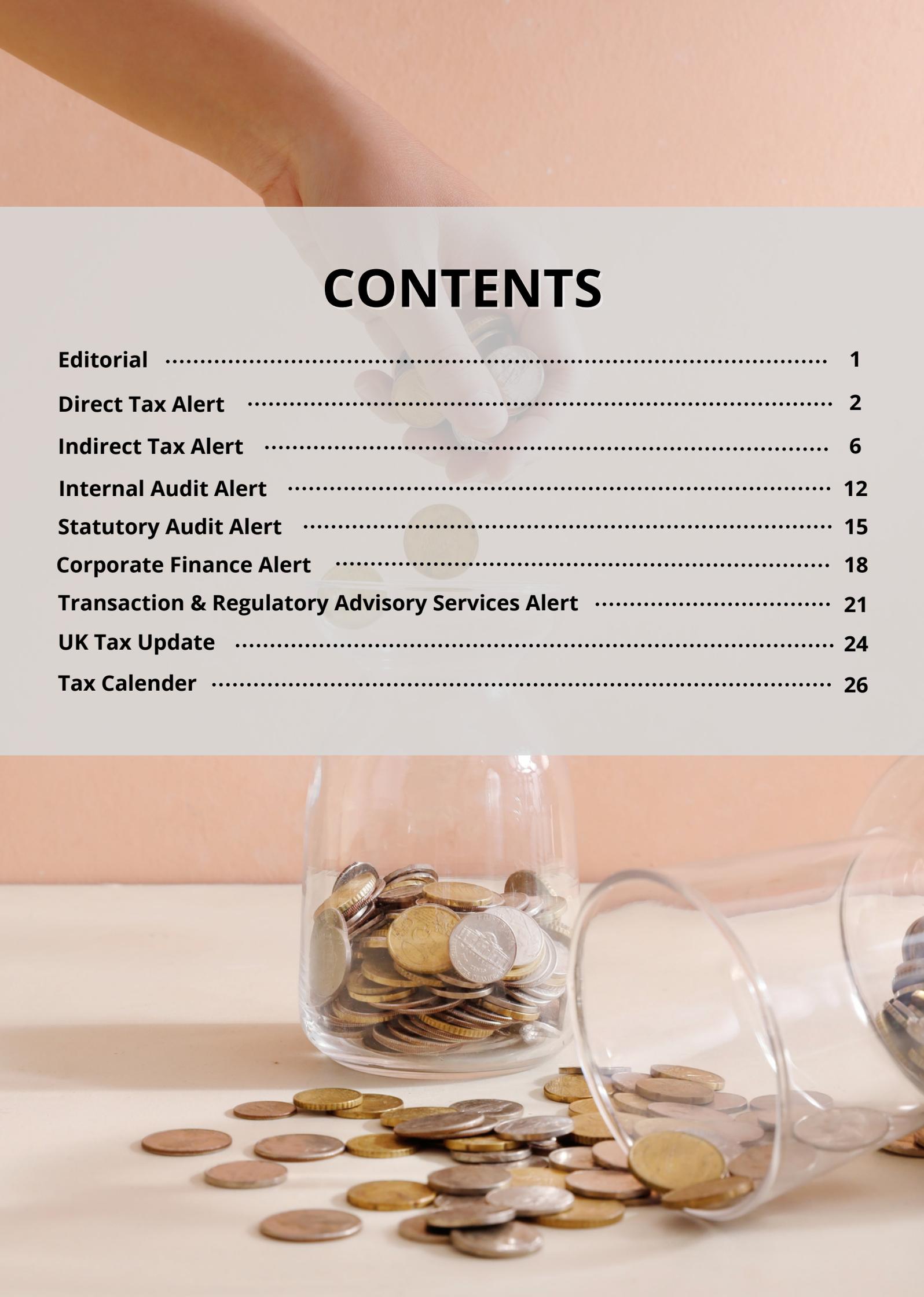




**RNM ALERT**  
**JANUARY**  
**NEWSLETTER**

**VOL NO 180**

**Indian Women in Finance Industry**



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# EDITORIAL

## Dear Readers

During the month of January 2024, the Ganesh Pooja was done for RNM Tower located at I-4 / B1, Mohan Cooperative Industrial Estate, New Delhi-110044 upon successfully obtaining building completion from the relevant authorities where RNM India should be setting up its sixth office in India by the end of the next quarter. Floral tributes were given to our Founder, Late Shri R. N. Marwah on this auspicious occasion.

On the Direct Tax front, the CBDT has announced the provisional direct tax collections for the FY 2023-24 upto 10 January 2024 at Rs. 17.18 Lakh crore which is 16.77% higher than the gross collections for the corresponding period of last year.

On the Indirect Tax front, the Gujarat Authority for Advance Rulings has held that solar plant affixed on building roof not embedded to earth is plant and machinery eligible for ITC. This is a very positive decision that will encourage greater adoption of such roof top solar plants as a renewable energy source.

The Vote on Account of the Union Budget 2024 was announced on 1 February 2024 by the Hon'ble Finance Minister of India and we hope you enjoyed the RNM Analysis that was separately sent thereon.

We would like to take this opportunity of wishing all our readers a happy Vasant Panchami on 14th February. On this day when we celebrate the birth of Goddess Saraswati the deity of learning, music and art, we at RNM India re-dedicate ourselves to our vision of Knowledge creation in our pursuit of learning through constant change.

