



RNM ALERT
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India In Space



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EDITORIAL

Dear Readers

During the month of June 2025 we were, like all Indians, shocked with the horrific scenes around the crash of the Air India flight from Ahmedabad to Gatwick. The aviation industry has been seen in India as a relatively safe sector with steep growth hitherto. Team RNM expresses its solidarity with all the family members whose dear ones were lost in the tragedy.

During this month, we celebrated the 107th Birth Anniversary of our Founder, Late Shri R.N. Marwah on 25 June by distributing food and cold milk to the poor in Delhi. RNM Charitable Foundation is a registered charity under Section 80G of Income Tax Act, 1961.

An important line in the sand was drawn on the 'autonomy of the legal profession' in the case of Ashwinikumar Govindbhai Prajapati by the Hon'ble Supreme Court of India by holding that summoning advocates by investigative agencies or police for advice given to clients is untenable and a threat to the autonomy of the legal profession. The ratio of the said judgement is equally applicable to other practitioners like tax consultants and Chartered Accountants in being able to fearlessly discharge their professional duties.

On the Direct Tax front, it is worthwhile to highlight the amendment to the Form 3CD (Tax Audit Report format) applicable for the Assessment year 2025-26 brought in by the Central Board of Direct Taxes (CBDT). Various changes and new clauses have been introduced, including for enhanced MSME reporting to promote timely payment to MSMEs.

On the Valuation front, we have recently published a very insightful Report on the valuation multiples in the Paper Industry. You may have received the same separately.

Our licensed Alternative Investment Fund (AIF) based in Gift City, Gujrat has been separately publishing a fortnightly update on the India Market Pulse which I am sure you have been enjoying.

We would like to take this opportunity of wishing all our readers best wishes for CA Day on 1 July. On this day we celebrate the contribution of Chartered Accountants in society and in the field of finance.

U N Marwah
Chairman - RNM India

Direct Tax



Rakesh Sharma

1. CBDT notified '376' as Cost Inflation Index (CII) for Financial Year 2025-26

The CBDT vide Notification No. 70/2025, dated 01-07-2025, has notified '376' as the Cost Inflation Index (CII) for the Financial Year 2025-26.

2. CIRCULAR F. NO. 225/37/2025/ITA-I, DATED 13-6-2025

The CBDT vide circular dated 13.06.2025; issues guidelines for mandatory selection of returns for complete scrutiny in FY 2025-26.

Important Judicial Precedents

1. Delay in filing audit report in Form 10B couldn't be a bar to claim lawful exemption u/s 11: ITAT

[2025] 175 taxmann.com 282 (Delhi - Trib.) Sampoorana Seva Charitable Trust vs. ITO

Where assessee, a charitable institution, filed audit report in Form 10B belatedly, since conditions of filing Form 10B are directory in nature and not mandatory, mere delay in filing Form 10B cannot be a bar to assessee claiming lawful exemption under section 11.

2. AO can't proceed further and make assessment if he was not vested with jurisdiction as per PAN jurisdiction: HC

[2025] 175 taxmann.com 820 (Calcutta-HC) PCIT vs. Rohit Baid

Section 148, read with section 120, of the Income-tax Act, 1961 - Income escaping assessment - Issue of notice for (Jurisdiction) - Assessment year 2015-16 - Whether notice under section 148 issued by an Assessing Officer not vested with jurisdiction as per PAN jurisdiction renders reassessment proceedings void - Held, yes - Whether CBDT Instruction No. 1/2011, being an administrative guideline for equitable distribution of workload among Assessing Officers, does not confer or override statutory jurisdiction under section 120 - Held, yes [Paras 3 to 5] [In favour of assessee].

3. SLP dismissed against ruling that interest paid on loan taken for acquiring agricultural land wasn't allowable as deduction

[2025] 174 taxmann.com 695 (SC) Mini Muthoottu Credit India (P.) Ltd. vs. CIT

SLP dismissed as withdrawn against order of High Court that where assessee-company acquired land for business purposes by taking loan however said land was used for agricultural purposes, which yielded agricultural income, interest paid in respect of loan could not be allowed as a deduction under section 36(1)(iii).

4. CSR donations made to registered trust eligible for sec. 80G deduction even if sec. 37(1) disallows CSR exp.: ITAT

[2025] 175 taxmann.com 694 (Ahmedabad - Trib.) Vimal Coal (P.) Ltd. vs. DCIT

Where assessee, engaged in coal trading, suo motu disallowed CSR expenses under section 37(1) but claimed deduction under section 80G for donations made to registered trusts through verifiable channels not covered by section 80G(2) exclusions, such deduction was allowable.



5. Payments made towards internet, broadband and bandwidth charges to foreign parties didn't constitute royalty; no TDS u/s 195

[2025] 175 taxmann.com 411 (Mumbai - Trib.) DCIT vs. Hinduja Global Solutions Ltd

Assessee, engaged in providing information technology and information technology-enabled services, made payments of Rs. 7.65 crores towards internet, broadband and bandwidth charges to foreign parties - Assessing Officer held that said payments constituted 'royalty' under section 9(1)(vi) and attracted TDS under section 195, and accordingly disallowed same under section 40(a)(i) - Assessing Officer further made an additional disallowance of Rs. 3.94 crores, comprising payments made in India (on which TDS was deducted) and payments made by assessee's overseas branch (on which tax was paid as per Philippine tax law) - Commissioner (Appeals) deleted both disallowances holding that impugned payments were not in nature of 'royalty' and did not require deduction of tax at source under section 195 - Whether disallowances under section 40(a)(i) were rightly deleted on ground that impugned payments did not constitute royalty under section 9(1)(vi) and, therefore, did not attract TDS under section 195 - Held, yes [Para 10] [In favour of assessee]

6. Matter remanded to allow sec. 54F relief as assessee inadvertently claimed it as sec. 54 in return: ITAT

[2025] 175 taxmann.com 374 (Patna - Trib.) Seema Srivastava vs. ITO

Where assessee had purchased a residential house and submitted capital gains computation, mere typographical error in claiming deduction under section 54 instead of section 54F did not disentitle her from relief and limitation of claiming deduction in return applies only to Assessing Officer and not to Appellate Authority which can allow correct claim if facts on record support it.

7. HC set aside order as AO passed it without granting time for filing reply and without providing opportunity of personal hearing

[2025] 175 taxmann.com 792 (Madras-HC) Manoj Kiron Kumar Lulla vs. Assessment Unit, National E. Assessment Centre

Where assessee requested an extension to file reply to show cause notice as his Authorised Representative was hospitalized due to which assessee was unable to collect all supporting documents, however Assessing Officer passed assessment order without granting time for filing reply and without providing opportunity of personal hearing, impugned order was to be set aside for violation of principles of natural justice.

