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India

GGI
INDEPENDENT MEMBER



**RNM ALERT
MARCH
NEWSLETTER**

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EDITORIAL

Dear Readers

During the month of March 2025 our CEO, Mr. Raghu Marwah met with Mr. Dmitry Stasyulis, President of the International Organisation for Eurasian Cooperation (IOEC), an independent non-profit organisation working to promote Eurasian integration in various spheres, in New Delhi.

On the Direct Tax front, the Finance Act, 2025 has been approved and published in the Gazette of India on 29 March. The said Act, was approved with certain amendments including, abolition of Equalisation Levy on online advertisements (commonly referred to as Google tax) wef 1 April 2025, relaxation in indirect participation of resident persons in offshore funds managed from India etc.

On the Assurance front, the NFRA has highlighted in its latest report on SRBC & Co LLP (EY Affiliate) probable independence provision violations. It is important that all audit firms implement strong processes to address all independence threats. Firms registered with PCAOB in USA are required to comply with Personal Independence Compliance Testing (PICT) which could be implemented voluntarily as a best practice. The NFRA has issued two communications under its Auditor- Audit Committee Interaction Series focusing on Expected Credit Loss (ECL) and Deferred Tax Assets, Liabilities. This initiative is an attempt to enhance transparency and strengthen the audit process.

We are also pleased to announce the launch of RNM Capital Trust, our Alternative Investment Fund Category III based out of Gift City which upon receiving all licenses and approvals from relevant authorities is ready to accept Investor Funds.

We would like to take this opportunity of wishing all our readers best wishes for Happy Ram Navmi on 6 April. On this day we celebrate the birth of Lord Rama symbolizing the victory of good over evil.

***U N Marwah
Chairman - RNM India***

Direct Tax



1. NOTIFICATION G.S.R. 207(E) [NO. 23/2025/F. NO. 370142/10/2025-TPL], DATED 28-3-2025

The CBDT amends Form 3CD; new clause 36B inserted to report sum received for buyback of shares applicable for AY 2025-26.

2. NOTIFICATION G.S.R. 195(E) [NO. 22/2025/F.NO. 370142/08/2025-TPL], DATED 27-3-2025

The CBDT notifies amendment in Form 26Q & 27Q to include TDS on payment of salary, remuneration, etc. to partner.

3. Lok Sabha passes Finance Bill 2025 with amendments; abolishes the equalisation levy

The Lok Sabha has passed the Finance Bill 2025, incorporating over 30 modifications to the original bill introduced on February 01, 2025. The Finance Bill 2025, as passed by Lok Sabha, has abolished the provisions related to equalisation levy.

Important Judicial Precedents

1. No question of law arises if sec. 68 additions deleted as assessee proved genuineness of share transactions: SC

[2025] 172 taxmann.com 572 (SC) PCIT vs. Divyaben Prafulchandra Parmar

INCOME TAX : SLP dismissed against order of High Court that where assessee had held shares in question for two and half years and same were sold through recognized stock exchange after paying STT, claim of assessee for exemption of LTCG under section 10(38) could not be held to be bogus in absence of any contrary evidence brought on record by revenue

2. Block period for Sec. 153C notice to be reckoned from end of AY in which seized doc. was handed over to AO: HC

[2025] 172 taxmann.com 723 (Delhi -HC) Synod Farms and Infra Developers (P.) Ltd. vs. Chief Commissioner of Income-tax Central, Delhi

INCOME TAX: Period of limitation of ten years for issuance of notice under section 153C was required to be reckoned from end of assessment year relevant to financial year in which decision to take action for reopening assessments was initiated.

3. No disallowance u/s 40A(2) without justifying excessive expenses claimed by assessee: SC

[2025] 172 taxmann.com 434 (SC) CIT vs. Technip Energies Italy S.P.A

SLP dismissed against order of High Court that where Assessing Officer made additions by attributing 10 per cent of gross receipts to assessee's PE in India by invoking section 40A(2), however he failed to justify invocation of section 40A(2)(b) and all material particulars had been duly placed before DRP and Assessing Officer Tribunal was justified in holding that expenses claimed by assessee with respect to related parties were not excessive and disallowance of assessee's claim was unsustainable.

4. Whether reassessment under Section 148 of the Act must be based on concrete information, not mere assumptions - YES: HC

2025-TIOL-501-HC-AHM-IT_R/Special Civil Application No. 10786 Of 2023 _ MAHATMA GOBARJI SEVA SANSTHAN ILOL Vs. ITO WARD - 1 HIMMATNAGAR

The Court held that the reassessment proceedings were without jurisdiction as there was no tangible material suggesting escaped income. It found that the Assessing Officer had accepted the petitioner's explanation regarding the alleged cash deposits but had subsequently shifted the basis for reopening to an unrelated issue without proper justification. Furthermore, the petitioner had incurred excess expenditure over income, negating any tax liability. The Court emphasized that reassessment under Section 148 of the Act must be based on concrete information, not mere assumptions. Since no valid reasons existed for reopening the assessment, the impugned order and notice were quashed and set aside. The petition was allowed, with no order as to costs.

5. No reassessment if trust had no taxable income; excess of exp. over income is not escaped income: HC

[2025] 172 taxmann.com 89 (Gujarat-HC) Mahatma Gobarji Seva Sansthan ILOL vs. Income-tax Officer Ward - 1

INCOME TAX : Where Assessing Officer issued reopening notice against assessee-trust on ground that assessee had deposited certain amount in its bank account, however, it was clear from reasons recorded in notices issued under section 148A(a) and section 148A(b) that there was no cash deposit made by assessee in any of bank accounts and there was no information of any escaped income with Assessing Officer so as to initiate reopening proceedings, Assessing Officer could not have assumed jurisdiction to reopen assessment.

6. No sec. 56(2)(x) additions if new flat was received by assessee in lieu of old flat surrendered by him: ITAT

[2025] 173 taxmann.com 51 (Mumbai - Trib.) Anil Dattaram Pitale vs. Income-tax Officer

INCOME TAX : Where assessee had purchased a flat and society underwent redevelopment and assessee got a new flat in lieu of old flat surrendered by him, it was not a case of receipt of immovable property for inadequate consideration that would fall within purview of provisions of section 56(2)(x), therefore, Assessing Officer was to be directed to delete addition made by him under section 56(2)(x).