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

# Direct Tax



**Arundhati Bhattacharya**

CEO - Salesforce India

First woman to be the Chairperson of  
State Bank of India

Listed as the 25th most powerful woman in  
the world by Forbes.

## **1. CBDT ORDER DATED 31.01.2024 [F. NO. 225/132/2023/ITA-II, DATED 31-1-2024]**

The CBDT vide this order dated 31.01.2024, to resolve grievance of taxpayer related to issue of refund in respect of returns of income validly filed electronically up to AY 2020-21, time limit of processing the same further extended the time till 30.04.2024.

## **2. On 1st February 2024, Union Finance Minister Nirmala Sitharaman presented the Interim Budget.**

Vide this Budget / Finance Bill 2024, existing rates of income-tax are continues for the Financial Year ('FY') 2024-2025 and to provide for certain relief to taxpayers

### **Withdrawal of outstanding direct tax demand - Relief to Taxpayer's**

Up to Rs. 25,000 pertaining to up to AY 2010-11.

Up to Rs. 10,000 for AY 2011-12 to AY 2015-16.

### **Existing Benefit to Startups / Pension Fund / International Financial Service Centres ('IFSC') units extended to 31.03.2025**

Certain existing tax benefits to Start-ups and investments made by sovereign wealth funds/pension funds, tax exemption of some IFSC units earlier expiring on 31.03.2024 extended up to 31.03.2025.

## **Important Judicial Precedents**

### **1. Solvay Asia Pacific (P.) Ltd. vs. DCIT. (IT), Circle-3(1)(2); [2024] 159 taxmann.com 90 (Delhi - Trib.)**

Where assessee, a company incorporated in Thailand, had rendered business support services to its Indian group entities and AO held same to be taxable as FTS, in absence of Fee for Technical Services (FTS) clause in India-Thailand DTAA, such receipts could not be brought to tax in India

### **2. Virendra Behari Aggarwal vs. CIT [2024] 159 taxmann.com 28 (SC)**

Section 68 of the Income-tax Act, 1961 - Cash credits - (Gift) - Assessment year 2001-02 - High Court by impugned order held that where assessee claimed to have taken loans from his two minor sons and source of loan was stated to be gift received by assessee's sons from their uncle i.e., brother of assessee, since assessee's brother categorically stated that he had not given any gifts to anybody, impugned addition made by Assessing Officer in respect of loan amount was to be confirmed - Whether SLP filed by assessee against said impugned order was to be dismissed - Held, yes [Para 2][In favour of revenue]

### **3. AEP Investments (Mauritius) Ltd. vs. ACIT, Circle (IT) 1(1)(1) [2024] 158 taxmann.com 472 (Delhi - Trib.)**

Where assessee, a tax-resident of Mauritius, invested in shares of an Indian company, thereafter made foreign remittance from sale of said investments and did not file return claiming that capital gains were exempt in terms of article 13(4) of India-Mauritius DTAA, since AO issued reopening notice merely on basis of such remittances which he came to know from form 15CA filed by assessee, there was no prima facie satisfaction from reasons recorded, and notice issued under section 148 was considered to be void ab initio.

A vertical image on the left side of the page. The top half shows a close-up of a pink piggy bank's face, with its eyes and snout visible. The bottom half shows a stack of gold coins, with some embossed text like 'W.I' and 'C U S' visible on the edges.

#### **4. Commissioner of Income-tax vs. Ad2pro Media Solutions (P.) Ltd. [2024] 158 taxmann.com 432 (SC)**

SLP dismissed against order passed by High Court that where assessee-company made payments to US Company for marketing services and scope of work was to generate customer leads using/subscribing customer data base, market research, analysis, and online research data and that service provider had not made available any technical knowledge, experience, knowhow, process to develop and transfer technical plan or technical design, in view of admitted fact that services were utilized in USA, payments so made could not be considered as royalty or FTS and hence, no TDS was required to be deducted

#### **5. SHRI RUMNEEK BAWA Vs. ACIT Circle 10(1) \_2024-TIOL-190-ITAT-DEL\_ITA No.3083/Del/2012\_AY: 2009-10**

Whether when undisclosed income already having been taxed in hands of Flagship Company the same can be again subjected to tax in the hands of assessee company - NO: ITAT

It is the plea of the assessee that the amount has been already added in the assessment of M/s. Zoom Developers Pvt. Ltd. In such circumstances, the same amount cannot be again added in hands of the assessee. For this proposition, we refer to the decision of Delhi High Court in the case of PCIT vs. Surya Agrotech Infrastructure Ltd. where it was held that when undisclosed income already having been taxed in hands of Flagship Company the same could not be again subjected to tax in the hands of assessee company. This case law is applicable in this case and the sum which has been taxed in the hands of Zoom Developers Pvt. Ltd. cannot again be taxed in the hands of assessee. Thus, the addition needs to be deleted on this count also. Since the addition has been deleted as above, adjudication on other aspects, in this case is of academic interest. Hence, we are not engaging into the same

#### **6. PRAGATI POWER CORPORATION LTD Vs. DCIT, CIRCLE-10(1), NEW DELHI [2024]-TIOL-84-ITAT-DEL\_ITA No. 632/Del/2019\_AY: 2005-06**

Whether penalty can be levied on the addition/disallowance made on the basis of retrospective amendment under the law - NO: ITAT

No penalty can be levied on the addition/disallowance made on the basis of retrospective amendment under the law. In the circumstances of the assessee's case, levy of the impugned penalty by the AO and confirmation thereof by the CIT(A) is wholly unwarranted, unjustified and is unsustainable on merits. We, therefore, vacate the orders of the AO/CIT(A). Consequently, the appeal of the assessee is allowed.