8. Loss on account of invocation of guarantee given to bank for loan availed by sister concern was allowable as deduction: HC

[2025] 175 taxmann.com 274 (Madras-HC) CIT vs. Star Investments (P.) Ltd

Where assessee, an investment company, promoted a company (BICL) which availed loan from ICICI and assessee pledged its shares to ensure loan repayment by BICL and later BICL paid only part of amount and assessee decided to write off unpaid amount as bad debts, loss incurred by assessee was for business expediency of group company and thus, should be treated as having been incurred for purpose of business and directly relatable to business of assessee and eligible for deduction as loss or bad debt.



9. Services rendered by a Co. providing management and governance support functions to its AE couldn't be considered as FTS

[2025] 175 taxmann.com 351 (Delhi-HC) AECOM Intercontinental Holdings UK Ltd. vs. Income-tax Office

Where assessee, a UK based company, provided management and governance supports functions to its Indian AE, since services rendered did not make available technical knowledge, experience, skill, know-how, or processes to AE, same could not be considered as FTS.

Where assessee, a UK based company, provided IT infrastructure and software development services to its Indian AE, since AE did not acquire any copyright in software, cross charges paid by Indian AE could not be construed as royalty within scope of article 13(3) of India-UK DTAA.



Indirect Tax



Shubhanshu Shukla

**GST Calendar –Compliances for the month of
June 2025.**

Nature of Compliances	Due Date
GSTR-7 (Tax Deducted at Source 'TDS')	July 10, 2025
GSTR-8 (Tax Collected at Source 'TCS')	July 10, 2025
GSTR-1	July 11, 2025
IFF- Invoice furnishing facility (Availing QRMP)	July 13, 2025
GSTR-6 Input Service Distributor	July 13, 2025
GSTR-2B (Auto Generated Statement)	July 14, 2025
GSTR-3B	July 20, 2025
GSTR-5 (Non-Resident Taxable Person)	July 20, 2025
GSTR-5A (OIDAR Service Provider)	July 20, 2025
PMT-06 (who have opted for QRMP scheme)	July 25, 2025

Gujarat High Court – Addwrap Packaging Pvt. Ltd. & Anr. v. Union of India & Ors.

Facts:

- Rule 96(10) restricted the ability of certain exporters to claim IGST refunds on exports made under LUT (Letter of Undertaking) or payment of tax, if they or their suppliers availed certain customs/GST exemptions (e.g., Advance Authorization, EPCG, EOU).
- The petitioners had exported goods under payment of IGST and claimed refund, but the department denied refund citing violation of Rule 96(10).
- Show cause notices and adjudication orders were issued solely on the basis of Rule 96(10).
- However, Rule 96(10) was omitted by way of Notification No. 20/2024-CT, dated 8 October 2024, and no “saving clause” was provided — meaning the government did not specify what should happen to pending proceedings under this rule.

Issue:

Whether the omission (deletion) of Rule 96(10) — without any saving clause — would: Automatically nullify pending proceedings, or Continue to apply to past periods due to its earlier existence.

Held:

- The Court held that deletion of a rule, without any saving clause, must be treated as a complete repeal.
- Under Section 6 of the General Clauses Act, 1897, when a law or rule is repealed:
 - Pending proceedings can continue only if the repealing law includes a saving clause.
 - In absence of such a clause, all rights, liabilities, and proceedings under the repealed law/rule cease to exist.
- Since Rule 96(10) was completely omitted without a saving clause, any ongoing or pending refund denial cases under that rule automatically become invalid.
- The court specifically quashed the show cause notices and orders issued to the petitioner under Rule 96(10).

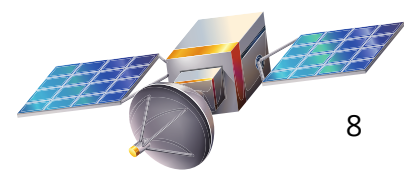
High Court of Sikkim - SICPA India Pvt. Ltd. & Anr. v. Union of India & Ors.

Facts:

- SICPA India, a security ink manufacturer, closed its manufacturing operations in Sikkim in January 2019.
- During closure, it sold its assets and reversed relevant ITC as per GST rules.
- However, an unutilized ITC balance (~₹4.37 crore) remained in its Electronic Credit Ledger.
- The company applied for a refund of this balance under Section 49(6) of the CGST Act.
- The refund was denied by the Adjudicating Authority, and the Appellate Authority, citing Section 54(3) which limits refund eligibility to: Zero-rated supplies (exports/LUT), or Inverted duty structure.
- SICPA filed a writ petition with the Sikkim High Court.

Issue:

Can a business that has ceased operations claim a refund of its unutilized ITC under Section 49(6), even though Section 54(3) doesn't expressly mention business closure as a valid reason.



Held

- Section 49(6) allows refund of the opening ledger balance after taxes, interest, and penalties are paid, referring to Section 54 for procedure—but does not limit eligibility.
- Section 54(3) lists two specific refund scenarios, but does not expressly prohibit refunds in other situations like business closure.
- Retaining ITC after business closure without explicit legal authority violates the basic principle that tax cannot be held without legal backing.

Section 122 - Are Penalties Civil in Nature

Facts

A company (e.g., Patanjali Ayurved) received a Show Cause Notice under: Section 74: for tax recovery and potential penalty, and Section 122: for penalty due to allegations like fake invoicing or circular trading.

- The tax demand under Section 74 was later dropped by the authorities.
- Despite that, the department continued with the Section 122 penalty.
- The company contested this, saying Section 122 involves criminal-like penalties and therefore needed a separate criminal process.

Issue:

- Is the penalty under Section 122 a criminal offense, or a civil liability
- And if the Section 74 case is closed, does that mean the Section 122 case automatically ends too?

Held:

Civil, Not Criminal: The Court said penalties under Section 122 are civil in nature, not criminal. You don't need a criminal trial or a court—these are civil penalties handled by GST officers.

Separate Proceedings: Closing a case under Section 74 does not mean the Section 122 case ends too.

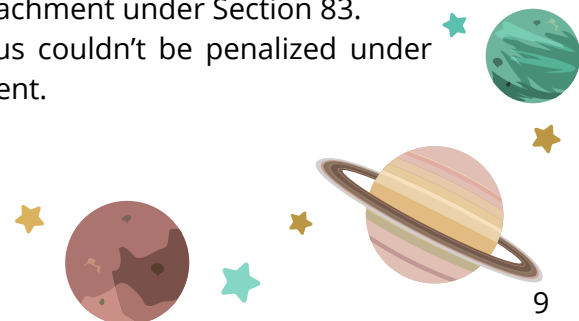
You can have two separate proceedings: one for tax recovery (74), and one for penalties (122).

1. GST Officer Can Decide: The same GST officer can issue and decide Section 122 penalties—they don't need to go to a criminal court.
2. Mens Rea Not Required: A “guilty intent” (mens rea) is not needed for Section 122 penalties. The rules target behaviour like fake invoicing even if it wasn't intentional.