7. Donation given by trust to other registered trusts to be considered as application of income: ITAT

[2025] 173 taxmann.com 99 (Chandigarh - Trib.) DCIT vs. Indo Global Education Foundation

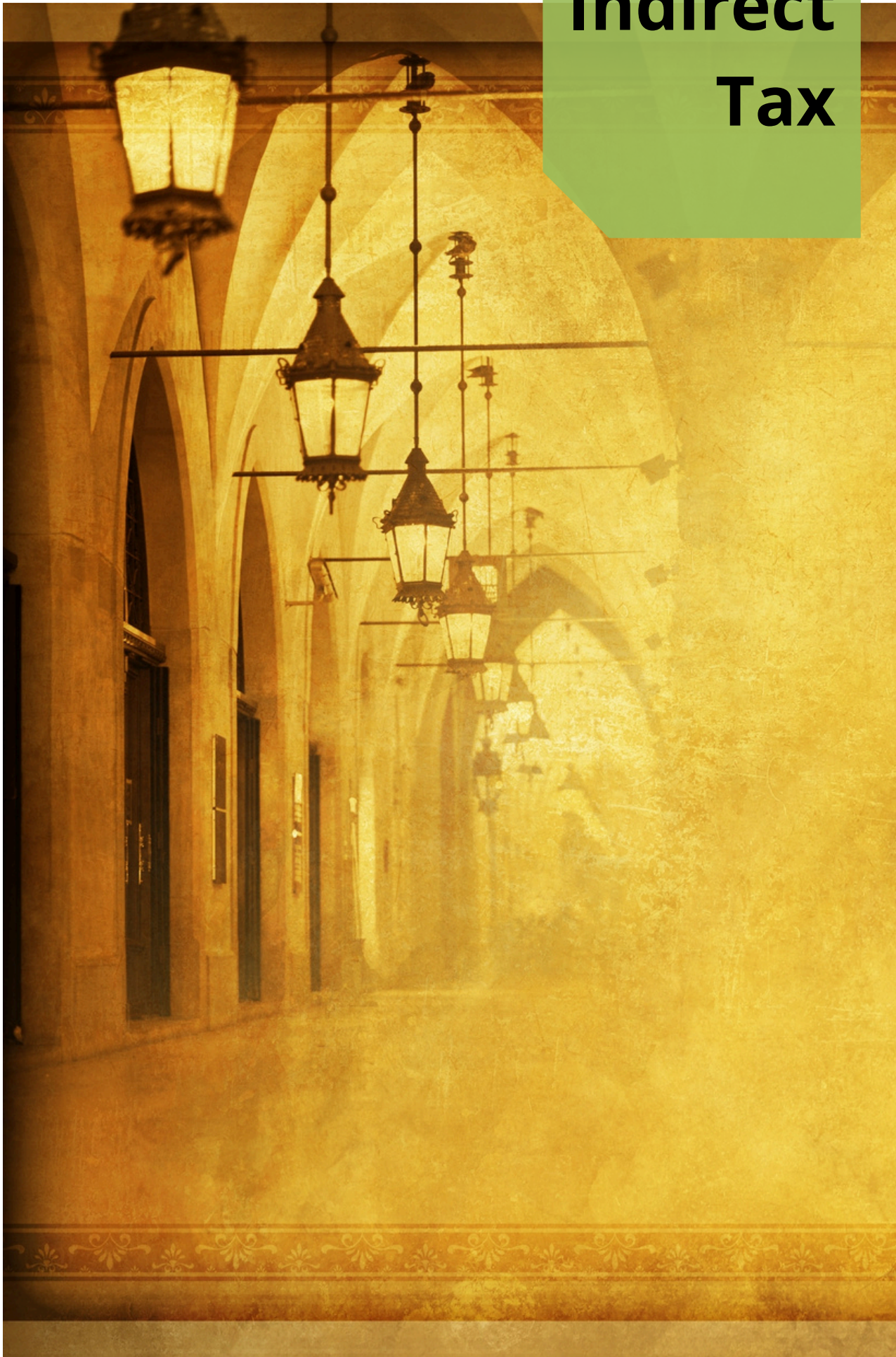
INCOME TAX : Where assessee charitable trust, engaged in providing education, had given donations to other educational trusts, which were also registered under section 12AA, and claimed that by way of such donations object of providing education was fulfilled, said donations were to be considered as application of income and were to be allowed as exemption under section 11.

8. Trust not eligible for sec. 80G registration if objects allow future expenses outside India: ITAT

[2025] 172 taxmann.com 649 (Mumbai - Trib.) Hemlata Charities vs. CIT Exem

INCOME TAX : Where object clause of assessee-trust included grants of scholarships to deserving student studying in India or abroad, medical help and treatment to poor and deserving people in India and abroad, since object of trust left room for any potential future endeavour which might be undertaken by assessee resulting in expenditure outside India, assessee could not be granted final registration under section 80G unless relevant clause was modified or amended.

Indirect Tax



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

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

Key GST Amendments Effective April 1, 2025

The Goods and Services Tax (GST) framework in India is set to undergo significant amendments to enhance compliance, streamline tax administration, and improve transparency in business transactions. Below are the major changes:

1. Tax Rate Changes

- Used Car Sales: GST rate increased from 12% to 18%, impacting the pre-owned car market.
- GST Rates on Restaurant Services

1. Stand-alone Restaurants (Not in Hotels)

Aspect	Details
GST Rate	5%
ITC (Input Tax Credit)	✗ Not Available
When Food is Supplied via ECO (e.g., Swiggy/Zomato)	ECO is treated as the supplier under Section 9(5) of the GST Act

2. Restaurants Inside Hotel Premise

A. Specified Premises

(Hotels with rooms priced above ₹7,500/day)

Aspect	Details
GST Rate	18%
ITC (Input Tax Credit)	✓ Available
Impact of ECOs	Section 9(5) ✗ Not Applicable But ECO must collect TCS

Example: Restaurants in luxury hotels like Taj

B. Non-Specified Premises

(Hotels with rooms priced below ₹7,500/day)

Aspect	Details
GST Rate	5% (default)
ITC (Input Tax Credit)	✗ Not Available
Impact of ECOs	ECO is treated as supplier under Section 9(5)
Option to Upgrade	Can opt for 18% GST with ITC by filing Annexure VII

Example: Small hotels, lodges, guesthouses, etc.