## **7. ITO, Vs. MEYER APPAREL PVT LTD [2024] TIOL-88-ITAT-DEL\_ ITA No. 6453/Del/2019\_AY: 2006-07**

Whether waiver of loan does not amount to cessation of trading liability - YES : ITAT  
Supreme Court in the case of Mahindra & Mahindra held that waiver of loan for acquiring capital assets cannot be taxed as perquisite under section 28(iv) as receipt in hands of debtor/assessee are in form of cash/money and it also cannot be taxed as a remission/cessation of liability under section 41(1) as waiver of loan does not amount to cessation of trading liability. Furthermore, again reiterating the preposition the Supreme Court in its subsequent judgment in the case of PCIT vs. Gujarat State Financial Corp. held that where the loan amount was never claimed by assessee as expenditure, waiver of same could not amount to cessation of trading liability and was not chargeable to tax under section 41(1) of the Act. In view of legal prepositions rendered by Apex Court and respectfully following the same, inclined to agree with the conclusion returned by the CIT(A) while granting relief to the assessee. Tribunal was unable to see any ambiguity, perversity or any other valid reason to interfere with the findings and conclusion drawn by the First Appellate Authority and hence, uphold the same. Accordingly, grounds of Revenue being devoid on merits are dismissed.



# Indirect Tax



**Shanti Ekambaram**

President – Consumer Banking Kotak  
Mahindra Bank

One of the top 50 Most Powerful Women  
in India for three consecutive years from  
2016 to 2018

**GST Calendar –Compliances for the month of  
January 2024.**

<b>Nature of Compliances</b>	<b>Due Date</b>
<b>GSTR-7 (Tax Deducted at Source 'TDS')</b>	<b>February 10, 2024</b>
<b>GSTR-8 (Tax Collected at Source 'TCS')</b>	<b>February 10, 2024</b>
<b>GSTR-1</b>	<b>February 11, 2024</b>
<b>IFF- Invoice furnishing facility (Availing QRMP)</b>	<b>February 13, 2024</b>
<b>GSTR-6 Input Service Distributor</b>	<b>February 13, 2024</b>
<b>GSTR-2B (Auto-Generated Statement)</b>	<b>February 14, 2024</b>
<b>GSTR-3B</b>	<b>February 20, 2024</b>
<b>GSTR-5 (Non-Resident Taxable Person)</b>	<b>February 20, 2024</b>
<b>GSTR-5A (OIDAR Service Provider)</b>	<b>February 20, 2024</b>
<b>PMT-06 (who have opted for the QRMP scheme)</b>	<b>February 25, 2024</b>

## **Madras HC- No interest liability occurs if the tax is deposited in the electronic cash ledger within the due date, even if the return is filed belatedly.**

### **Facts**

M/s. Eicher Motors Limited, involved in the manufacturing of motorcycles, faced technical glitches on the Goods and Services Tax (GST) common portal. This resulted in the unavailability of Central Value Added Tax (CENVAT) credit claimed via GST Tran-1 as Input Tax Credit (ITC) in the electronic credit ledger. Consequently, the filing of Form GSTR-3B for July 2017 was delayed.

Despite depositing the tax dues within the stipulated period in the Electronic Credit Ledger (ECL), the petitioner encountered challenges in filing GSTR-3B for subsequent months, extending until December 2017. A Recovery Notice was subsequently issued to M/s. Eicher Motors Limited due to the nonpayment of interest on GST liability arising from the delay in filing GSTR-3B.

In response to the issued notice, the petitioner initiated the present writ petition before the High Court, expressing grievances against the imposed interest on GST liability resulting from the delay in GSTR-3B filing.

### **Issue**

Interest implications arise when GSTR-3B is submitted after the stipulated deadline for filing the return, notwithstanding the deposit of tax dues in the Electronic Credit Ledger (ECL) within the due date of the return filing.

### **Rulings**

The petitioner argued that the tax amount transferred to the Electronic Credit Ledger (ECL) through challan constitutes a payment to the government. This is supported by the fact that the amount is remitted to the government's account held with the Reserve Bank of India (RBI).

Furthermore, the petitioner emphasized that the funds deposited in the ECL are not subject to arbitrary withdrawal by the taxpayer. To claim a refund for any excess balance in the Electronic Credit Ledger, the petitioner asserted that a formal refund application must be submitted, in accordance with Section 54 of the Central Goods and Services Tax Act, 2017 (CGST Act).

### **Payment to the government of the tax amount is permissible prior to the completion of Form GSTR-3B submission.**

The High Court (HC) clarified that, according to Section 39(1) of the CGST Act, a registered person must settle the tax amount before submitting GSTR-3B since payment details are integral to the return. The designated beneficiary bank for tax dues deposited via challans is the RBI, and this process is considered payment to the government, as the amount is remitted to the RBI.