Liability of Directors - Under Section 122(1A) CGST

Facts

- The company (Planman HR Pvt. Ltd.) claimed ineligible CENVAT credit (~₹22 crore), failed to file GST returns, and was found liable for short-paid GST (₹40 crore) and inadmissible ITC (₹35 lakh).
- Both the company and its directors (petitioners) were penalized under Sections 122(1) and 122(1A) (₹35 lakh each) and also faced provisional attachment under Section 83.
- Directors argued they weren't “taxable persons” and thus couldn't be penalized under Section 122(1A), claiming no personal benefit or involvement.



Issue

Can penalties under Section 122(1A) be imposed on individuals such as directors, even if they are not taxable persons, for fraudulent ITC claims or short payment of GST?

Held:

1. Any Person vs. Taxable Person
 - a. While Section 122(1) targets “taxable persons”, Section 122(1A) explicitly applies to “any person” who retains benefit from specified illicit transactions.
 - b. “Any person” includes non-registered individuals like directors and managers.
2. Director Liability
 - a. Directors are responsible for the acts of the company and can be liable if they:
 - i. Initiated or benefited from fraudulent transactions, and/or
 - ii. Were involved in decision-making, invoicing, ITC claims, or GST non-compliance.
3. Requirement of Fact-Based Inquiry
 - a. Liability depends on fact-specific inquiry: the Appellate Authority must examine whether the director actively participated or derived benefit.
4. Right to Appeal
 - a. Directors (even as non-taxable persons) are entitled to file appeals under Section 107.
 - b. The Court directed tax authorities to enable an appeal process (online or offline) and to not reject appeals on limitation grounds if delays resulted from unavailable systems.



Corporate Finance



Sunita Williams

Blackstone Acquires South City Mall for \$377 Mn

Global investment giant Blackstone has acquired South City Mall in Kolkata for \$376.8 million (around INR 3225 crores) from South City Projects (Kolkata) Ltd, a joint venture of six prominent Kolkata-based real estate families, including the Emami, Rameswara, Shrachi, Sureka, Merlin, and JB Groups. Launched in 2006, the 1 million sq. ft. mall is one of eastern India's largest retail hubs, featuring over 150 Indian and international brands, a spacious food court, and parking for 1,250 cars. It generates an annual turnover of around \$187 million (around INR 1,600 crores). The acquisition aligns with Blackstone's strategy to expand its retail portfolio in India through Nexus Select Trust, the country's only listed retail-focused REIT. Nexus Select recently acquired Vega City Mall in Bengaluru for \$106.7 million (around INR 913 crores), adding to its existing properties in the city—Nexus Shantiniketan, Nexus Whitefield, and Nexus Koramangala. Nexus now operates across 15 cities with a 9.9 million sq. ft. retail portfolio. Blackstone manages approximately \$50 billion (around INR 428,073 crores) in assets in India and has announced plans to double its exposure to \$100 billion (around INR 856,204 crores) over the next few years. Anarock acted as the exclusive advisor on the South City Mall transaction.

(Source: VC Circle, 17th June 2025)

Private Equity

Advent International To Invest \$175 Mn In Felix Pharma

Advent International has announced a \$175 million (around INR 1,498 crores) investment for a significant minority stake in Felix Pharmaceuticals, an Ireland-headquartered animal healthcare firm with manufacturing operations in India. The investment, via primary and secondary transactions, will support Felix's expansion in the global companion animal generics market. Founded in 2015, Felix has a portfolio of 14 USFDA-approved products and operates a dedicated animal health facility, with an injectable plant set to launch by Q3 2025. The deal reflects Advent's continued focus on healthcare and the growing potential of the animal health generics sector.

(Source: VC Circle, 9th June 2025)

Aditya Birla's Realty Arm Onboards IFC For Residential Projects

Birla Estates Pvt Ltd, the real estate arm of the Aditya Birla Group, has secured \$50 million (around INR 428 crores) in funding from the International Finance Corporation (IFC) to develop residential projects in Pune and Thane. IFC will invest via rupee-denominated non-convertible debentures and hold a 44% economic interest in the SPVs executing the projects, which aim to deliver 6,000–9,000 housing units. The initiative is part of a broader \$1.1 billion (around INR 9416 crores) development effort focused on sustainable, high-quality housing, especially for first-time homeowners. This marks IFC's continued investment in India's housing sector and its ongoing collaboration with the Aditya Birla Group.

(Source: VC Circle, 9th June 2025)

Recognize Closes \$1.7B Second Fund to Back Tech Services

Private equity firm Recognize has closed its \$1.7 billion (around INR 14,552 crores) second fund in under five months, oversubscribed with strong support from existing and new global investors. The fund will continue to focus on AI-driven and IP-enabled digital services, targeting control investments in companies valued between \$50M–\$500M. Founded in 2020, Recognize previously raised \$1.3 billion (around INR 11,129 crores) for its debut fund, backing 13 companies and achieving three exits, including AST (sold to IBM) and Torc (sold to Randstad). The firm combines investment with operational expertise in tech-enabled services. Rede Partners advised on the fundraise; Goodwin Procter served as legal counsel.

(Source: VC Circle, 30th June 2025)

Lighthouse Funds Bet On Construction Tech Firm Knest Manufacturers

Lighthouse Funds has invested \$35 million (around INR 300 crores) in Pune-based construction technology firm Knest Manufacturers Pvt Ltd, marking the sixth investment from its recently closed \$467.4 million (around INR 4,000 crores) fourth fund. The funding will support Knest's R&D, manufacturing expansion, and backward integration efforts. Founded in 2015, Knest specialises in aluminium formwork systems and hydraulic safety screens, aiming to improve construction efficiency and sustainability. The investment aligns with Lighthouse's strategy of backing innovative and mission-driven companies.

(Source: VC Circle, 11th June 2025)

Kalpataru Raises \$82.1 Mn from GIC, Bain Capital Ahead of IPO

Kalpataru Ltd has raised \$82.7 million (around INR 708 crores) in its anchor round ahead of its \$187 million (around INR 1,600 crores) IPO opening on June 24, priced at Rs 387–414 per share. Key investors include GIC Singapore, Bain Capital's GSS Opportunities, SBI Mutual Fund, ICICI Prudential MF, SBI General Insurance, Aditya Birla Sun Life, 360 ONE WAM, Taurus MF, and Ayushmat Ltd. The company will use \$139.4 million (around INR 1,193 crores) from the IPO proceeds to repay debt, with the rest for general corporate purposes. ICICI Securities, JM Financial, and Nomura are lead managers to the issue.

(Source: VC Circle, 24th June 2025)

Venture Capital

IvyCap-Backed Apparel Brand Snitch Raises \$40 Mn In Series B Round

Menswear D2C brand Snitch has raised \$40 million (around INR 342 crores) in a Series B round led by 360 ONE Asset, with continued backing from IvyCap Ventures and SWC Global. The funds will support Snitch's offline expansion to 100+ stores, entry into quick commerce, new product launches, and international growth. Founded in 2020, Snitch reported \$28.2 million (around INR 241 crores) in revenue and \$0.5 million (around INR 4.4 crores) net profit in FY24, with 120% YoY growth. CEO Siddharth Dungarwal called the raise a step toward global expansion and a future public listing. PwC India and JSA advised on the deal.