(As per **GST Notification No. 05/2025**)

- If a hotel's room rate exceeded ₹7,500/day in the previous financial year, it will be considered a specified premise in the current year.
- Such hotels must:
 - Charge 18% GST on restaurant services
 - Allow Input Tax Credit
- Hotels below ₹7,500/day can opt in to be treated as specified premises by submitting a declaration.
 - If they opt in: 18% GST + ITC
 - If not: 5% GST without ITC

2. Compliance & ITC Adjustments

- **Mandatory Input Service Distributor (ISD) Mechanism:**
 - Required for businesses distributing ITC on common expenses (e.g., rent, advertising, professional fees) across multiple GST registrations under the same PAN.
 - ISD invoices must be issued, and GSTR-6 must be filed monthly (due by the 13th).
 - Non-compliance will lead to ITC denial and penalties ranging from ₹10,000 to the amount availed incorrectly.
- **Enhanced Credit Note Compliance:**
 - Recipients must accept/reject credit notes via the Integrated Management System (IMS) to prevent ITC mismatches and discrepancies.

3. Security & Authentication Enhancements

- Mandatory Multi-Factor Authentication (MFA) for all GST portal users to enhance security and prevent unauthorized access.

- **Biometric Authentication for GST Registration:**

- Applicants must complete biometric and photo verification at GST Suvidha Kendra (GSK) within 15 days.
- Failure to do so will result in delayed ARN (Application Reference Number) generation, postponing GST registration.

- **Biometric Authentication for Directors (Effective March 1, 2025):**

- Promoters and Directors of all companies (including private, public, foreign entities) must complete biometric authentication at any GSK within their home state.

4. E-Way Bill & E-Invoicing Adjustments

- **E-Way Bill Restrictions (From Jan 1, 2025):**

- Bills can only be generated for invoices issued within the last 180 days (extensions capped at 360 days).
- NIC will introduce new versions of E-Way Bills and E-Invoicing systems to enhance security.

- **New Invoice Series & Turnover Calculation:**

- Businesses must start using a new invoice series for FY 2025-26.
- Recalculation of aggregate turnover is required to assess GST registration, e-invoicing obligations, and QRMP scheme eligibility.

5. GST Waiver Scheme (SPL01 & SPL02)

- Businesses that clear all tax dues up to March 31, 2025, can apply for a waiver within three months, subject to eligibility criteria.

6. Sequential Filing for GSTR-7

- Taxpayers filing GSTR-7 (TDS under GST) must now follow a sequential order to improve reconciliation and streamline TDS collection.

Indirect Tax Update – Modifications and Explanations on the GST Relief Program

As per Notification No. 11/2025-Central Tax, issued on 27 March 2025, amendments have been made to Rules 164(4) and 164(7) of the Central Goods and Services Tax Rules, 2017 (CGST Rules), which outline the guidelines and conditions for resolving proceedings and applying for the Relief Program under Section 128A of the Central Goods and Services Tax Act, 2017 (CGST Act). The key changes are as follows:

Previously, if a tax notice, statement, or order covered both the Relief Program period (1 July 2017 – 31 March 2020) and a later period, the taxpayer could only apply for the program after settling the entire tax demand, including the subsequent period's liabilities. Additionally, the taxpayer was responsible for any interest and penalties related to the post-Relief Program period.

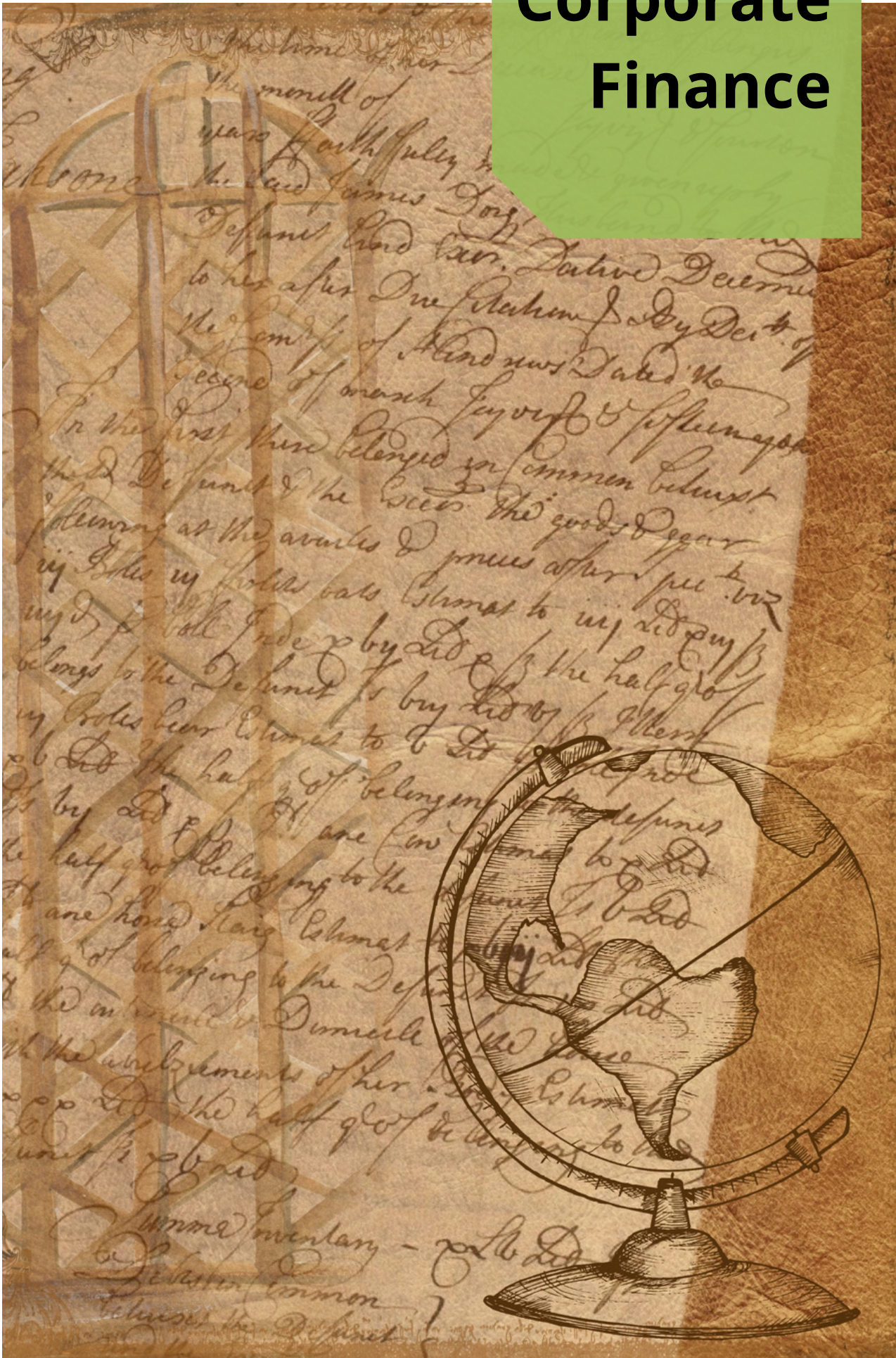
Under the revised provision, businesses can now opt for the Relief Program exclusively for the eligible period while retaining the right to challenge tax demands for later periods before the Appellate Authority or the Goods and Services Tax Appellate Tribunal (GSTAT). Instead of withdrawing the appeal entirely, taxpayers must simply inform the Appellate Authority/GSTAT that they are only relinquishing the case for the Relief Program period. The authority will then issue an order specifically for the contested period(s). Any appeal will be considered withdrawn only for the Relief Program period, as per the taxpayer's intimation.