The HC dismissed the relevance of the actual filing date of GSTR-3B, contradicting the judgment of the Jharkhand HC in the RSB Transmission case. It asserted that tax payment can precede the filing of GSTR-3B. As per CGST Act provisions, the crucial deadline for tax payment to the government is the due date for furnishing GSTR-3B. In the current case, since the petitioner deposited the tax within the stipulated GSTR-3B timelines, no interest liability would arise.

## **Paying interest on the refund of an excess amount in the Electronic Credit Ledger (ECL) signifies that the deposited amount has been remitted to the government.**

The High Court (HC) observed that the government pays interest on delayed payment of a refund for an excess balance in the Electronic Credit Ledger (ECL). This suggests that the amount is held by the government, leading to interest payments to the registered person. Based on similar reasoning, the HC has approved the current writ petition, asserting that no interest is obligatory when the tax amount is deposited in the ECL, even if there is a delay in filing GSTR-3B.

## **Madras High Court emphasized that the taxable event for a gift voucher occurs during its issuance, specifically when it involves specified and identified goods.**

### **Facts**

M/s Kalyan Jewelers India Limited, involved in the manufacturing and trading of ornaments, implemented a sales promotion strategy by introducing pre-paid instruments (PPIs) in the form of gift vouchers/gift cards.

Seeking clarification on the tax implications and time of supply provisions related to the issuance of PPIs to customers, the petitioner requested an advance ruling from the Tamil Nadu authority.

Initially, the Tamil Nadu Authority for Advance Ruling (AAR) determined that PPIs constitute the supply of goods, with the time of supply being the date of issue if vouchers are specific to a particular good; otherwise, it is the date of redemption.

Discontent with this ruling, the petitioner appealed to the Tamil Nadu Appellate Authority for Advance Ruling (AAAR). The AAAR modified the AAR's decision, asserting that a voucher serves as a method for the advance payment of consideration, categorizing it as neither a good nor a service under GST law. However, the AAAR specified that the time of supply for gift vouchers, as provided by the petitioner to customers, remains the date of issuance.

Challenged by this ruling, the petitioner subsequently filed the present writ petition before the High Court (HC).

### **Rulings**

The High Court (HC) scrutinized the characteristics of vouchers distributed by the petitioner, observing that these vouchers remain valid for a specified duration and are subject to a refund upon expiration. It was highlighted that one of the issued vouchers is non-refundable. The HC concluded that if the payment associated with a voucher is non-refundable, the gift voucher fails to meet the criteria outlined in the Master Direction.

The High Court (HC) invoked the Supreme Court's (SC) ruling in the Sunrise Associates case, highlighting that the definition of goods, according to the SC, explicitly excluded actionable claims under prior laws. However, the HC examined the definition of goods under the CGST Act, emphasizing that actionable claims are now encompassed within this definition.

To deepen its analysis, the HC referred to various enactments and an educational guide issued by the Central Board of Indirect Taxes. This scrutiny was conducted to gain a comprehensive understanding of the terms 'voucher,' 'debt,' 'instrument,' and 'actionable claim.'

Following a comprehensive interpretation, the High Court (HC) recognizes that gift vouchers possess the characteristics of a debt instrument. These vouchers can be redeemed on a future date upon presentation and serve as a means of settling sales consideration for the acquisition of merchandise from any of the petitioner's retail outlets.

The High Court (HC) observed that the petitioner bears an obligation to honor the amount specified in the gift voucher. In the event that the paid amount is not credited to the customer's account after the expiration period, the customer possesses the right to recover the amount as per the Master Direction of the Reserve Bank of India (RBI). Consequently, customers retain the right to pursue legal action in a civil court for the recovery of the amount.

The High Court (HC) determined that the time of supply for gift vouchers is the date of issue when the vouchers are specifically issued for a particular item of jewellery with a specified value. This is due to the existence of a transfer or supply under GST. Notably, such transactions are taxable, regardless of whether the sale consideration is paid in advance, over a period, or at a later date.

However, in cases where the vouchers are redeemable for any unspecified goods, the time of supply is considered to be the date of redemption.

**Royalty, being categorized as a tax in nature, is not subject to service tax, according to the Customs, Excise and Service Tax Appellate Tribunal (CESTAT).**

### **Facts**

M/s. Oil and Natural Gas Corporation, involved in the exploration and production of crude oil and natural gas, received a show cause notice (SCN) due to the alleged non-payment of service tax under the reverse charge mechanism (RCM). The notice pertained to the consideration paid to the state government in the form of royalty for the assignment of the right to use in the exploration and production of crude oil and natural gas.

Subsequently, the adjudicating authority (AA) issued an order confirming the demand for service tax on the royalty amount. Dissatisfied with this decision, the appellant has filed the current appeal before the Chennai bench of the Customs, Excise and Service Tax Appellate Tribunal (CESTAT).

### **Issue**

The issue at hand is whether service tax is applicable to the consideration paid to the state government in the form of royalty for the assignment of the right to use for the exploration and production of crude oil and natural gas.

### **Rulings**

The Customs, Excise and Service Tax Appellate Tribunal (CESTAT) based its decision on the Supreme Court's judgment in the case of India Cements Corporation Ltd. The CESTAT concluded that royalty is considered a tax and is not regarded as a consideration for services.



The assertion is that royalty takes the form of regulatory fees, given that it is paid in accordance with the provisions outlined in the ORD Act, rather than being contingent on an agreement between the appellant and the state government. Additionally, it is argued that royalty can be considered a form of license fees, representing compensation for the right to extract crude oil and natural gas. Consequently, royalty is argued to encompass elements of both regulatory fees and license fees.

