

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED CATEGORY I - MERCHANT BANKER

SEVENTY SEVENTH EDITION



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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

'Sputnik moment' : \$1tn wiped off US stocks after Chinese firm unveils AI chatbot - Deepseek



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02

UK borrowing cost fall below 4.8% after inflation surprise



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03

Bank of Japan raises interest rates to highest level since 2008 at 0.5%



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04

The US Federal Reserve decided to hold its key interests rates steady at 4.25%-4.5% range



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05

Eurozone Inflation Hits 2.5%, Core at 2.7%, Weakening ECB Rate Cut Prospects



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06

Donald Trump imposes 25% tariffs on Mexico, Canada and 10% on China risking trade war



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BROAD ECONOMIC NEWS



01

Slump in India's forex reserves continues, hits 10-month low at USD 625.87 bn



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02

Private sector activity slows to 14-month low of 57.9 in January



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03

Manufacturing PMI rose to 57.7 in January 2025- marking a six-month high



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04

India's Fiscal Deficit Target for FY26 Set at 4.4% of GDP, down from revised 4.8% in FY25



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India's coal sector surpasses previous milestones, achieves record growth



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Rupee hits record low as dollar index shines



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CAPITAL MARKETS



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Foreign investors withdraw ₹64,156 crore from Indian equities in January 2025, investor sentiment shifting



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02

NSE investor base crosses 11 crore, reflecting a surge in market participation



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BSE launches Sensex derivative contracts at IFSC in GIFT City, Gujarat



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04

Monthly SIP flows more than doubled in the last 3 years



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05

India 10-year bond yield nosedives to 3-year low on central bank's buying



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India Imposes 70% Tax Penalty on Undeclared Crypto Gains



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STARTUP INDIA



01

Government launches Bharat Startup Grand Challenge



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02

Indian Startups Join Indo-U.S. Defense Program



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03

SamVed (US VC firm) launches \$50M fund for early-stage Indian tech startups



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04

Indian startups raise \$1.543 Bn in January



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05

FM Sitharaman announces ₹10,000 crore for new startup Fund of Funds



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06

Indian Startups Secure \$11.3 Billion in 2024, Up 43% YoY



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SEBI

 भारतीय प्रतिभूति और विनियम बोर्ड
 Securities and Exchange Board of India

01

SEBI restricts Finfluencers from using live stock market data in educational content

- SEBI bans finfluencers from using live stock market data, allowing only prices at least three months old.
- Investor education is permitted, but giving financial advice without approval remains restricted.
- The rule may reduce audience engagement, as real-time analysis is a major draw for finfluencers.
- SEBI had earlier barred brokers and mutual funds from working with unregistered finfluencers.
- The move aims to protect retail investors from misleading and speculative financial content.



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02

SEBI proposes unique UPI address for payment collection to weed out unregistered entities

- SEBI has proposed the introduction of unique UPI IDs for registered market intermediaries to streamline and secure financial transactions, reducing the risk of fraudulent activities.
- Under this framework, investors will be required to make payments only through these verified UPI IDs to ensure transparency and prevent unauthorized fund transfers.
- SEBI's initiative seeks to reduce financial fraud by preventing unauthorized intermediaries from collecting payments.
- The move aims to enhance investor trust by ensuring secure and transparent financial transactions in the securities market.



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SEBI


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03

SEBI mulls modifying investor charter for stock brokers

- SEBI plans to update the investor charter for stock brokers to enhance financial consumer protection and awareness.
- The revised charter will include broker services, investor rights, grievance redressal, and handling defaults.
- Brokers must display the charter on websites, offices, and provide it in account opening kits.
- They must continue reporting complaint data on their websites monthly.
- SEBI has invited public feedback on the proposed changes, with the consultation period open until February 17, 2025.


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04

SEBI looks to allow trading in IPO shares ahead of listing to curb grey market activity

- SEBI is considering allowing trading in IPO shares before their official stock exchange listing, a move aimed at improving price discovery and liquidity.
- The proposed framework would enable investors to buy and sell IPO shares in a regulated environment before they debut on exchanges, reducing volatility on listing day.
- SEBI is working on safeguards to prevent price manipulation and ensure fair trading practices in this pre-listing phase.
- The regulator is currently in discussions with market participants, and a formal proposal is expected to be released soon for public consultation.