(Source: VC Circle, 02nd June 2025)

Decentro Raises \$3.5 Mn In Series B

Fintech infrastructure startup Decentro has raised \$3.5 million (around INR 30 crores) in a Series B round led by InfoEdge Ventures, with participation from Stargazer Growth and existing investors including Uncorrelated Ventures. The company will use the funds to expand enterprise adoption, enhance product capabilities, and scale marketing across banks, NBFCs, fintechs, and digital lenders. Serving over 1,300 institutions, Decentro offers solutions across KYC, payments, and debt collections, and recently launched AI products like Scanner and Neobot. It also plans to reverse flip its parent entity from Singapore to India within 12–18 months, underscoring its long-term commitment to the Indian market.

(Source: VC Circle, 06th June 2025)

Flick TV Raises \$2.3M Seed Funding

Flick TV, a mobile-first OTT platform streaming vertical micro-dramas under five minutes, has raised \$2.3 million (around INR 19.6 crores) in seed funding led by Stellaris Venture Partners, with participation from Gemba Capital and Titan Capital. The funds will be used to scale content production, launch 100+ original titles, expand into four new regional languages, and enhance the platform's mobile experience and user acquisition efforts. Founded in 2025 by Kushal Singhal and Pratik Anand, Flick TV aims to redefine short-form storytelling for mobile audiences.

(Source: VC Circle, 10th June 2025)

Udaan Secures \$114M In Series G Funding

B2B e-commerce platform Udaan has raised \$114 million (around INR 976 crores) in a Series G equity round led by M&G Investments and Lightspeed, with participation from other existing and undisclosed new investors. The funds will be used to strengthen Udaan's presence in FMCG and HoReCa segments, expand its private label initiatives in staples, and enhance financial flexibility ahead of a planned IPO. Founded in 2016 by former Flipkart executives, Udaan connects retailers, wholesalers, and manufacturers, and also offers logistics and financial services via Udaan Capital. The company has reduced EBITDA burn by 40% annually over the past three years and aims for full profitability within 18 months.

(Source: VC Circle, 02nd June 2025)

Flexiloans Raises \$44 Mn In Extended Series C

Lending platform Flexiloans has raised \$44 million (around INR 376 crores) in fresh equity as part of an extended Series C round, bringing the total raised in this round to \$77.7 million (around INR 665 crores). The funding saw participation from existing investors Fundamentum, Accion Digital Transformation, Nuveen, and Maj Invest, with British International Investment (BII) joining as a new investor. The capital will be used to expand operations, enhance product offerings, and strengthen technology infrastructure. Flexiloans, which serves India's MSME sector, has grown at an 80% CAGR over the past four years, and has raised a total of \$87.1 million (around INR 746 crores) in equity and INR 2,000+ crore in debt since its founding in 2016.

(Source: VC Circle, 11th June 2025)

Mergers & Acquisitions

Bain Capital-Backed Emcure Takes Full Control of Zuventus Healthcare

Emcure Pharmaceuticals Ltd, a Pune-based pharmaceutical company, has announced the acquisition of the remaining 20.42% stake in Zuventus Healthcare Ltd for \$83.5 million (around INR 714 crores), making Zuventus a wholly owned subsidiary. The transaction, which is expected to be completed by the second quarter of the current financial year, will facilitate full financial consolidation and generate synergies across Emcure's domestic operations.. This acquisition follows Emcure's successful listing on the stock exchanges last year and reflects ongoing strategic efforts to strengthen its market position. Emcure's investor, Bain Capital, currently holds an 8.68% stake in the company.

(Source: VC Circle, 23rd June 2025)

Hindalco To Acquire US Specialty Alumina Manufacturer For \$125 Mn

Hindalco Industries Ltd, the metals arm of the Aditya Birla Group, has acquired a 100% equity stake in US-based AluChem Companies, a producer of specialty alumina, for an enterprise value of \$125 million (around INR 1,069 crores). The acquisition, to be executed through Hindalco's wholly-owned subsidiary, Aditya Holdings LLC, enhances its high-margin specialty alumina segment. AluChem, with over 45 years of experience, operates three manufacturing facilities in Ohio and Arkansas, and serves sectors like refractories, ceramics, and electronics. The deal expands Hindalco's presence in North America and strengthens its portfolio amidst rising demand for specialty alumina in industries such as electric mobility and semiconductors. The transaction is expected to close in the next quarter, pending regulatory approvals.

(Source: VC Circle, 25th June 2025)

Razorpay Acquires Majority Stake In India Quotient-Backed Rewards Platform POP

Razorpay has acquired a majority stake in consumer payment platform POP, securing \$30 million (around INR 256.8 crores) in funding to expand into loyalty, engagement, and commerce enablement. Founded in 2023, POP rewards UPI transactions with its currency, POPcoins, and claims over six lakh daily UPI transactions. This investment strengthens Razorpay's ecosystem, building on its 2022 acquisition of PoshVine. POP's growth includes a co-branded RuPay credit card partnership with Yes Bank, aiming to enhance customer retention and merchant engagement.

(Source: VC Circle, 17th June 2025)