The Customs, Excise and Service Tax Appellate Tribunal (CESTAT) determined that the Finance Act lacks a mechanism for imposing service tax on amounts encompassing both regulatory fees and compensatory fees. The CESTAT emphasized that royalty is predominantly characterized as regulatory fees, as it serves as a regulation to prevent the overexploitation of resources. Consequently, the payment of royalty cannot be deemed a service for the purpose of levying service tax.

The Customs, Excise and Service Tax Appellate Tribunal (CESTAT) relied on the Kiran Spinning Mills case judgment, which stated that an exemption notification is not a charging provision and cannot establish a duty liability. Consequently, the CESTAT set aside the mega-exemption notification and determined that, according to Section 65B(44) of the Finance Act, the relevant activity falls within the scope of 'renting of immovable property services.'

Additionally, the CESTAT emphasized that the department has not established that the activity of the right to use natural resources falls under 'lease,' and the amount paid as royalty is akin to 'rent.' Therefore, the CESTAT concluded that service tax cannot be imposed under the reverse charge mechanism (RCM) on the royalty paid to the state government. As a result, the appeal was allowed, and the impugned order was set aside.



# Internal Audit

A portrait of Naina Lal Kidwai, a woman with dark hair and glasses, wearing a blue and white checkered sari with a black border. She is standing with her arms crossed against a textured, reddish-brown wall. The image is partially overlaid by a green banner in the top right corner and a white text box in the bottom left corner.

**Naina Lal Kidwai**  
Banker, chartered accountant and  
business executive.  
Former Group General Manager and the  
Country Head of HSBC India & President of  
the Federation of Indian Chambers of  
Commerce and Industry (FICCI)  
Forbes Asia has recognised her amongst  
the '50 most powerful women in business.'

## Summary of SA – 260

### “Communication with Those Charged with Governance”

#### Scope of SA 260:

To Deals with auditor's responsibility to communicate with TCWG in an audit of financial statements.

#### Who are “Those Charged with Governance” (TCWG):

The Person(s) or Organization(s) with responsibilities of for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes those overseeing the financial reporting process and for some entities, TCWG may include the management personnel like Board Member.

#### Who are Management:

The person(s) with executive responsibility for the conduct of the entity's operations. For some entities, management includes some or all of TCWG, for example, executive members of a governance board, or an owner-manager.

#### Objectives of the Auditor:

- To communicate clearly with TCWG the responsibilities of the auditor & overview of planned scope & timing of audit.
- To Obtain from TCWG information relevant to the audit;
- To Provide TCWG with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process; and
- To Promote effective two-way communication between the auditor and TCWG.

#### What is the Significance of Communication with TCWG:

An efficient Two Way Communication from Auditor is very important with TCWG:

- The auditor and TCWG in understanding matters related to the audit in context, and in developing a constructive working relationship while maintaining the auditor's independence and objectivity;
- The auditor in obtaining from TCWG information relevant to the audit. For example, those charged with governance may assist the auditor in understanding the entity and its environment; and
- TCWG in fulfilling their responsibility to oversee the financial reporting process, thereby reducing the risks of material misstatement of the financial statements.

#### Matters to be Communicated by the Auditor:

Following matters required to be communicated by the Auditor with TCWG:

- The responsibilities of the auditor in relation to the financial audit.
- The planned scope & timing of audit including significant risks identified by the auditor.
- The auditor's view about significant qualitative aspects of the entity's accounting practices.
- Significant difficulties encountered during the audit.
- Written representation the auditor is requesting.
- Circumstances that affect the form & content of auditor's report.
- Any other significant matter arising during the audit relevant to the oversight of financial reporting process.

## **Communication of Auditor's Independence in Case of Listed Entities:**

In case of listed entities, the auditor shall communicate with TCWG:

- A statement that the engagement team and others in the firm (including network firm) have complied with relevant ethical requirements regarding independence; and
- All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence and The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

## **Communication Process:**

The Auditor should follow the adequate method of communication with TCWG and the communication process shall include the following:

- The auditor shall communicate with those charged with governance the form, timing and expected general content of communications,
- The auditor shall communicate in writing with TCWG regarding significant findings from the audit and for this the oral communication would not be adequate.
- The auditor shall communicate in writing with TCWG regarding auditor independence when required (i.e. in case of listed entity).
- The auditor shall communicate with TCWG a Two Way Communication on Timely Basis.

## **Adequacy of Communication:**

The auditor shall evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor shall evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence, and shall take appropriate action.

## **Documentation:**

The auditor shall include the matters communicated to TCWG (whether orally or in writing) in audit documentation.



# Statutory Audit



**Renu Sud Karnad**

Managing Director of India's largest  
Mortgage Financier Housing Development  
Finance Corp. Ltd. (HDFC)

## Accounting treatment of Warranties as per Ind. AS - 115

It is common for an entity to provide (in accordance with the contract, the law or the entity's customary business practices) a warranty in connection with the sale of a product (whether a good or service). The nature of a warranty can vary significantly across industries and contracts. Some warranties provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications. Other warranties provide the customer with a service in addition to the assurance that the product complies with agreed-upon specification.