Furthermore, any tax, interest, or penalties that were already paid for both the Relief Program period and subsequent periods before this amendment will not be refunded. Therefore, amounts settled before 26 March 2025 will not be eligible for reimbursement.

Additional Clarifications from CBIC on the Relief Program

- GST Paid via GSTR-3B Before November 1, 2024:
 - Taxpayers who settled their GST dues through Form GSTR-3B before Section 128A of the CGST Act came into effect (i.e., before 1 November 2024) can still claim the program's benefits, subject to approval by the relevant tax officer.
 - However, from 1 November 2024 onwards, taxpayers seeking benefits under the Relief Program must pay GST through the prescribed methods under Rule 164 of the CGST Rules.
- Revised Process for Mixed-Period Notices:
 - If a tax notice, statement, or order includes both the Relief Program period and later periods, taxpayers can now apply for relief after clearing dues only for the eligible period.
 - As a result, the earlier clarification in Para 4 of Circular No. 238/32/2024-GST (issued on 15 October 2024) has been rescinded.

Corporate Finance



Patanjali, DS Group To Buy Magma General For Over \$500 Mn To Enter Insurance Sector

Patanjali Ayurved Ltd and the DS Group have partnered to enter India's insurance sector by acquiring Magma General Insurance Ltd from Sanoti Properties LLP (owned by Adar Poonawalla) and other shareholders. The acquisition, valued at approximately \$517 million (around INR 4500 crores), is pending regulatory approval.

Patanjali, established in 2006 and led by Baba Ramdev and Acharya Balkrishna, is known for its herbal products, while the DS Group, established in 1929, has a diverse presence in sectors such as food, beverages, hospitality, and more. Magma General, previously known as Magma HDI General Insurance, offers over 70 products, including motor, health, and commercial insurance.

A spokesperson for Patanjali highlighted the underpenetrated insurance market in India and emphasized the potential for growth through capital infusion and enhanced distribution capabilities, particularly in rural areas.

(Source: VC Circle, 13th March 2025)

Private Equity

Partners Group, KKR Lead \$140 Mn Investment In Darwinbox

Swiss private markets investor Partners Group and American private equity firm KKR are leading a \$140 million (around INR 1196 crores) investment round in Indian HR tech startup Darwinbox, with Gravity Holdings also participating. The funds will support the company's international expansion. The round values Darwinbox at around \$950 million (around INR 8120 crores), a slight decline from its \$1 billion (around INR 8547 crores) valuation during its previous fundraising in 2022. Founded in 2015, Darwinbox offers HR automation solutions and has seen significant international growth, with over 60% of new revenue coming from global markets.

(Source: VC Circle, 5th March 2025)

Beams Fintech Fund Leads \$70 Mn Round in InsuranceDekho

Beams Fintech Fund, a private equity firm, led a \$70 million (around INR 598 crores) funding round in its portfolio company, InsuranceDekho. Mitsubishi UFJ Financial Group (MUFG) and BNP Paribas Cardif also participated, increasing their investments. InsuranceDekho plans to use the funds to expand its reach, enhance tech-driven solutions, and strengthen its position as India's leading insurance platform. Founded in 2016, the company allows users to compare and buy insurance products from 49 partners across various categories.

(Source: VC Circle, 4th March 2025)

Blackstone Buys \$134 Mn Stake In Kolte-Patil Developers, Enters Housing Market

US-based alternative investment firm Blackstone is acquiring a 40% stake in Pune's Kolte-Patil Developers Ltd for \$136.6 million (around INR 1,167 crores). This includes a 14.3% stake through a preferential equity allotment for \$48.8 million (around INR 417 crores) and an additional 25.7% from the promoters for \$87.8 million (around INR 750 crores). Blackstone will also make an open offer to acquire about 26% from public shareholders, gaining joint control of the developer. This marks Blackstone's entry into India's residential real estate market, where it is already a major player in office properties, warehousing, and malls.

(Source: VC Circle, 13th March 2025)

Alpha Wave Bets \$145 Mn On Oberoi Realty Group Firm

Alternative investment firm Alpha Wave Global has agreed to invest \$145 million (around INR 1,239 crores) for a 21.74% stake in I-Ven Realty Ltd, a joint venture between Oberoi Realty and its chairman, Vikas Oberoi. I-Ven Realty focuses on construction, development, and operation of real estate projects. As part of the deal, I-Ven Realty will raise \$20 million (around INR 170 crores) from Oberoi Realty and Vikas Oberoi through redeemable preference shares, primarily to repay existing loans. This transaction will reduce the promoters' combined 50% stake in I-Ven. Oberoi Realty acquired its 50% stake in I-Ven in 2013. The venture plans to develop a luxury mall, boutique hotel, and office space on a prime 1.8 million square feet land parcel in Mumbai's Worli.