Diageo India Buys Maker Of "Greater Than", "Hapusa" Gins

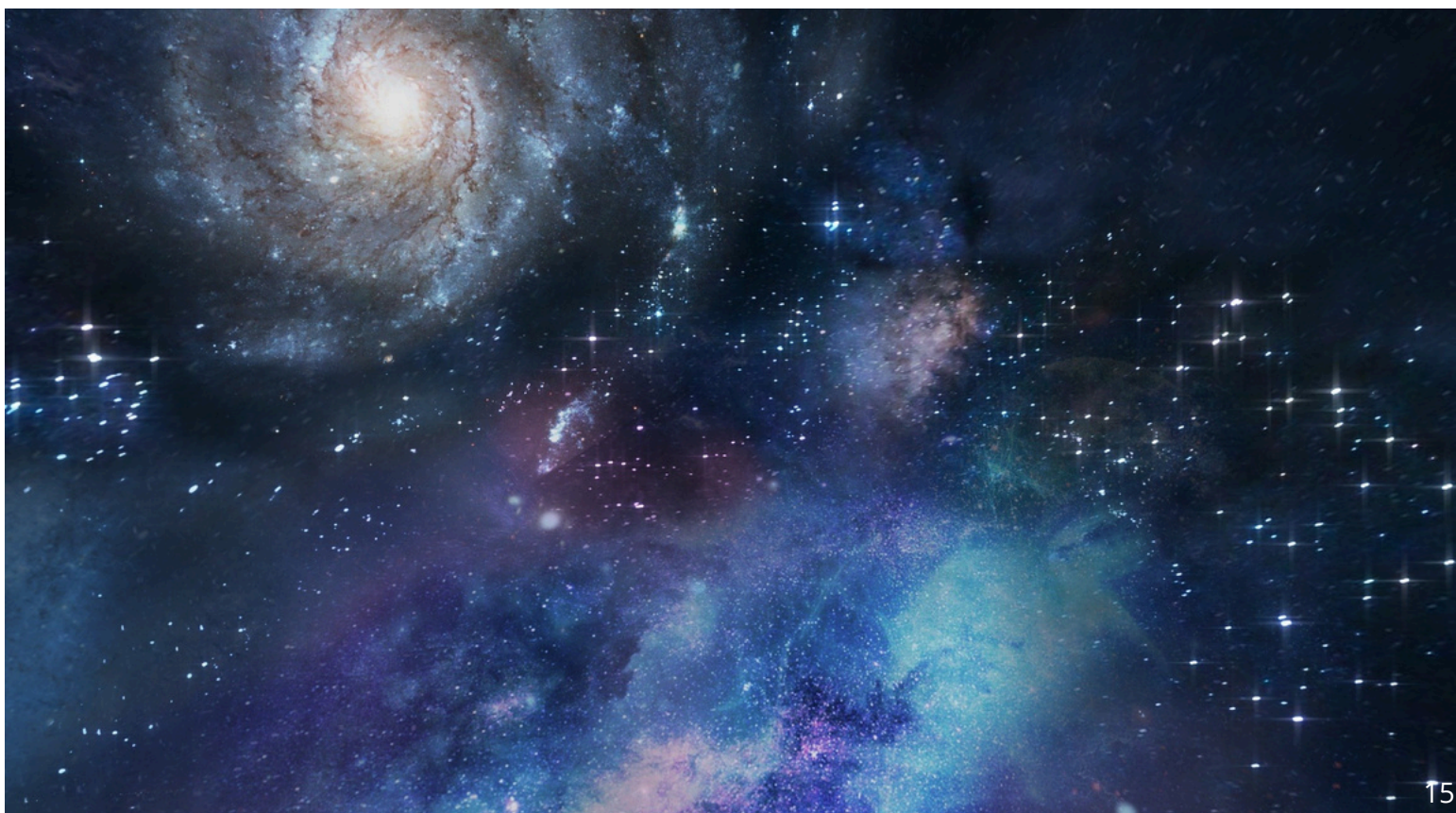
India's United Spirits has announced the acquisition of NAO Spirits, the maker of popular craft gins 'Greater Than' and 'Hapusa', in a deal valued at \$15.2 million (around INR 130 crores), including debt. The acquisition aims to strengthen United Spirits' premium portfolio amid rising demand for high-end liquor in India. Launched in 2017, NAO Spirits' 'Greater Than' was India's first craft gin, while 'Hapusa' is made with foraged Himalayan juniper. The move aligns with shifting consumer preferences for local, craft-oriented brands, as evidenced by United Spirits' 17% profit growth in Q4.

(Source: VC Circle, 20th June 2025)

JSW Paints To Acquire Dulux Owner Akzo Nobel's Stake In Indian Unit

JSW Paints has agreed to acquire Akzo Nobel's Indian arm for approximately \$1.64 billion (around INR 14,036 crores), including debt, marking the potential largest deal in India's paint sector. The acquisition includes a 74.76% stake for \$1.05 billion (around INR 8986 crores), with an open offer for the remaining 25%. This move expands JSW's portfolio amidst rising competition in the Indian market. Akzo Nobel will retain its R&D and industrial coatings business in India, with the deal expected to close by Q4 2025. The acquisition also comes amid challenges such as volatile raw material costs and increasing competition in the sector.

(Source: VC Circle, 27th June, 2025)



Transaction & Regulatory Advisory Services



Kalpana Chawla

n this edition we have tried to bring you notice the latest amendment that followed in the month of June, 2025 issued by MCA, SEBI, RBI and Other laws.

MCA

MCA has launched the final set of 38 Company Forms including 13 Annual filing forms on 14th July 2025 at 12:00 AM

With the said changes, the MCA has combined V2 portal with V3 portal and transfer all pending Form in V3 portal.

To read more:

<https://www.mca.gov.in/content/dam/mca/pdf/List-of-38-forms.pdf>

Separate filing of e-form CSR-2 post the period of transition from MCA21 V2 to V3 -reg.

With the roll out of MCA-21 version 3.0, MCA has introduced separate e filing of E Form.

To read more:

<https://www.mca.gov.in/bin/dms/getdocument?mds=LWV8mx%252BzGktUvdqRk9nJ%252FA%253D%253D&type=open>

Relaxation of additional fees for filing 13 e-forms during the period of transition from MCA21 V2 to V3 -reg.

MCA has granted relaxation of additional fees for filing 13 e-forms during the period of transition from MCA21 V2 to V3.

To read more:

<https://www.mca.gov.in/bin/dms/getdocument?mds=rj6Mbir%252BTcriuQiljgm3LA%253D%253D&type=open>

Companies (Meetings of Board and its Powers) Amendment Rules, 2025

MCA has amended the Companies (Meetings of Board and its Powers) Rules, 2014 thru

To read more:

<https://www.mca.gov.in/bin/dms/getdocument?mds=VUmftsODutHsCURfLUmbIlg%253D%253D&type=open>

SEBI

SEBI has released the modified Investor Charter for Investment advisors.

In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0. SEBI, based on consultation with Industry Standards Forum (ISF) for Research Analysts, updated investor charter for Investment advisors.

To read more:

https://www.sebi.gov.in/legal/circulars/jun-2025/investor-charter-for-investment-advisers_94354.html

SEBI has issued a circular to provide Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the MCA General Circular 09/2024 dated September 19, 2024 the SEBI has provided one time relaxation from the period commencing from June 06, 2025 to September 30, 2025 from the requirements of Regulation 58(1)(b) of the SEBI Listing Regulations to entities who have listed their non-convertible debentures provided the advisement in terms of Regulation 52(8) of the SEBI Listing Regulations discloses the web link of the statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder, so as to enable the holder of non-convertible securities to have access to the said the statement.