### **If a customer has the option to purchase a warranty separately -**

If a customer has the option to purchase a warranty separately (for example, because the warranty is priced or negotiated separately), the warranty is a distinct service because the entity promises to provide the service to the customer in addition to the product that has the functionality described in the contract. In those circumstances, an entity shall account for the promised warranty as a performance obligation and allocate a portion of the transaction price to that performance obligation.

In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, an entity shall consider factors such as:

- Whether the warranty is required by law—if the entity is required by law to provide a warranty, the existence of that law indicates that the promised warranty is not a performance obligation because such requirements typically exist to protect customers from the risk of purchasing defective products.
- The length of the warranty coverage period—the longer the coverage period, the more likely it is that the promised warranty is a performance obligation because it is more likely to provide a service in addition to the assurance that the product complies with agreed-upon specifications.
- The nature of the tasks that the entity promises to perform—if it is necessary for an entity to perform specified tasks to provide the assurance that a product complies with agreed-upon specifications (for example, a return shipping service for a defective product), then those tasks likely do not give rise to a performance obligation.

If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the promised service is a performance obligation. Therefore, an entity shall allocate the transaction price to the product and the service.

A law that requires an entity to pay compensation if its products cause harm or damage does not give rise to a performance obligation. For example, a manufacturer might sell products in a jurisdiction in which the law holds the manufacturer liable for any damages (for example, to personal property) that might be caused by a consumer using a product for its intended purpose. Similarly, an entity's promise to indemnify the customer for liabilities and damages arising from claims of patent, copyright, trademark or other infringement by the entity's products does not give rise to a performance obligation. The entity shall account for such obligations in accordance with Ind AS 37.

### **If a customer does not have the option to purchase a warranty separately -**

If a customer does not have the option to purchase a warranty separately, an entity shall account for the warranty in accordance with Ind. AS 37, Provisions, Contingent Liabilities and Contingent Assets, unless the promised warranty, or a part of the promised warranty, provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications.

If an entity promises both an assurance-type warranty and a service-type warranty but cannot reasonably account for them separately, the entity shall account for both of the warranties together as a single performance obligation.



# Corporate Finance



**Shyamala Gopinath**

Chairperson of HDFC  
Former deputy governor of the Reserve  
Bank of India (RBI)

An influential voice in the financial  
industry, even after her retirement.

## **BlackRock Strikes \$12.5 Bn Deal To Acquire Global Infrastructure Partners**

BlackRock and Global Infrastructure Partners (GIP) have signed a definitive agreement for a stock and cash deal. BlackRock will acquire GIP for \$12.5 billion (around INR 1,00,000 crore) which will make the world's largest asset manager as one of the biggest players in alternative assets and private markets. BlackRock will buy GIP in \$3 billion cash and roughly 12 million BlackRock shares to create an infrastructure investing platform with more than \$150 billion in combined assets. Founded in 2006, GIP manages more than \$100 billion in assets and its portfolio includes Britain's Gatwick airport, the Port of Melbourne and offshore wind projects. GIP Chairman and Managing Partner Bayo Ogunlesi will join BlackRock's board of directors following closure of the deal.

### **Private Equity**

#### **Saudi SWF Public Investment Fund Strikes First 2024 Bet in MENA Paper Industry**

Saudi Arabia's sovereign investor Public Investment Fund (PIF) has struck a bet for minority stake in a paper manufacturing and recycling company. PIF has started the year by acquiring 23.08% in the Middle East Paper Co for an undisclosed amount.

(Source: VC Circle, 4th January 2024)

#### **Tech Firm Impact Analytics Raises \$40 Mn From Sageview Capital**

Retail software-as-a-service analytics firm Impact Analytics has raised \$40 million (around INR 332 crore) in growth financing led by American investment firm Sageview Capital.

(Source: VC Circle, 9th January 2024)

#### **Abu Dhabi Wealth Fund ADQ Signs Deal For Stake In Egypt Luxury Hotels**

Abu Dhabi wealth fund ADQ has agreed to acquire a 40.5% stake in ICON, the hospitality arm of Egypt's Talaat Moustafa Group (TMG).

(Source: VC Circle, 15th January 2024)

### **Venture Capital**

#### **Hospitality Chain Vro Secures \$10 Mn In Bridge Round**

Fine dining chain operator Vro Hospitality has raised \$10 million (around INR 83 crore) in a bridge financing round, led by Axis Bank and Gruhas. Round also saw participation from NB Ventures and angel investors Kunal Shah and Mouni Roy.

(Source: VC Circle, 3rd January 2024)

#### **Brookfield To Acquire ATC's India Telecom Tower Business For \$2.5 Bn**

Data Infrastructure Trust, an Indian infrastructure investment trust sponsored by Brookfield Asset Management Inc., has signed an agreement to acquire American Tower Corp's operations in India for a total of \$2.5 billion (around INR 21,000 crore).

(Source: VC Circle, 5th January 2024)

#### **Listed Gaming Platform Nazara Tech Raises \$30 Mn**

Publicly listed online gaming and e-sports company Nazara Technologies Ltd. has raised \$30 million (around INR 250 crore) from Nikhil Kamath-Kamath Associates, NKSquared, and Plutus Wealth Management.

(Source: VC Circle, 17th January 2024)

#### **Fintech Platform Grip Invest Snags \$10 Mn From Multiple Investors In Series B Round**

Fixed income platform Grip Invest has raised \$10 million (around INR 83 crore) in a Series B funding round. Round which saw a mix of equity and debt investments was led by Stride Ventures.