(Source: VC Circle, 20th March 2025)

Canadian Pension Funds CPPIB, OTPP Invest Another \$485 Mn In NHAI InvIT

Canada Pension Plan Investment Board (CPPIB) and Ontario Teachers' Pension Plan (OTPP) have invested \$486.7 million (around INR 4,160 crores) in a follow-on funding round for the National Highways Infrastructure Trust (NHIT), a National Highways Authority of India (NHAI)-sponsored infrastructure investment trust (InvIT). This investment is part of a \$975.7 million (around INR 8,340 crores) equity raise by NHIT, with CPPIB and OTPP each contributing \$243.4 million (around INR 2,080 crores). Several Indian pension funds, insurance companies, and mutual funds also participated. NHIT plans to use the funds to acquire 11 additional road concessions across India, expanding its portfolio from 15 to 26 toll roads.

(Source: VC Circle, 27th March 2025)

Venture Capital

Arva Health snags \$1Mn in pre-seed funding

Arva Health, a fertility-care startup, has raised \$1 million (around INR 8 crores) in pre-seed funding led by All In Capital, with participation from iSeed, Bharath Founders Fund, and Galaxy. Founded in 2024, Arva offers fertility clinics, at-home testing, and treatments like IVF. With over 4,000 women helped and a 40,000-member community, the company plans to expand to 10 locations by 2027 and add men's fertility services, supported by a new digital platform.

(Source: VC Circle, 03rd March 2025)

CredResolve raises \$1.1 Mn in seed round

CredResolve, a Gurugram-based startup founded in August 2023, has raised \$1.1 million (around INR 9.4 crores) in a seed round led by UNLEASH Capital Partners, with participation from CDM Capital. The company uses AI to automate recovery workflows, enhance borrower communication, and ensure compliance with RBI regulations. Serving over 20 lenders, including banks, fintech, NBFCs, and asset reconstruction companies, CredResolve aims to triple its annual recurring revenue, currently at \$1 million (around INR 8 crores), in the next year. This marks UNLEASH Capital's fourth investment.

(Source: VC Circle, 03rd March 2025)

Nazara Invests \$250,000 in ReelSaga's Pre-Seed Round

Nazara Technologies Ltd has invested \$0.25 million (around INR 2.18 crores) in ReelSaga's pre-seed funding round, acquiring a 3.57% stake in the short video platform. The investment will be disbursed in cash, in one or more tranches, upon meeting customary conditions. Founded in 2024, ReelSaga plans to launch a mobile app offering serialized short drama videos in India.

(Source: VC Circle, 10th March 2025)

Deciml bags \$3 Mn in seed funding

Investing platform Deciml has secured \$3 million (around INR 25 crores) in seed funding from Jainam Broking Ltd, marking the firm's first investment in the startup ecosystem. The funds will be used to expand its user base, enhance its product, and grow the team. Founded by Satyajee Kunjeer in 2021, Deciml is a round-up investing app that automatically rounds up online transactions—via card or UPI—to the nearest 10, investing the spare change in a mutual fund.

(Source: VC Circle, 04th March 2025)

Rezolv raises \$3.5 Mn in seed round

Rezolv, a venture founded by Kisht co-founders Karan Mehta and Sonali Jindal, has raised \$3.5 million (around INR 29 crores) in a seed round led by 3one4 Capital. The funding will drive product innovation, expansion, and deeper integration with financial institutions to enhance collections through AI-powered solutions. Launched in January with its first two NBFC clients, Rezolv aims to streamline collections by centralizing data, optimizing workflows, and improving recovery rates for banks and NBFCs.

(Source: VC Circle, 04th March 2025)

Mergers & Acquisitions

Metropolis Healthcare To Acquire Agra-Based Diagnostics Firm

Metropolis Healthcare Ltd, India's second-largest pathology chain, has agreed to acquire Agra-based Scientific Pathology for an estimated price between \$6.3-\$9.5 million (around INR 53-81 crores). The acquisition, which includes Scientific Pathology's laboratories and collection centers, is expected to be completed within 45 days, pending regulatory approvals. This deal follows Metropolis' December acquisition of Core Diagnostics and aims to strengthen its diagnostic network in Uttar Pradesh. Scientific Pathology, founded in 1984, operates three labs and 11 collection centers, generating 90% of its revenue from walk-in patients.

(Source: VC Circle, 03rd March 2025)

Sun Pharma To Acquire Checkpoint Therapeutics For \$355 Mn

Sun Pharmaceutical Industries has announced its acquisition of U.S.-based Checkpoint Therapeutics for \$355 million (around INR 3034 crores). The deal, expected to close by Q2 2025, will expand Sun Pharma's oncology and immunotherapy portfolio, adding UNLOXCYT, a U.S. FDA-approved treatment for advanced skin cancer. Sun Pharma will pay \$4.10 per common share, a 66% premium to Checkpoint's last closing price, with additional cash incentives tied to the approval of Checkpoint's cancer immunotherapy, cosibelimab, in key European markets. Fortress Biotech, Checkpoint's controlling shareholder, will also receive royalty payments on cosibelimab's future sales.

(Source: VC Circle, 10th March 2025)

Syngene International Acquires First US Biologics Facility For \$36.5 Mn

Syngene International has acquired its first biologics facility in the U.S. from Emergent Manufacturing Operations Baltimore for \$36.5 million (around INR 311 crores). The acquisition, expected to be operational in the second half of 2025, will enhance Syngene's capabilities in large molecule discovery, development, and manufacturing. The Baltimore-Bayview facility, located near key biotech hubs, will increase Syngene's single-use bioreactor capacity from 20,000 liters to 50,000 liters. Emergent will retain rights to secure manufacturing services at the site. The deal, expected to close by March 2025, supports Syngene's efforts to reduce dependence on China for biomanufacturing.