To read more:

https://www.sebi.gov.in/legal/circulars/jun-2025/limited-relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_94423.html

GIFT City Update



Raja Chari

24 June 2025: 24th IFSCA Authority Meeting

	Key Highlights
1. Framework for Transition Bonds	- Approved framework under IFSCA (Listing) Regulations, 2024
	- Targets hard-to-abate sectors for ESG-aligned funding
	- Four key pillars:
	• Credible transition plan
	• Alignment with global taxonomies
	• Independent external review
2. Third-Party Fund Management Services ("Platform Play")	• Initial & annual disclosures
	- Enables IFSC-based FMEs to manage schemes for third-party managers
	- No need for third-party managers to have physical IFSC presence
	Key Safe Gaurds:
	• FME authorization mandatory
	• Additional \$500K net worth
3. TechFin & Ancillary Services Regulations, 2025	• Dedicated Principal Officer per scheme
	• Strong risk management & full liability with FME
	• Fund cap of \$50M per scheme
	- Unified framework replacing 2021 & 2022 circulars
	- Supports entities providing services to financial institutions
	- 24-month transition for current providers
4. Regulation Making and Subsidiary Instructions Regulations, 2025	- Registration via Single Window IT System (SWIT)
	- Permits services like cybersecurity, AI, regtech, fund admin, etc.
	- Foreign entities allowed (except FATF high-risk jurisdictions)
	- Updates 2021 regulations to deepen stakeholder engagement
5. IFSCA Inducted into IOPS as Governing Member	- Expands scope to include circulars, guidelines (subsidiary instruments)
	- Structured consultation processes
	- Allows exemptions for urgent regulatory needs
	- IFSCA granted Governing Membership of International Organisation of Pension Supervisors (IOPS) on Feb 17, 2025
	- Enhances IFSCA's global regulatory stature



02 June 2025: IFSCA Circular regarding amendments to ITC(HS) codes for import of gold and silver through the India International Bullion Exchange (IIBX):

Purpose:

To align existing guidelines with changes made by the DGFT (Notification No. 08/2025-26, dated May 19, 2025) related to import policy and ITC(HS) codes for gold and silver, effective immediately.

Key Amendments:

1. For Qualified Jewellers (Circular dated Dec 11, 2023):
 - Deleted: ITC(HS) Code 71081200.
 - Substituted:
 - 71069220 → 71069221
 - 71069110 → 71069120
 - New Imports Allowed:
 - Gold (99.5%+ purity, bars) → ITC(HS) Code 71081210
 - Silver (99.9%+ purity, grains) → ITC(HS) Code 71069120
 - Silver bars → ITC(HS) Code 71069221 (free import, subject to RBI norms)
2. For India-UAE TRQ holders (Circular dated Dec 13, 2023):
 - 71081200 replaced with 71081210 (Gold under UAEGD scheme)
3. For Indian Banks (Circular dated Apr 19, 2024):
 - SCC Banks can import:
 - Gold (99.5%+ purity, bars) → 71081210
 - Silver (99.9%+ purity, grains) → 71069120
 - Silver (99.9%+ purity, bars) → 71069221

Applicability:

- Immediate effect
- Other circular provisions remain unchanged

05 June 2025: IFSCA Circular regarding amendments to the Anti-Money Laundering, Counter-Terrorist Financing and Know Your Customer (AML-CFT-KYC) Guidelines, 2022:

Purpose:

To incorporate changes in line with amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, via Gazette Notification G.S.R. 419(E) dated July 19, 2024.

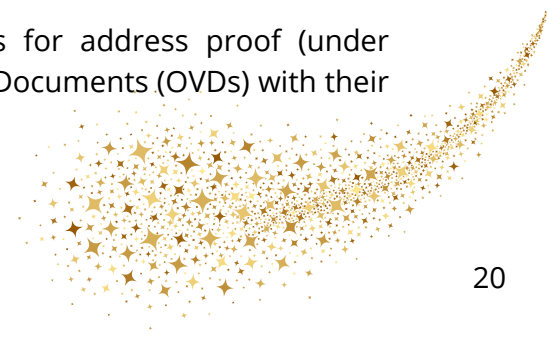
Key Modifications:

1. Clause 1.3.30 – Document list update:

Removed: “city council tax receipts” from the list of address proofs.

2. Clause 5.4.3 (Guidance Note) – Temporary Address Proof:

If customers submit bank or post office account statements for address proof (under simplified measures), they must submit updated Officially Valid Documents (OVDs) with their current address within 3 months.



3. *Clause 11.6(b) – Use of KYC Identifier:*

- Regulated Entities (REs) must retrieve KYC data from CKYCR using the KYC Identifier and should not seek duplicate documents unless:
 - Customer details have changed,
 - CKYCR info is incomplete or invalid,
 - Validity of documents has lapsed,
 - Further verification or enhanced due diligence is required.

4. *New Clauses (11.6(c)–(e)) – CKYCR Update & Notifications:*

- If new KYC info is collected:
 - It must be uploaded to CKYCR within 7 days.
 - CKYCR will notify all REs who've interacted with the customer.
 - These REs must then retrieve and update the KYC data.
- Applies to entities including: PSPs, Finance Companies, IFSC Banking Units, Brokers, Insurance Companies, Fund Managers, etc.

5. *Clause 11.6 Guidance Note (Updated) – Foreign Nationals:*

- KYC record submission to CKYCR is mandatory for Indian nationals.
- Optional for foreign nationals; if submitted, acceptable address proofs include:
 - Govt. docs from foreign jurisdictions,
 - Letters from foreign embassies in India.
- Identity/address proof must include passport, driving license, or voter ID.

Other Notes:

- All other provisions of the 2022 Guidelines remain unchanged.
- Circular issued under powers from IFSCA Act, 2019 and PML Rules.

09 June 2025: Amendment to the 'Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres.

Payment Service Providers (PSPs) in India must obtain prior approval from the Authority to participate in international payment systems involving banks outside the IFSC. Any international payment system that enables PSPs to handle domestic transactions within the IFSC also requires authorization. PSPs must comply with specified conditions when engaging with financial institutions inside the IFSC. Additionally, PSPs must report their compliance and submit a list of all international payment systems they were involved in as of May 31, 2025, to the Department of Banking Supervision within 30 days.

09 June 2025: Amendment to the 'Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres.

Key Amendment:

- A proviso has been added to clause 3.(2)(ii) of the GRCTC Framework.
- This allows the Chairperson of IFSCA to grant a relaxation from the specified condition, upon request from an applicant.
- The relaxation can be granted based on the nature of permissible activities and projected business volume.
- The relaxation period will be limited to one year from the date of commencement of operations.

The amendment is effective immediately and has been made under Sections 12 and 13 of the IFSCA Act, 2019.

13 June 2025: IFSCA Circular - Fee Structure for KYC Registration Agencies (KRAs) in IFSC – As per IFSCA Circular (April 16, 2025)

Regulation Reference:

Issued under IFSCA (KYC Registration Agency) Regulations, 2025 (notified on April 16, 2025).

Fee Structure:

- Application Fee: USD 1,000 (payable at the time of application).
- Registration Fee: USD 5,000 (payable within 15 days of receiving in-principle or provisional approval).
- Annual Fee: USD 5,000.

Annual Fee Payment:

- For the first year, fee is pro-rated monthly from the date of registration (even part of a month counts as full).
- Payable within 15 days from registration.
- For subsequent years, annual fee is due by April 30 of that financial year (e.g., FY 2026–27 fee due by April 30, 2026).