(Source: VC Circle, 9th January 2024)

## **Medway Hospitals Secures Maiden Funding From Kyra Ventures**

Chennai-based multispecialty chain Medway Hospitals has raised \$5 million (around INR 41 crore) in its first round of institutional equity funding led by Kyra Ventures.

(Source: VC Circle, 4th January 2024)

## **Edtech Startup ConveGenius Snags \$7 Mn**

Artificial Intelligence based ed-tech startup ConveGenius has raised \$7 million (around INR 58 crore) in a funding round from a host of investors including UBS Optimus Foundation and Mount Judi Ventures.

(Source: VC Circle, 11th January 2024)

## **Malaysia's Khazanah Bets On QSR Chain Wow! Momo As Early Backers Exit**

Khazanah National Berhad, the sovereign wealth fund of Malaysian Government, has led a \$49 million (around INR 410 crore) round of investment in Indian quick-service restaurant chain Wow! Momo.

(Source: VC Circle, 17th January 2023)

## **Mergers & Acquisitions**

### **Pharma Packaging Firm Ansapack Makes Acquisition In Folding Carton Business**

Ansapack Pvt Ltd's folding carton arm, Ansa Folding Carton has acquired a strategic stake in Mumbai-based Rich Printers Pvt Ltd for an enterprise value of \$14 million (around 117 crore).

(Source: VC Circle, 2nd January 2024)

### **GIC Backed Amber Group Acquires Majority Stake In Ascent Circuits**

Listed homegrown business-to-business electronics manufacturing services provider Amber Enterprises's Ijin Electronics has acquired 60% stake in printed circuit board maker Ascent Circuits for an undisclosed amount.

(Source: VC Circle, 3rd January 2024)

### **Nazara-Owned Nodwin Gaming To Acquire Comic Con India**

Nazara Technologies -owned Nodwin Gaming has agreed to acquire 100% stake in Comic Con India, which hosts pop cultural festivals in India, for \$6.65 million (around INR 55 crore).

(Source: VC Circle, 24th January 2024)

### **KKR-Controlled IndiGrid Inks \$199 Mn Deal To Acquire Solar Asset**

Indi Grid Trust (IndiGrid), an infrastructure investment trust controlled by private equity firm KKR, has struck a deal with US-listed firm green energy firm ReNew Power to buy a 300MW solar power project in Rajasthan. IndiGrid will acquire the asset for an enterprise value of \$199 million (around 1,650 crore).

(Source: VC Circle, 9th January 2024)

### **Apax-Backed IBS Software To Acquire Florida-Based APS For \$90 Mn**

Apax Partners backed IBS Software will acquire US-based hotel and travel technology provider Above Property Services (APS) for \$90 million (around INR 748 crore).

(Source: VC Circle, 16th January 2024)

# Transaction & Regulatory Advisory Services



**Kalpana Morparia**

Chairperson of HDFC  
Former Chief Executive Officer of South  
and Southeast Asia, JPMorgan  
Was associated with ICICI Bank for 33 years

In this edition we have tried to bring to your notice the latest amendments that followed in the month of January, 2024 issued by MCA, RBI, SEBI, IBBI and others.

## **SECURITIES LAWS AND CAPITAL MARKET**

### **Guidelines for AIFs with Respect to Holding their Investments in Dematerialized Form and Appointment of Custodian.**

Investment made by an AIF shall be held in dematerialized form only, irrespective of whether the investment is made directly in the investee company or is acquired from another entity. However, the aforesaid requirement of holding investments in dematerialized Form shall not be applicable to scheme of an AIF whose tenure ends on or before January 31, 2025 and scheme of an AIF which is in extended tenure as on date of this circular.

To Read More:

[https://www.sebi.gov.in/legal/circulars/jan-2024/guidelines-for-aifs-with-respect-to-holding-their-investments-in-dematerialised-form-and-appointment-of-custodian\\_80614.html](https://www.sebi.gov.in/legal/circulars/jan-2024/guidelines-for-aifs-with-respect-to-holding-their-investments-in-dematerialised-form-and-appointment-of-custodian_80614.html)

### **Framework for Offer for Sale (OFS) of Shares to Employees through Stock Exchange Mechanism**

In order to enhance efficiency, ease of compliance and reduce cost, SEBI has prescribed the framework where promoters can also offer the shares to employees in OFS through the Stock Exchange Mechanism

To Read More:

[https://www.sebi.gov.in/legal/circulars/jan-2024/framework-for-offer-for-sale-ofs-of-shares-to-employees-through-stock-exchange-mechanism\\_80842.html](https://www.sebi.gov.in/legal/circulars/jan-2024/framework-for-offer-for-sale-ofs-of-shares-to-employees-through-stock-exchange-mechanism_80842.html)

## **MISCELLANEOUS**

### **Department of Revenue, Ministry of Finance, invites suggestions on draft 'Indian Stamp Bill, 2023' from public within a period of 30 days**

to align it with modern stamp duty regime, The Department of Revenue, Ministry of Finance, Government of India, has prepared a draft 'Indian Stamp Bill, 2023' and it shall replace the Indian Stamp Act, 1899.