(Source: VC Circle, 11th March 2025)

Hero MotoCorp To Invest \$60 Mn In BII, Blume-Backed Euler Motors

Hero MotoCorp, India's largest two-wheeler maker and major shareholder in Ather Energy, has entered the electric three-wheeler market by investing \$60 million (around INR 512 crores) in Euler Motors. In exchange, Hero will acquire a 32.5% stake in the commercial EV maker. This investment aims to help Hero strengthen its position in the rapidly growing electric three-wheeler sector, where EVs are expected to account for 35% of sales in the near future. Additionally, Hero may acquire shares from existing Euler shareholders through a secondary sale. Hero also holds a 37% stake in Ather Energy and has made several investments in the electric scooter maker.

(Source: VC Circle, 21st March 2025)

Krafton Acquires Controlling Stake In Real Cricket Franchise-Owner Nautilus Mobile

South Korean digital entertainment firm Krafton has acquired a majority stake worth \$13.9 million (around INR 118 crores) in Pune-based game developer Nautilus Mobile, known for its Real Cricket franchise. This marks Krafton's first controlling acquisition in India. Founded in 2013, Nautilus Mobile is renowned for mobile sports games like Real Cricket 24, Real Cricket 22, and Real Cricket Premier League. In 2020, JetSynthesys acquired a 100% stake in the studio, and will remain a significant minority investor post-acquisition, continuing to collaborate on e-sports. Krafton, which previously invested \$4.7 million (around INR 40 crores) in 2022, aims to boost India's game development sector. Krafton has invested over \$200 million (around INR 1709 crores) in Indian startups in interactive entertainment, gaming, and technology.

(Source: VC Circle, 28th March 2025)

Transaction & Regulatory Advisory Services



In this edition we have tried to bring to your notice the latest amendment that followed in the month of March, 2025 issued by SEBI and FCRA.

SEBI

Faster Rights Issue with a flexibility of allotment to specific investor

SEBI vide its circular dated March 11, 2025, introduced changes to streamline the Rights Issue process, aimed at improving efficiency and flexibility. Under the new framework, the Rights Issue must be completed within 23 working days from the Board of Directors' approval, with the subscription period ranging from a minimum of 7 days to a maximum of 30 days.

To read more:

<https://www.sebi.gov.in/legal/circulars/mar-2025/faster-rights-issue-with-a-flexibility-of-allotment-to-specific-investor-s-92622.html>

Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2025

SEBI vide its circular dated March 12, 2025 has amended the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2025. These amendments aim to enhance the regulatory framework governing insider trading in India, ensuring greater transparency and accountability in the securities market.

To read more:

https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-prohibition-of-insider-trading-amendment-regulations-2025_92645.html

Disclosure of holding of specified securities in dematerialized form

SEBI, through its Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, has made modifications to the disclosure requirements of shareholding patterns and the maintenance of shareholding in dematerialized format under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To read more:

https://www.sebi.gov.in/legal/circulars/mar-2025/disclosure-of-holding-of-specified-securities-in-dematerialized-form_92797.html

FCRA

Extension of the validity of FCRA registration certificate

The Ministry of Home Affairs has issued a public notice extending the validity of FCRA registration certificates for certain categories of registered entities. Entities whose registration validity was extended until March 31, 2025, and whose renewal applications are pending, will have their validity further extended until June 30, 2025, or until the renewal application is processed, whichever is earlier. Similarly, entities whose five-year validity period expires between April 1, 2025, and June 30, 2025, and have applied or will apply for renewal before expiration, will have their validity extended until June 30, 2025, or until the renewal application is processed, whichever is earlier. It's important to note that if a renewal application is refused, the registration certificate will be considered expired on the refusal date, and the association will not be eligible to receive or utilize foreign contributions.

To read more:

https://fcraonline.nic.in/Home/PDF_Doc/fc_notice_28032025.pdf

GIFT City Update



March 03, 2025 Press release by IFSCA on FATF's February 2025 Review of High-Risk Jurisdictions

Introduction:

The Financial Action Task Force (FATF) issued a public statement on February 21, 2025, regarding jurisdictions with strategic deficiencies in Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT).

Key Points:

- FATF called attention to previous statements from February 2020 and October 2022.
- Jurisdictions identified with deficiencies that have an action plan include Algeria, Angola, Bulgaria, Burkina Faso, Cameroon, Côte d'Ivoire, Croatia, Democratic Republic of the Congo, Haiti, Kenya, Lao PDR, Lebanon, Mali, Monaco, Mozambique, Namibia, Nepal, Nigeria, South Africa, South Sudan, Syria, Tanzania, Venezuela, Vietnam, & Yemen.
- The Philippines has been removed from the list of jurisdictions under increased monitoring.
- Regulated entities are still allowed to engage in legitimate transactions with these jurisdictions.

On March 07, 2025 IFSCA issued a circular for Consultation Paper on Oilfield Equipment Leasing. This consultation paper aims to gather public views on a proposal from the Authority to classify "oilfield equipment" for leasing under specific government notifications. This classification would allow for its leasing to be recognized as a financial product.

Key Points:

1. The Authority seeks comments on specifying "oilfield equipment" under the powers given by the Indian government's notification from December 14, 2021.
2. Once specified, the operating lease of oilfield equipment will be categorized as a financial product according to the IFSCA Act, 2019.
3. The proposed definition for "oilfield equipment" will mirror the list from the GST notification regarding supplies for exploration and production.
4. The leasing frameworks may include ownership or lease-in-lease-out options by financial institutions in the IFSC.
5. Oilfield equipment encompasses tools and machinery used for exploration, extraction, and production of oil and gas.
6. The global oilfield equipment leasing market represents 6-7% of total equipment leasing, growing steadily, with significant advancements in many countries, including those in Asia-Pacific.
7. India heavily relies on imported oilfield equipment. Recent policies aim to boost domestic exploration to reduce this dependency, forecasting increased demand for such equipment.
8. Leasing oilfield equipment could prove to be a cost-effective strategy for Indian companies, with interest expressed from stakeholders regarding leasing frameworks.

Conclusion:

The proposal aims to create an operational framework for leasing oilfield equipment, thus supporting increased oil exploration in India and positioning GIFT IFSC as a regional leasing hub. Public input is welcomed to assess the effectiveness and practicality of this proposal.

On March 07 2025, IFSCA released circular to notify updated Fee Structure for ITFS Operators/Applicants in IFSC

Introduction

This circular outlines the fee structure for International Trade Finance Service (ITFS) operators and applicants intending to set up an ITFS in the International Financial Services Centre (IFSC).