Legal Basis:

Issued under Section 12 of the IFSCA Act, 2019 and Regulation 3 of the KRA Regulations, 2025.

23 June 2025: Amendment to the 'Directions to IBUs for operations of the Foreign Currency Accounts (FCA) of Indian resident individuals opened under the Liberalised Remittance Scheme (LRS)

The International Financial Services Centres Authority (IFSCA) has amended its earlier directions (issued on December 13, 2024) regarding the operation of Foreign Currency Accounts (FCAs) by Indian resident individuals under the Liberalised Remittance Scheme (LRS).

Key Amendments:

1. Para 3(ii) Updated:

IBUs must now obtain a declaration from the resident individual (RI) confirming that any amount spent from the FCA for availing financial services/products in IFSC:

- aligns with the purpose declared at the time of original LRS remittance, or
- is for a purpose permitted under LRS.

2. Para 4(ii) Updated:

IBUs must also obtain a similar declaration for any remittance made from the FCA:

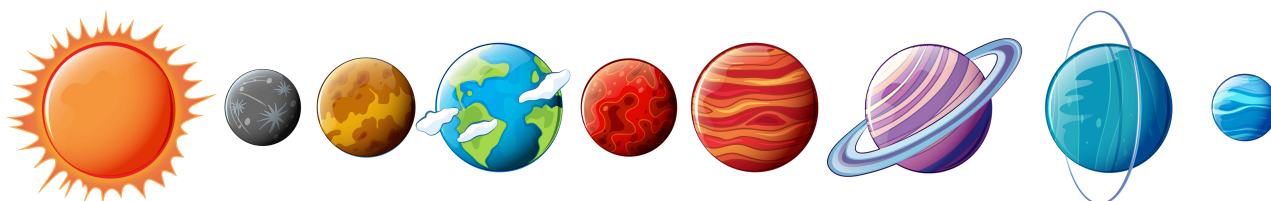
- confirming it is as per the declared purpose under LRS, or
- for a permitted purpose under LRS.

Effective Date:

These amendments are effective immediately, under the authority of Sections 12 and 13 of the IFSCA Act, 2019.

Objective:

To strengthen regulatory oversight and ensure proper end-use of funds under LRS within IFSCs.



24 June 2025: Streamlining Incorporation Process for IFSC Companies

In response to IFSCA's emails (dated 23 Jan 2025 & 27 May 2025), the Ministry of Corporate Affairs (MCA) has provided clarifications and process improvements for easing incorporation of IFSC entities:

Key Points:

A. Prioritization of IFSC Incorporation

- MCA issued an OM on 20.01.2025 directing prioritization of IFSC entity incorporation applications.

B. Industrial Codes (65, 66, 67)

- CRC instructed not to object if these industry codes are entered by IFSC companies.

C. Name Approval for Subsidiaries

- If a parent company incorporates an IFSC subsidiary with "IFSC" as the only name difference, a No Objection Certificate (NOC) from the parent must be attached.

D. Holding Company as Sole Subscriber

- Due to form limitations, a nominee shareholder may be used alongside the holding company.
- Beneficial ownership remains with the parent; compliance with Section 89 of the Companies Act, 2013 is mandatory.

E. Registered Office Verification Timeline

- IFSC companies get 60 days (vs. 30 days for others) to verify the registered office post-incorporation.
- Address at incorporation may only be a correspondence address.
- Form INC-22 must be filed within 60 days via STP (Straight Through Processing).

F. Rent Receipt Relaxation

- For Form INC-22, attaching a provisional allotment letter and NOC from co-developer is accepted in lieu of rent receipts.

G. Photograph Requirement (INC-20A)

- Not waived for IFSC companies. They have 180 days to comply.
- Photograph is only needed when notifying or changing registered office.

H. PIN Code Issue Resolved

- Technical errors related to PIN codes in INC-22 for IFSC companies have been addressed.



UK Tax Update



Sirisha Bandla

From Fragility to Focus: Labour, Investment, and the Path Ahead – July 2025

This month's review highlights continued signs of a loosening UK labour market, with rising unemployment, falling vacancies, and slowing wage growth—factors likely to influence an imminent interest rate cut. Consumer spending remains subdued despite marginal GDP growth, as households prioritise saving amid persistent uncertainty. Oil markets saw brief volatility due to geopolitical tensions, though prices have since stabilised. Meanwhile, business investment rebounded strongly in early 2025, and the government's long-term industrial strategy is now taking shape, aiming to drive future productivity and sustainable growth through targeted sectoral support.

Labour Market Softening and Interest Rate Outlook

Labour market data from the past month shows clear signs of continued softening. The UK unemployment rate rose to 4.6% in the three months to April—the highest since early 2017 (excluding the pandemic). Real-time indicators also showed a fall of over 100,000 employees in May. Vacancies declined 8% over the quarter, with construction and manufacturing facing the steepest drops.

Surveys, including the Bank of England's PMI and reports from its Agents, confirm a weakening demand for labour. Businesses appear to be reacting to the April National Insurance hike, with a significant share already reducing staff or planning redundancies. Though wage growth is easing—averaging 5.3% in the three months to April—it still exceeds levels compatible with inflation targets. Pay growth is expected to moderate further in the second half of the year, with 2025 settlements averaging 3.5–4.0%.

At its June meeting, the Monetary Policy Committee (MPC) left rates unchanged at 4.25%, but three members supported a cut, suggesting that wage and demand dynamics might justify looser policy soon. Barring major surprises, a rate cut at the August meeting appears likely, albeit with a cautious and gradual approach to easing.

Household Spending and Saving Trends

First-quarter GDP growth was confirmed at 0.7%, with household spending revised up to 0.4%. While this appears positive on paper, broader consumption remains tepid. Retail sales are volatile, and card transaction data shows subdued growth. Sentiment data suggests that although households feel slightly more secure financially, this hasn't translated into major spending activity.

Instead, consumers are opting to save. Household deposits grew over 3% year-on-year by May, and ISA balances surged nearly 14%, fully recovering from the drawdowns of 2022–2023. This shift reflects lingering economic caution and the desire to rebuild financial buffers. While higher savings rates contribute, the primary motivation appears to be precautionary. Surveys show that households are saving more due to concerns over future income and unexpected costs, not out of enthusiasm for higher deposit returns. If this conservative stance continues, consumer demand will likely remain a weak contributor to economic growth.



Energy Markets: Temporary Turbulence

Oil prices saw brief volatility due to escalating Middle East tensions, including strikes on Iranian nuclear infrastructure. Brent crude spiked above \$80 per barrel but quickly settled below \$67 after a ceasefire was brokered. While the initial shock raised fears of renewed inflationary pressures, the market's muted reaction compared to 2022 suggests that inflation risks from energy may now be more contained—assuming geopolitical stability holds.