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05

SEBI CIRCULARS

Measure for ease of doing business - Settlement of Account of Clients who have not traded in the last 30 days



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Guidelines for Investment Advisers



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Details on provisions related to association of persons regulated by the Board, MIs, and their agents with persons engaged in prohibited activities



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Procedure for seeking waiver or reduction of interest in respect of recovery proceedings initiated for failure to pay penalty.



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Timeline for Review of ESG Rating pursuant to occurrence of 'Material Events'



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Development of Web-based portal: iSPOT(Integrated SEBI Portal for Technical glitches) for reporting of technical glitches



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Disclosure of Risk adjusted Return - Information Ratio (IR) for Mutual Fund Schemes.



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RBI


01

RBI tightens vigil on P2P lending after revising rules

- RBI has enhanced its scrutiny of P2P lending platforms by issuing an 18-point questionnaire to eight companies.
- The regulator is focusing on compliance with the revised P2P lending guidelines, particularly the T+1 fund transfer rule.
- Questions include information about advertisements, fund flows, and cross-selling practices.
- The RBI observed violations like unapproved loans and unreported losses by lenders.
- Only 10–11 out of 26 licensed P2P companies are actively operating, with a total AUM of Rs 11,000 crore.



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02

RBI moves to tackle liquidity crunch with Rs 60,000 crore OMOs, VRRs and forex swaps.

- The Reserve Bank of India (RBI) has announced ₹60,000 crore worth of Open Market Operations (OMOs) to infuse liquidity into the banking system, ensuring smoother financial conditions.
- The RBI will hold three auctions of ₹20,000 crore each for government securities in January and February 2025.
- A ₹50,000 crore Variable Rate Repo (VRR) auction will be held on February 7 to enhance short-term liquidity.
- These measures come ahead of the RBI's Monetary Policy Committee meeting on February 5.



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RBI



03

RBI signs MOUs with UAE, Indonesia, and Maldives to promote cross-border trade in local currencies

- RBI eases FEMA rules to boost cross-border transactions in INR and local currencies.
- Non-residents can hold INR accounts for both current and capital transactions.
- Indian exporters can open foreign currency accounts abroad for trade settlements.
- INR balances in repatriable accounts can now be used for FDI in non-debt instruments.
- India will be able to use their balances held in repatriable INR accounts for foreign investment, including FDI, in non-debt instruments



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04

RBI partially devolves 10-yr green bond; \$/rupee swap attracts 5 times bids

- RBI auctioned ₹5,000 crore worth of 10-year sovereign green bonds but accepted only ₹1,054 crore due to weak demand.
- The remaining ₹3,945 crore was devolved to primary dealers as investors were unwilling to pay a premium for green bonds.
- In contrast, RBI's \$5 billion forex swap auction saw overwhelming demand with \$25 billion in bids.
- Liquidity in the banking system remained in deficit, standing at ₹2.2 trillion.
- The Indian rupee closed flat at 86.62 per dollar despite intraday fluctuations due to forex demand.



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RBI



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RBI CIRCULARS

Framework for imposing monetary penalty and compounding of offences under the Payment and Settlement Systems Act, 2007



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Private Placement of Non-Convertible Debentures (NCDs) with maturity period of more than one year by HFCs – Review of guidelines



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Guidelines on Settlement of Dues of borrowers by ARC's



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Participation of NaBFID as an AIFI in financial markets



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



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Status of March 30, 2025 for Government transactions through integration with e-Kuber



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MCA



01

Supreme Court mandates prior CCI clearance before insolvency resolution approval

- The Court mandates that insolvency resolution plans involving mergers or acquisitions must first secure CCI approval before submission to the Committee of Creditors (CoC).
- The ruling adds a step to the insolvency process, but experts believe it won't disrupt the Insolvency and Bankruptcy Code (IBC) significantly.
- Prior CCI clearance ensures that mergers and acquisitions do not harm market competition or dynamics.
- The ruling aims to improve efficiency by checking competition law compliance early in the insolvency process.