Key Points

- Effective April 01, 2025, a specific fee structure will apply.
- Application fee: \$1,000
- Registration fee: \$10,000
- Processing fee: 20% of registration fee (relaxation waiver of guidelines - \$500)
- Recurring fee and activity-based fees are dependent on annual turnover:
 - Less than or equal to \$25 million: \$3,000
 - \$25 million to \$50 million: \$5,000
 - \$50 million to \$100 million: \$7,000
 - \$100 million to \$200 million: \$10,000
 - Over \$200 million: \$15,000
- Other provisions from a previous circular dated May 17, 2023, remain unchanged.

Circular dated 07 March 2025

Sub: Contribution to Settlement Guarantee Fund (SGF)

1. IFSCA has announced changes to the IFSCA (Market Infrastructure Institutions) Regulations, 2021 (MII Regulations).
2. Regulation 15 defines the net worth of a Clearing Corporation as the total value of its liquid assets, as determined by the Authority. Liquid assets include cash, bank balances, fixed deposits, Government Securities, and other specified instruments.
3. Regulation 31 states that the SGF of a Clearing Corporation can receive contributions from the Clearing Corporation, Stock Exchange, and Clearing Members.
4. It is clarified that a Clearing Corporation's contribution to the SGF counts as part of its net worth, and the interest on this cash contribution will be shared among contributors.

Circular dated March 10, 2025, Cyber Security Guidelines for Regulated Entities in IFSCs

Introduction

The International Financial Services Centres Authority (IFSCA) has issued guidelines on cyber security and cyber resilience to enhance the protection of financial entities in International Financial Services Centres (IFSCs). These guidelines address the increasing complexity of cyber threats facing these organizations, emphasizing the importance of robust cyber security measures.

Key Points

1. Purpose of Guidelines
 - a. These guidelines aim to establish IFSCA's expectations from regulated entities (REs) regarding cyber security.
 - b. Regulated Entities (REs) include any entity licensed or recognized by IFSCA.
2. Implementation Principles
 - a. The guidelines should be implemented based on proportionality, considering:
 - b. The scale and complexity of operations.
 - c. The nature of activities conducted.
 - d. Interconnectedness within the financial ecosystem.
 - e. Corresponding cyber risks.
3. Governance
 - a. Requisite governance mechanisms must be in place, with clear roles and responsibilities.
 - b. An "Oversight Body" should include the governing board and senior management personnel.
 - c. A Chief Information Security Officer (CISO) or Designated Officer must be appointed to oversee cyber security.
4. Cyber Security and Resilience Framework
 - a. Regulated Entities (REs) need to develop a framework to ensure the confidentiality, integrity, and availability of IT assets.
 - b. The framework should include risk identification, protection strategies, access controls, physical security, vulnerability assessments, recovery plans, incident management, and audit trails.
5. Third Party Risk Management
 - a. A collaborative approach with third-party vendors is necessary to ensure data security and compliance.
 - b. Regular reviews of third-party services are mandated, especially for those critical to operations.
6. Communication & Awareness
 - a. Regular training on cyber security topics must be provided to employees.
 - b. Effective channels for reporting suspicious activities and incidents should be established.
7. Audit Processes
 - a. Periodic audits are required to ensure the effectiveness of the cyber security measures.
 - b. Audits should be conducted by certified independent auditors, and the findings reported to IFSCA within specific timelines.
8. Exemptions
 - a. Certain Regulated Entities (REs), such as small firms and foreign entities, may be exempt from the guidelines under specific conditions, including adherence to their parent entity's cyber security policies.

Conclusion

These cyber security guidelines will be effective from April 1, 2025, and aim to safeguard the financial entities operating within the IFSC framework. Compliance will play a crucial role in maintaining credibility and trust in the financial services provided. For more detailed information, the complete circular is available on IFSCA's website.

PRESS RELEASE: March 24, 2025, IFSCA Forms Standing Committee on Insurance to Enhance GIFT-IFSC's Global Role

The International Financial Services Centres Authority (IFSCA) has established a Standing Committee on Insurance (SCI) to improve the insurance and reinsurance sector at GIFT - IFSC. This move is part of IFSCA's goal to make GIFT - IFSC a leading global insurance hub with a robust regulatory framework that simplifies business operations.

The SCI will offer strategic advice on regulations, stakeholder relations, public consultations, and industry practices.

The committee's key responsibilities include:

- Comparing IFSCA regulations with other international finance centers and suggesting regulatory improvements.
- Analyzing the ease and cost of doing business at IFSC and making recommendations.
- Engaging with stakeholders, especially NRIs/PIOs, and conducting educational initiatives.
- Reviewing insurance product demand and suggesting new product developments.
- Attracting investments from global insurance pools into IFSC.
- Providing feedback on IFSCA's public consultations.

The 23rd meeting of the IFSCA Authority took place on March 26, 2025. During this meeting, several key regulatory changes were approved, primarily focusing on capital market intermediaries, Know Your Customer (KYC) registration agencies, and fund management.

Key Points:

1. IFSCA (Capital Market Intermediaries) Regulations, 2025:
 - a. The new regulations will replace the existing IFSCA regulations from 2021.
 - b. Key changes include:
 - i. Introduction of a new category called 'Research Entity' and removal of 'Account Aggregator.'
 - ii. Incorporation of regulatory frameworks for 'Distributors' and 'ERDPP' into the regulations.
 - iii. Specification of qualifications and experience needed for Principal Officers and Compliance Officers.
 - iv. Clarification that multiple roles can have common officers initially, pending future review.
 - v. No changes to current policy on Global Access for entities in IFSC until further discussion.
 - vi. Revised net worth requirements, with specific amounts for Credit Rating Agencies, Investment Advisers, and Investment Bankers.
 - vii. Requirement for intermediaries to submit annual compliance audits by September 30 each year.
2. IFSCA (KYC Registration Agency) Regulations, 2025:
 - a. New regulations were approved for KYC Registration Agencies (KRAs) in IFSC.
 - b. Regulations detail eligibility requirements, registration criteria including net worth, and responsibilities of KRAs.
 - c. All regulated entities are required to upload KYC records to the KRA, with possible exemptions.
3. Transition to IFSCA (Fund Management) Regulations, 2025:
 - a. The Authority approved a one-time extension for the validity of expired private placement memoranda under specific conditions.

