

**RNM ALERT**  
**NOVEMBER**  
**NEWSLETTER**

**VOL NO 190**



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# EDITORIAL

## Dear Readers

During the month of November 2024 our CEO, Mr. Raghu Marwah attended the GGI World Conference in Tokyo, Japan. He made a presentation on 'Why Alternative Investment Fund (AIFs) in Emerging Markets is important for Family Offices' for the M&A Practice Group and on 'Succeeding in India: An M&A Perspective' at the Dealmakers GCG meeting. He also met various Japanese institutional Alternative Investment Fund investors. RNM Capital FME IFSC LLP obtained the formal in-principal approval from IFSCA and the Letter of Approval from the Department of Commerce, Government of India. We are looking forward to the formal launch of the RNM Equity Opportunities Fund- Non Resident soon.

On the Indirect Tax front, the Delhi High Court has passed a landmark judgement on remission of stamp duty in Delhi on merger involving Holding and Subsidiary Company in the case of merger of Ambuja Cements with Holcim vide order dated 6 November 2024. The said judgement analysed the applicability of the notification No 13 dated 25 December 1937 issued under Indian Stamp Act, 1899 upholding its applicability to both movable and immovable properties transferred for the purpose of imposition of stamp duty in case of amalgamation.

On the Direct tax front, the CBDT has extended the applicability of Safe Harbour rules under Rule 10TD of the Income Tax Rules to Assessment Year 2024-25 vide notification dated 29 November 2024. Safe Harbour provisions provide for circumstances in which certain transactions like IT/ITeS/KPO, contract R&D services, manufacture of automobile components, financial transactions such as loans and guarantees, and intra-group transactions viz receipt of low value-added intra-group services are covered. The CBDT, through Circular No. 18/2024 dated 30 November 2024, has extended the due date for filing the Return of Income (ROI) under Section 139(1) of the Income-tax Act for assesseees required to file Form No. 3CEB. The deadline has been extended from 30 November 2024 to 15 December 2024

We would like to take this opportunity of wishing all our readers a merry Christmas on 25th December. On this day we celebrate Gods love for the world by bringing peace, joy and hope.

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



# Direct Tax





## **1. Due date for filing ITR for AY 2024-25 for assessee required to furnish TP report extended till 15-12-2024: CBDT**

The CBDT vide Circular No. 18/2024 has extended the due date for furnishing the Return of Income for the Assessment Year 2024-25 for assesseees required to furnish a TP report. The due date has been extended from 30th November 2024 to 15th December 2024.

## **2. No Sec. 194N TDS on cash withdrawal by foreign representations approved by Ministry of External Affairs: CBDT**

The CBDT has notified on 28th Nov, 2024; that the provisions of section 194N shall not apply to Foreign Representations duly approved by the Ministry of External Affairs of the Government of India, including Diplomatic Missions, agencies of the United Nations, International Organizations, Consulates and Offices of Honorary Consuls which are exempt from paying taxes in India.

## **3. CBDT releases FAQs on PAN 2.0 project; PAN/TAN services shall be completely paperless**

The CBDT vide Press Release dated 26.11.2024 release FAQ's on PAN 2.0 project to streamline and modernise process of issuing and managing pan and tan, making it simpler, more user friendly and efficient.

## **4. NOTIFICATION NO. 6/2024, DATED 19-11-2024**

The CBDT vide notification notifies electronic filing of Forms 42, 43 & 44 in respect of provident fund, superannuation fund and gratuity fund.

## **5. CIRCULAR NO. 15/2024 [F. NO. 400/08/204-IT(B)], DATED 4-11-2024**

The CBDT vide circular 15/2024 specifies monetary limits for reduction or waiver of interest paid or payable under section 220(2).

### **Important Judicial Precedents**

#### **1. No sec. 263 revision if AO accepted explanation on share investment during reassessment: HC**

**[2024] 168 taxmann.com 543 (Delhi-HC) Sipura Developers Pvt Ltd vs. PCIT**

Where Assessing Officer had already accepted assessee's explanation regarding investment made in shares and amount borrowed by assessee for funding said purchase, Assessing Officer could not proceed to make any addition on any other ground in reassessment proceedings and, therefore, non-addition of any income would not confer Commissioner with jurisdiction to pass an order under section 263.

#### **2. AO can initiate reassessment with info from investigation wing and search of another Co: HC**

**[2024] 168 taxmann.com 574 (Delhi-HC) PCIT -7 vs. Naveen Kumar Gupta**

Where Assessing Officer initiated reassessment proceedings based on material which included information found during search conducted in respect of another person and information as obtained from Investigation Wing, since jurisdictional conditions to initiate further steps under section 153C were not satisfied, non obstante clause as used in section 153C couldnot be read to completely exclude provisions of section 147 and thus, decision of Assessing Officer to reassessee income of assessee under section 147 could not be faulted.