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02

PAN must to seek data on corporate debtors under IBC

- The latest regulation mandates that a Permanent Account Number (PAN) must be provided to access details of corporate debtors under the Insolvency and Bankruptcy Code (IBC).
- PAN is required to access debtor data from the Insolvency and Bankruptcy Board of India (IBBI), ensuring transparency in debtor-related information.
- The regulation enables easier tracking of corporate defaults, allowing authorities to access a centralized database linked to PAN details.
- The rule boosts the IBBI's role in corporate debt resolution, allowing more efficient handling of insolvency proceedings.



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INCOME TAX



01

India's direct tax collection surges 15.88% to 16.90 lakh crore so far in FY25

- India's direct tax collection surged by 16%, reaching ₹16.90 lakh crore in FY25 (till January 12).
- Non-corporate tax collection, largely from personal income tax, stood at ₹8.74 lakh crore.
- Corporate tax receipts totaled ₹7.68 lakh crore during the same period.
- Securities transaction tax (STT) grew significantly, reaching ₹44,538 crore.
- Gross direct tax collections grew by 20%, crossing ₹20.64 lakh crore, with a target of ₹22.07 lakh crore for FY25.



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02

Budget 2025: Key Direct Tax Updates & Implications

- The standard deduction has been increased by ₹50,000, raising the total to ₹1 lakh, offering taxpayers more relief from taxable income.
- NPS contributions now offer higher tax exemptions, boosting retirement savings benefits.
- Individuals earning over ₹15 lakh annually will now face a 30% tax rate, with adjustments to ensure higher earners contribute more.
- The government has extended the deadline for updating tax returns to two years, allowing individuals more time for corrections.
- The budget clarified eligibility for tax deductions related to certain investments, providing greater certainty for taxpayers.



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INCOME TAX



03

Centre doubles tax devolution to states at ₹1.73 lakh crore to boost capital expenditure

- The government has doubled the tax devolution to states to ₹1.73 lakh crore.
- The increased allocation aims to boost states' capital expenditure for infrastructure projects.
- This move is expected to promote balanced regional growth and job creation.
- The focus is on decentralized funding to improve state-level economic resilience.
- The increased devolution is part of the government's strategy to foster long-term development across India.



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04

Big Budget Boost For Middle Class: No Income Tax Up To Rs 12 Lakh

- The new regime exempts individuals from paying taxes on income up to ₹12 lakh, including standard deductions.
- Revised slabs under the new regime ensure lower taxes on income up to ₹12 lakh, with 5% tax for ₹4-8 lakh, 10% for ₹8-12 lakh, 15% for ₹12-16 lakh, and 20% for ₹16-20 lakh.
- A new 25% tax will apply to income between ₹20 lakh and ₹24 lakh, offering a smoother progression between tax rates.
- The existing 30% tax will remain for individuals earning above ₹24 lakh, with higher-income earners continuing to pay the top rate.
- These revisions aim to simplify compliance, reduce burdens, and benefit taxpayers



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INDIRECT TAXATION



01 Net GST collection in January rises 11% to ₹1.71 trillion

- Net GST collection in January 2025 rose by 10.9% to ₹1.71 trillion, compared to ₹1.54 trillion in January 2024.
- Tax refunds for FY 2024 increased by 15.7% to ₹2.12 trillion, with a 23.9% rise in January to ₹23,853 crore, reflecting better processing.
- Year-to-date GST collection growth from April to December 2024 slowed to 9.1% YoY.
- Domestic sales grew over 10% YTD, while import growth lagged at 2%, aligning with reduced import dependency
- States like Punjab and Haryana experienced double-digit GST growth, while Chandigarh saw a contraction.



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02 Budget 2025: Key Indirect Tax Updates & Implications

- The budget reduces the number of customs tariff rates from 21 to 14, aiming to simplify the tax structure and promote domestic manufacturing.
- Targeted duty reductions are implemented for sectors such as textiles, footwear, electronics, and toys to enhance their global competitiveness.
- Digitization of tax compliance, faster dispute resolution, and simpler documentation to make tax filing and compliance easier for businesses.
- Duty exemptions on EV battery manufacturing capital goods, aligning with India's Net Zero 2070 goal



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CAPITAL MARKETS | INVESTMENT BANKING | WEALTH MANAGEMENT | LENDING SOLUTIONS

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.

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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