That said, policy watchers remain alert. The potential for shifts in OPEC+ output and the upcoming US trade policy deadline could still create fresh instability. However, UK monetary authorities continue to stress that domestic economic data—not global shocks—will drive future rate decisions.

Business Investment and the Industrial Strategy

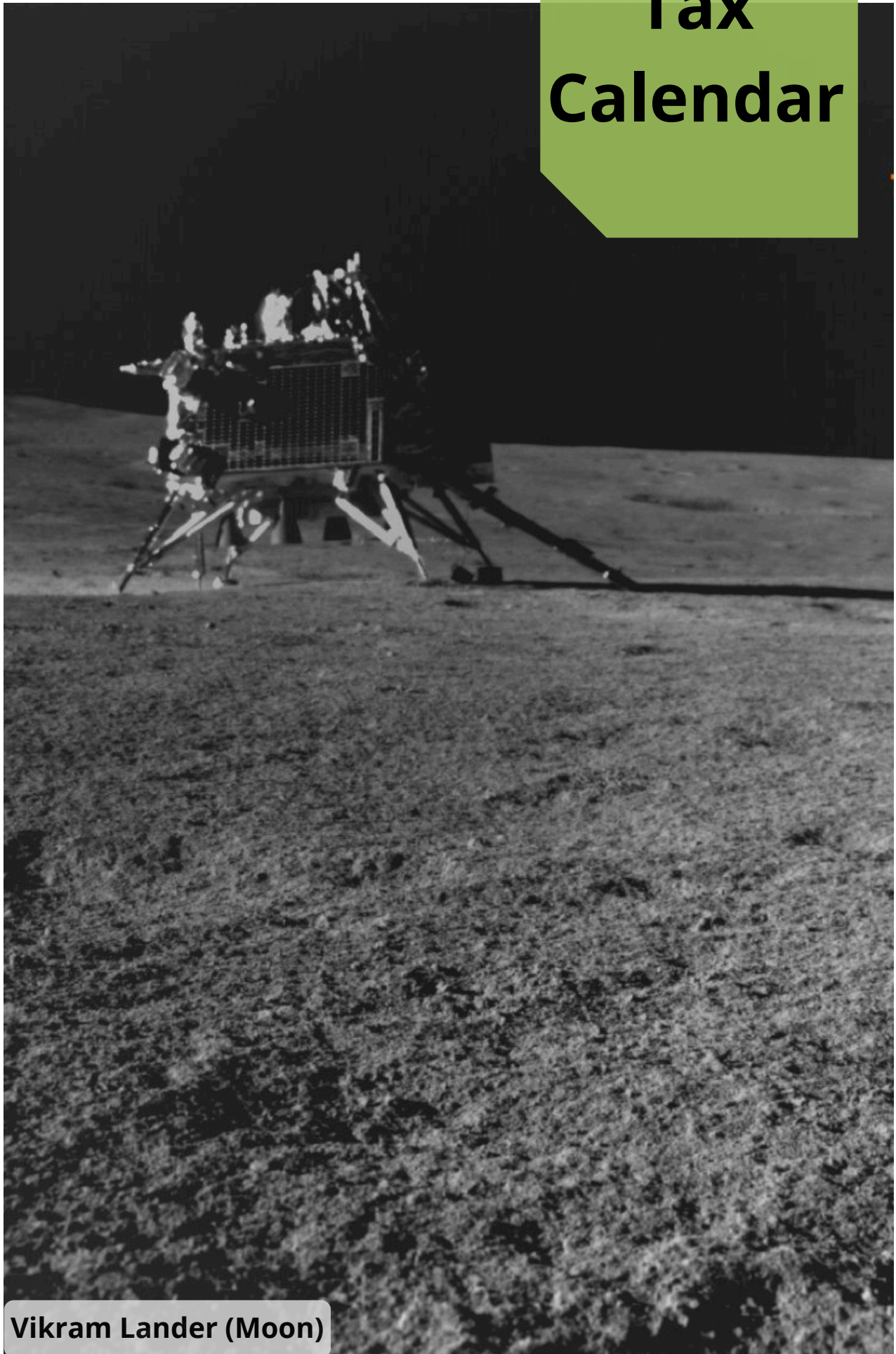
Business investment rose sharply in Q1 2025, up 4% quarter-on-quarter and 6% year-on-year. Growth was driven by investment in transport equipment (notably aircraft) and ICT. However, performance varied by sector. Manufacturing investment was down over 1% year-on-year, with all sub-sectors except food and drink contracting—possibly due to uncertainty around US tariffs.

Conversely, the construction sector rebounded following a sluggish period, and most services sectors showed solid investment, aside from education and transport/storage. The rise in capital spending aligns with a broader push for revitalising business investment levels in the UK, especially in comparison to other G7 countries.

A new long-term industrial strategy aims to address this. Spanning a decade, the strategy focuses on eight key sectors with high growth potential, from advanced manufacturing to life sciences. It combines government and private sector investment and targets regulatory reforms to encourage business spending. For the first time, the plan includes clear metrics—like doubling investment in key areas by 2035—and a commitment to monitoring outcomes through a dedicated council. The success of this strategy may prove central to improving productivity and securing sustainable, regionally balanced economic growth over the coming decade.

The UK economy continues to navigate a complex mix of softening labour dynamics, cautious consumer behaviour, and evolving global risks. While modest growth persists, underlying fragilities remain—especially in household demand and business confidence. The anticipated shift in monetary policy, likely starting with a rate cut in August, signals a recognition of these pressures. At the same time, the renewed focus on investment through a strategic, sector-led industrial policy offers a path toward long-term resilience. Whether this combination of easing policy and targeted structural reform can lift the UK onto a stronger, more sustainable growth trajectory remains the key question for the months ahead.

Tax Calendar



Vikram Lander (Moon)

July 2025 - Tax Calendar

7TH JULY	Due date for deposit of Tax deducted/collected for the month of July, 2025
7TH JULY	Uploading of declarations received in Form 27C from the buyer in the month of June, 2025
15TH JULY	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M & 194S in the month of May, 2025
15TH JULY	Quarterly statement of TCS deposited for the quarter ending June 30, 2025
15TH JULY	Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2025
15TH JULY	Furnishing of quarterly statement (by an IFSC unit) in respect of foreign remittances made during the quarter ending June 30, 2025
15TH JULY	Furnishing of statement under Rule 114AAB (by specified fund) for the quarter ending June 30, 2025
30TH JULY	Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2025
30TH JULY	Due date for furnishing of challan-cum-statement in respect of tax deducted under <u>section 194-IA</u> ; 194-IB; 194M & 194S in the month of June, 2025
31ST JULY	Quarterly statement of TDS deposited for the quarter ending June 30, 2025

* The due date for furnishing the return of income for Assessment year 2025-26 has been extended from July 31, 2025, to September 15, 2025, vide Circular no. 06/2025, dated 27-05-2025. Accordingly, the due date for submission of this form/report liable to file on or before 31st July; shall stand extended to September 15, 2025



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