### **3. Sec. 54 exemption not available if new house is purchased in name of wife & son instead of assessee's name**

***[2024] 168 taxmann.com 565 (Mumbai - Trib.) Colathur N. Ram vs. ACIT***

Section 54 of the Income-tax Act, 1961 - Capital gains - Profit on sale of property used for residence (Purchase of new house) - Assessment year 2013-14 - Whether for qualifying exemption under section 54, it is necessary and applicable to have investments made in residential house in name of assessee only - Held, yes - Whether, therefore, where assessee sold a residential house and invested sale consideration in purchase of two residential flats in same building in name of his wife and son, assessee would not be eligible for claiming exemption under section 54 - Held, yes [Para 14] [In favour of revenue]

### **4. Trust not liable to pay surcharge just because its income is taxable at maximum marginal rate: ITAT**

***[2024] 169 taxmann.com 11 (Mumbai - Trib.) Jitendra Gala Navneet Trust vs. DCIT***

Assessee-trust filed return of income declaring total income at Rs. 6.73 lakhs - Assessing Officer assessed income of assessee at Rs. 6.73 lakhs and levied a surcharge at rate of 37 per cent as against nil computed by assessee - Whether since as per first schedule to Finance Act, 2022 only when total income exceeded Rs. 50 lakhs then surcharge was leviable and in instant case income of assessee was assessed at Rs. 6.73 lakhs which was less than Rs. 50 lakhs, levying of surcharge would not be applicable for same - Held, yes [Para 12] [In favour of assessee]

### **5. CSR exp. doesn't bar Co. from claiming sec. 80G deduction for donations to approved institutions: ITAT**

***[2024] 167 taxmann.com 503 (Kolkata - Trib.) L & T Finance Ltd. vs. DCIT***

Where assessee-company incurred Corporate Social Responsibility (CSR) expenditure as mandatorily required under section 135 of Companies Act, 2013 and out of total CSR expenditure, certain expenditure was made by way of donations to eligible institutions under section 80G, assessee was not barred from claiming deduction under section 80G in respect of donations made to approved institutions even though same was made in discharge of CSR obligation.

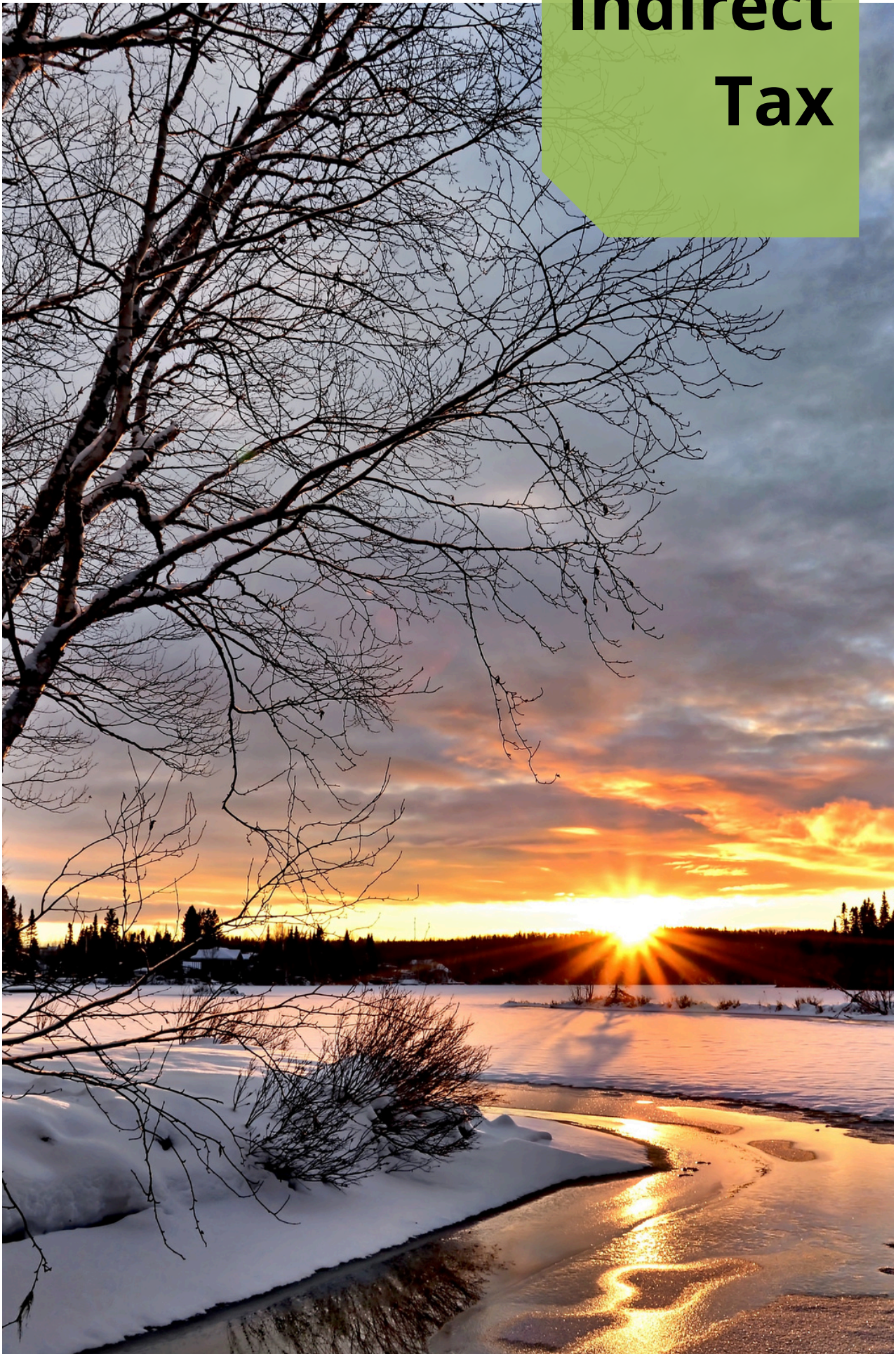
### **4. SC granted Stay on reassessment as sale deed executed between mother & son not covered u/s 50C provisions**