A link for the copy of said bill is as under:

<https://www.dor.gov.in/sites/default/files/stamp%20duty%202023.pdf>

To Read More:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1997072>

### **Notice Inviting Comments on the review of Rules prescribed under the Companies Act, 2013 and Limited Liability Partnership Act, 2008**

It has been decided to invite comments/suggestions on the Rules issued under such legislations from all the stakeholders through e-Consultation Platform on the MCA website.

To Read More:

<https://www.mca.gov.in/bin/dms/getdocument?mds=6hps1VR8FPMqNld82rZxVw%253D%253D&type=open>

## **FAQs on Registration of a Fund Management Entity (FME) and Authorization of a Scheme or Fund under IFSCA (Fund Management) Regulations, 2022**

IFSCA has uploaded Frequently Asked Questions (FAQs) on Registration of a Fund Management Entity (FME) and Authorization of a Scheme or Fund under IFSCA (Fund Management) Regulations, 2022 updated on its website.

To Read More:

[https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2Ffaqs-on-registration-of-a-fund-management-entity-fme-and-authorisation-of-a-scheme-or-fund-under-ifsc-fund-management-regulations-2022-\\_17-01-202417012024114551.pdf&Title=FAQs%20on%20Registration%20of%20a%20Fund%20Management%20Entity%20%28FME%29%20and%20Authorisation%20of%20a%20Scheme%20or%20Fund%20under%20IFSCA%20%28Fund%20Management%29%20Regulations%2C%202022&Date=17%2F01%2F2024](https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2Ffaqs-on-registration-of-a-fund-management-entity-fme-and-authorisation-of-a-scheme-or-fund-under-ifsc-fund-management-regulations-2022-_17-01-202417012024114551.pdf&Title=FAQs%20on%20Registration%20of%20a%20Fund%20Management%20Entity%20%28FME%29%20and%20Authorisation%20of%20a%20Scheme%20or%20Fund%20under%20IFSCA%20%28Fund%20Management%29%20Regulations%2C%202022&Date=17%2F01%2F2024)

## **RESERVE BANK OF INDIA – BANKING**

### **Norms for inclusion- Second Schedule to the Reserve Bank of India Act, 1934**

It has been decided to revise the eligibility norms for inclusion of UCBs (Urban Co-operative Banks) in the Second Schedule to the Reserve Bank of India Act, 1934 to bring them in conformity with the Revised Regulatory Framework.

To Read More:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12601&Mode=0>



# UK Tax Update Report



**Shikha Sharma**

Non-Executive, Non-Independent Director  
at Piramal Enterprises Ltd.  
Former managing director and CEO of  
Axis Bank

## **Navigating AI Transformations in Finance: UK Insights for 2024**

The financial landscape in 2024 is undergoing significant transformations driven by economic shifts, technological advances, and geopolitical influences. The digital transformation is reshaping operations in traditional and neo banks, with AI trends, open banking, and cryptocurrencies playing pivotal roles.

Looking back at the lessons from 2023, it's evident that innovation is critical for financial organizations. Embedded finance, tokenization, and cross-border payments have gained traction, paving the way for heightened digital transformation, increased automation, and the integration of Generation AI (GenAI). This transformative journey promises improved efficiency and reduced costs for financial service providers.

However, innovation comes at a cost, leading financial institutions to focus on back-office efficiency to offset upfront investment challenges. Large Language Models (LLMs) and GenAI platforms offer opportunities to enhance efficiency and reduce operational costs.

Intelligent automation, powered by GenAI, is gaining traction in banks' operations and technology departments. This shift promises increased efficiency and substantial cost reductions. However, widespread adoption of GenAI-powered intelligent automation requires robust safeguards to counter risks like fraud and money laundering.

The responsible implementation of AI involves diverse and representative training datasets. Failure to do so may result in oversights in financial transactions, leading to false negatives and undetected fraudulent activities. Additionally, adaptability to evolving fraud techniques is crucial to prevent obsolescence and uphold security measures.

AI's role in enhancing consumer experiences has evolved into the primary vehicle for delivery. In the current economic climate characterized by high inflation and living costs, the appeal of financial products like unsecured loans and Buy Now, Pay Later (BNPL) offerings has surged. AI technologies contribute positively to managing risks in these portfolios, ensuring responsible lending practices.

Positioning AI as a facilitator rather than the pilot-in-command is crucial within financial organizations. Human intelligence remains invaluable, and employees in tech and fintech are encouraged to embrace AI adoption across operations like customer service, risk management, fraud detection, and back-office functions, fostering increased adoption and innovation.

In 2024, the financial sector navigates transformative shifts driven by digitalization, AI, and evolving economic dynamics. GenAI and Large Language Models lead operational enhancements, emphasizing the need for efficiency amid upfront investment costs. Caution is crucial to mitigate risks in AI-driven automation. Yet, AI's pivotal role in elevating customer experiences and managing financial risks signals a promising and progressive year for AI in finance.

# Tax Calendar



**Ranjana Kumar**

Served as Chairperson of National Bank for  
Agriculture and Rural Development  
(NABARD)  
& Vigilance Commissioner in Central  
Vigilance Commission

# February 2023 - Tax Calendar

<b>7TH FEBRUARY</b>	Due date for deposit of Tax deducted/collected for the month of January, 2024
<b>14TH FEBRUARY</b>	Due date for issue of TDS Certificate for tax deducted under <u>section 194-IB</u> , 194-IA, 194M, and 194S in the month of December, 2023
<b>15TH FEBRUARY</b>	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2023





### **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

### **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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