Halved: RBI has halved the proposed liquidity buffer for digitally accessible retail deposits from 5% to 2.5%, easing compliance requirements for banks.
- Extended Timeline: The revised Liquidity Coverage Ratio (LCR) norms will now come into effect from April 1, 2026, giving banks an additional year to prepare.
- Capital and Credit Impact: The move is expected to unlock around ₹3 trillion in capital for banks, potentially boosting their LCR by 6 percentage points and credit growth by up to 2 percentage points.
- Run-Off Rate Adjustment: RBI also reduced the run-off rate for funds from non-financial entities (e.g. trusts, partnerships) from 100% to 40%, enhancing overall liquidity flexibility.



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RBI



03

RBI's 57.5 tonnes of gold purchase second-highest in 7 years



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- With this addition, the RBI's total gold holdings increased to 879.6 tonnes by March 2025, up from 822.1 tonnes the previous year.
- The proportion of gold in India's foreign exchange reserves rose to 11.8% as of April 11, 2025, compared to 8.7% the previous year, reflecting both increased holdings and appreciation in gold value.
- This recent purchase is surpassed only by the 66 tonnes acquired in FY22, with subsequent purchases of 35 tonnes in FY23 and 27 tonnes in FY24.
- The RBI's gold purchases occurred during a period when gold prices increased by over 30%, influenced by global financial instability and rising demand for gold as a safe-haven asset.

04

RBI asks banks to complete migration to bank.in domain by October 31, 2025



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- The RBI has instructed all Indian banks to transition their existing websites to the exclusive '.bank.in' domain by October 31, 2025
- This move aims to bolster cybersecurity measures, addressing the rising instances of digital payment frauds and phishing attacks by ensuring a secure and trusted domain for banking services
- Banks are advised to contact IDRBT at sahyog@idrbt.ac.in to begin the registration process. Detailed guidelines for the migration were expected to be issued starting April 2025.
- In addition to '.bank.in' for banks, the RBI plans to launch an exclusive domain '.fin.in' for non-bank financial entities, further strengthening the cybersecurity framework across the financial sector

RBI

05

RBI CIRCULARS

Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2025



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Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)



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Master Circular – Basel III Capital Regulations



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Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances



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Processing of Regulatory Authorisations/ Licenses/ Approvals through PRAVAAH



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Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)



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Reserve Bank of India (Classification, Valuation and Operation of the Investment Portfolio of Commercial Banks) Directions, 2023



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MCA**01**

Over 3,300 companies to be struck off official records by corporate affairs ministry

- The Ministry of Corporate Affairs (MCA) plans to remove more than 3,300 companies from official records due to non-compliance with statutory requirements.
- The Registrar of Companies, under the MCA, is responsible for this action, targeting companies that have failed to file annual returns and financial statements.
- Objective of the Move: This initiative aims to cleanse the corporate registry by eliminating non-compliant entities, thereby enhancing transparency and corporate governance.
- The strike-off is part of the MCA's continuous efforts to enforce compliance and ensure that companies adhere to legal and regulatory norms



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02

MCA seeks public input on widening fast-track merger rules under Companies Act, 2013.

- The aim is to simplify regulatory processes for businesses and encourage ease of doing business, especially for smaller and group companies.
- Startups, small companies, and certain holding-subsidary structures could be included under fast-track merger eligibility.
- This would reduce the burden of going through lengthy NCLT procedures for them.
- Fast-track mergers bypass National Company Law Tribunal (NCLT) approval, making them faster, cost-efficient, and less complex.
- The MCA is inviting suggestions and feedback from the public and stakeholders until May 15, 2025, before finalizing the rule changes.



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INCOME TAX



01

Net direct tax collections rise 13.57% year-on-year for FY25

- The Central Board of Direct Taxes (CBDT) reported a 13.57% year-on-year increase in net direct tax collections for FY25, indicating strong revenue performance.
- Direct taxes encompass corporate tax and personal income tax, reflecting the economic activities of businesses and individuals.
- The rise in collections suggests improved tax compliance and economic growth, contributing positively to the government's fiscal position.
- This growth continues the trend observed in the previous fiscal year, where net direct tax collections had also seen significant increases.



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02

CBDT Notifies ITR Forms 1 & 4 for AY 2025-26: Major Changes in ITR-1 to Capture Long-Term Capital

- Taxpayers with LTCG up to ₹1.25 lakh from listed equity shares and equity mutual funds under Section 112A can now file using the simplified ITR-1 form. Previously, any capital gains necessitated filing ITR-2
- Resident individuals (excluding Not Ordinarily Residents) with total income up to ₹50 lakh from salary, one house property, other sources, and agriculture income up to ₹5,000 are eligible to file ITR-1.
- The new ITR-1 form introduces dropdown-based structured inputs for claiming deductions under various sections, streamlining the reporting process.
- The due date for filing income tax returns for FY 2024-25 (AY 2025-26) is July 31, 2025.



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INDIRECT TAXATION



01 April GST collection hit all time high of Rs 2.36 lakh crore

- April 2025 saw the highest-ever monthly GST collection of ₹2.36 lakh crore, a 12.4% increase over April 2024. The ₹2.36 lakh crore included ₹43,846 crore CGST, ₹53,538 crore SGST, ₹1.17 lakh crore IGST, and ₹11,000 crore cess.
- GST collected from domestic transactions (including services imports) rose by 13.4% year-on-year, reflecting robust economic activity.
- After refunds, net GST revenue stood at ₹2.09 lakh crore, indicating a 9.1% growth from last year.
- Maharashtra led with ₹41,465 crore, followed by Karnataka (₹17,815 crore), Gujarat (₹14,705 crore), Tamil Nadu (₹13,831 crore), and Uttar Pradesh (₹13,609 crore), each showing double-digit growth.



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02 Govt notifies rules for GST appellate tribunals; provides for mandatory e-filing, hybrid hearing

- All appeals and applications to the GSTAT must be filed electronically through the official portal, streamlining the submission process
- Urgent applications filed before 12:00 noon will be listed for hearing on the next working day, provided they are complete in all respects.
- STAT benches will operate from 10:30 am to 1:30 pm and 2:30 pm to 4:30 pm, with administrative offices open from 9:30 am to 6:00 pm on all working days
- Four standardized forms have been introduced: Form GSTAT-01 (Appeal), Form GSTAT-02 (Order Sheet), and CDR-01 & CDR-02 for court management, enhancing procedural clarity.



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Our advice is built from a rigorous and up-to-date understanding of the market, coupled with client's financial vision. This means we only offer solutions that work best for our clients.

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