***[2024] 168 taxmann.com 363 (SC) Mahendra Gala vs. ITO***

Where relationship between vendor and vendee was that of mother and son, reference to circle rate, which might be relevant for purpose of execution of a sale deed/gift deed, had no relevance to invoke section 50C



# Indirect Tax





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

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



## **Mobilisation Advance is not an interest-free loan; GST is applicable, and Input Tax Credit (ITC) is allowed.**

### **Background:**

Larsen & Toubro Ltd. (L&T) and IHI Infrastructure Systems Co. Ltd., Japan (IHI) collaborated as an unincorporated consortium (referred to as the Taxpayer) to execute the Mumbai Trans Harbour Link Project.

According to the agreement between the Mumbai Metropolitan Region Development Authority (MMRDA) and the Taxpayer, MMRDA provided an advance payment described as an "interest-free loan" to facilitate project mobilization and design. This advance was to be recovered through proportional deductions from subsequent interim payments made to the Taxpayer.

The Taxpayer received the advance, including the applicable GST, from MMRDA. The advance was then distributed among the consortium members, and L&T issued a "Receipt Voucher," charging the appropriate GST.

### **Issue:**

- Validity of Sections under the CGST Act:
  - Whether Sections 7, 12, 13, and 54 of the CGST Act contravene Section 9 of the CGST Act or the Constitution of India, specifically Articles 246A (special provision for GST) read with Article 366(12A) (definition of GST), as well as Articles 14 (equality before law), 19(1)(g) (freedom to practice any profession or trade), 265 (taxation only by authority of law), and 300A (protection of property rights).
  - Whether GST can be lawfully levied on the advance amount received by the Taxpayer.
- Entitlement to Input Tax Credit (ITC):
  - Whether the Taxpayer is eligible to claim ITC on the GST paid by L&T in relation to the Receipt Voucher issued for the advance received.

### **Ruling:**

- Although the agreement describes the amounts received by the Taxpayer as an "interest-free loan," the Taxpayer neither requested the advance as such nor treated it as a loan when remitting the amounts along with GST to its constituent entities. The amounts were instead treated as mobilization advances, to be adjusted against future payments.
- The Taxpayer initially accepted GST liability on the advances but now seeks to re-characterize them as loans to avoid GST liability.
- Based on the definition of "consideration" under the CGST Act, the payments received as advances qualify as consideration for the supply of works contract services.
- Validity of Sections 7, 12, 13, and 54 of the CGST Act
  - Section 7:*
    - The phrase "in the course or furtherance of business" in Section 7(1)(a) of the CGST Act has been judicially interpreted to include supplies integral to or connected with business activities.
    - Advances received under a contractual agreement fall within this scope as they are part of the overall supply of goods or services, making them subject to GST.