Conclusion:

The new regulations set forth by the IFSCA aim to enhance the regulatory framework in the IFSC, promoting investor protection, market fairness, and reducing systemic risks. The updated policies are designed to streamline processes for capital market intermediaries and enhance client onboarding through effective KYC practices.



UK Tax Update

UK Economy April 2025: A Mixed Bag of Resilience and Risks

Contrasting sector trends, a shaky export environment, and cautious optimism in property markets shape the UK's economic outlook.

Diverging Fortunes Across Sectors

The UK economy started 2025 on uncertain footing, with overall output dipping by 0.1% in January. The production sector faced the biggest setbacks, shrinking by 0.9% as mining, quarrying, and manufacturing activities declined. Mining and quarrying saw the sharpest drop at 3.3%, while manufacturing output fell by 1.1%. However, pockets of strength remain in areas like food production, metal products, and repair services, which managed to hold steady through a tough 2024.

Construction output also softened slightly, falling by 0.2%. Despite this, hopes for renewed growth linger, fuelled by anticipated public spending on housing and infrastructure projects.

Meanwhile, the services sector offered a glimmer of resilience. Services grew by 0.1% in January and by 0.4% over the preceding three months, buoyed by solid performances in health services, administration, and retail. Encouragingly, businesses reported a healthy pipeline of future work, suggesting this momentum could continue.

Exports Continue to Struggle

The export environment remains challenging. UK merchandise exports declined throughout 2024, with shipments to the EU down 6% and to non-EU countries nearly 4% lower than the previous year. Global demand remains weak, and competition from emerging markets is intensifying.

On top of this, businesses face persistent trade barriers, including complex paperwork, customs delays, and logistics hurdles. Brexit-related changes continue to complicate trade, and uncertainty over future US tariffs adds further concern. Worryingly, UK manufacturing exports are declining more sharply than in the eurozone, where contractions have begun to ease.

Growth Forecasts Cut, Fiscal Tightening Ahead

The Office for Budget Responsibility (OBR) has lowered its forecast for UK economic growth in 2025 to 1%, down from its earlier projection of 2%.

This downgrade reflects softer productivity, rising energy prices, subdued business and consumer confidence, and ongoing geopolitical risks.

Inflation is expected to rise modestly, mainly driven by higher energy and regulated costs. Household spending should gradually recover as savings rates fall, although near-term consumption is likely to remain restrained.

The government's fiscal outlook has also weakened, with higher debt interest payments and lower tax receipts adding pressure. In response, the Chancellor announced reforms to welfare spending and departmental budgets while maintaining commitments to defence and housing investments. These measures are designed to meet fiscal rules, but with little room for error, future shocks could trigger further tax hikes or spending cuts.

Sterling Strengthens but Volatility Looms

Sterling has enjoyed a modest rise against the US dollar in early 2025, supported by stronger retail sales and inflation forecasts. However, this positive trend may be short-lived. Analysts expect increased currency volatility as new tariffs and geopolitical uncertainties unfold. Sterling's trajectory will closely follow developments in economic confidence and public finance updates.

Buy-to-Let Market Finds Its Footing

The buy-to-let (BTL) market rebounded in late 2024, driven by lower interest rates and sustained rental demand. In Q4 2024, over 52,600 new BTL loans were issued, totalling £9.6 billion — a sharp year-on-year increase. Falling interest rates improved affordability, and arrears declined, signalling healthier conditions for landlords.

However, challenges persist. Regulatory changes, including a new 2% stamp duty surcharge, are expected to temper activity, with forecasts pointing to a 7% contraction in the BTL market during 2025.

Looking Ahead

April brings further insights, with updates expected on buy-to-let mortgages and consumer card spending. For businesses and policymakers alike, the coming months will be critical. Clear strategies on industrial policy, small business support, and international trade are essential for steering the economy through its current uncertainties and laying the groundwork for sustainable growth.

Conclusion

The UK economy enters the spring with a fragile balance. Services and housing investments are helping to hold the line, but ongoing challenges in production, exports, and public finances are hard to ignore. With limited fiscal headroom and external risks looming large, the next few months will be pivotal. Staying agile, focused on long-term priorities, and prepared for volatility will be key for businesses and policymakers navigating this uncertain landscape.

Tax Calendar



April 2025 - Tax Calendar

7TH APRIL	Due date of Deposit of TCS collected for the Month of March , 2025
7TH APRIL	Uploading of declarations received in Form 27C from the buyer in the month of March, 2025
14TH APRIL	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M & 194S in the month of February, 2025
30TH APRIL	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M & 194S in the month of March, 2025
30TH APRIL	Due date for deposit of Tax deducted for the month of March, 2025.
30TH APRIL	Due date for e-filing of a declaration in Form No. 61 containing particulars of Form No. 60 received during the period October 1, 2024 to March 31, 2025
30TH APRIL	Due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March, 2025
30TH APRIL	Due date for deposit of TDS for the period January 2025 to March 2025 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H
30TH APRIL	Intimation by a pension fund in respect of investment made in India for quarter ending March 31, 2025



United Kingdom



capital advisors



consulting



capital trust

New Delhi (Head Office)

4/80, Janpath,
New Delhi -110001
+91-11-43192000
rnm@rnm.in

Bangalore

813 Oxford Towers,
139 Airport Road,
Bangalore - 560008
banglore@rnm.in

GIFT City

Unit 804-06, 8th
Floor, Brigade
International
Financial Centre
(BIFC), Gift City,
Gandhinagar, Gujrat

Raipur

D-362, Near MLA
Rest House, Tagore
Nagar, Raipur,
Chhattisgarh -
492001
rnm@rnm.in

Mumbai

Cabin - 5, Awfis, 5th Floor,
Raheja Titanium,
Geetanjali Railway Colony,
Ram Nagar, Goregaon,
Mumbai, Maharashtra
400063
mumbai@rnm.in

Gurugram

613, Suncity Business
Tower, Golf Course Road,
Gurugram,
Haryana - 122002
+91-124-4372956
gurgaon@rnm.in

London

213 Kingsbury Road
Sri Abji Bapashree house
Suite 15, 1 Floor
NW9 8AQ
info@ukrnm.in

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