- Thus, advance payments qualify as supply-attracting GST, irrespective of whether the supply is immediate or deferred. The nature of the contract supports this interpretation.
- Consequently, Section 7 is not ultra vires Articles 246A, 366(12A), 14, 19(1)(g), or 300A of the Constitution, as it lawfully includes goods or services agreed to be supplied under its ambit.

#### *Section 9 of the CGST Act*

- The advance received by the Taxpayer pertains to activities requiring monetary transactions, either in cash or other forms, directly linked to the contract.
- The contract involves an intra-state supply of goods or services, thereby falling within the taxable scope under Section 9 of the CGST Act.
- A cumulative reading of Sections 7 and 9 clearly establishes that the advance payment constitutes "consideration" for a supply and is subject to GST.

#### *Sections 12 and 13 of the CGST Act*

- Similar to the reasoning applied for Section 7, the Taxpayer's receipt of the advance, classified as "mobilization advance," qualifies as consideration under Section 2(31).
- The provisions of Sections 12 and 13, dealing with the time of supply, require the Taxpayer to pay GST on the advance upon receipt, as this triggers the tax liability.
- Since the Taxpayer had voluntarily treated the advance as taxable and issued a Receipt Voucher, the liability arose in accordance with the statutory framework.

#### *Constitutional Validity of Sections 7, 12, and 13*

- Sections 7, 12, and 13 align with Section 9, ensuring that advances related to agreed supplies fall under GST's purview.
- These provisions do not contravene Articles 246A (special provision for GST), 366(12A) (definition of GST), 14 (equality before law), 19(1)(g) (freedom of trade), or 300A (protection of property rights).
- The statutory scheme consistently treats mobilization advances as taxable supplies, eliminating any conflict with constitutional principles.

#### *Entitlement to ITC under Section 16*

- Compliance with GST Principles:
  - ITC eligibility cannot be denied merely on the basis of non-receipt of goods or services under Section 16(2)(b). This condition must be interpreted in light of Section 16(1), which permits credit for goods or services "used" or "intended to be used" in the course or furtherance of business.
  - The term "intended to be used" includes scenarios where the receipt of goods or services is deferred but remains linked to business activities. Denial of ITC in such cases leads to an absurd outcome inconsistent with the legislative intent.
- Nature of the Taxpayer's Transactions:
  - The Taxpayer deposited GST with the government and fulfilled its output tax obligations in respect of its constituent. The mobilisation advance clearly pertains to ongoing or deferred supply and is integral to the business contract.
  - The Receipt Voucher issued by the Taxpayer aligns with Section 31(3)(d) and Rule 39 of the CGST Rules, evidencing tax payment. This satisfies the statutory requirements necessary to claim ITC.



### *Harmonious Interpretation of Sections 13 and 16*

- A purposive and harmonious reading of Section 13 (time of supply) with Section 16(2)(b) supports ITC entitlement for goods or services intended for business use, even when their receipt is deferred.
- The legislative intent behind Section 16(1) must be upheld, ensuring the seamless availability of ITC for transactions in the course of or furtherance of business. A rigid application of Section 16(2)(b) would create inconsistencies and undermine the functioning of the GST regime.

### *Receipt Voucher and Documentary Compliance*

- The Receipt Voucher issued in accordance with Section 31 and Rule 39 satisfies the documentary requirements for ITC eligibility.
- Rule 36, which provides procedural guidelines, cannot override Section 31 as a substantive provision. Procedural non-compliance alone does not justify ITC denial if substantive requirements are met.

**The value of supply related to salaries paid to seconded employees will be considered 'Nil' in the absence of an issued invoice.**

### ***Metal One Corporation India Pvt. Ltd. vs. Union of India.***

#### **Issue**

Whether GST is applicable to salaries paid to expatriates seconded by a foreign related entity, when no invoice is issued for the supply of such services?

#### **Ratio**

- Circular Clarification:
  - According to Para 3.7 of Circular No. 210/4/2024-GST (dated 26 June 2024), if full Input Tax Credit (ITC) is available to the taxpayer and no invoice is raised for services rendered by a foreign affiliate, the value of such services is deemed to be 'Nil'. This is considered the market value for the purpose of the second proviso to Rule 28 of the CGST Rules, 2017.
- Case Application:
  - In the present case, even though payments were made, no invoices were raised for the services provided by the foreign-related entity. As per the Circular, the value of services must be treated as 'Nil,' implying no GST liability. Consequently, the Show Cause Notices (SCNs) issued based on this scenario were deemed redundant, and their continuation was deemed futile. Therefore, the SCNs were set aside.
- Impact on Penalty and Interest:
  - In a related petition before the Delhi High Court, the petitioner had already discharged GST liability and claimed ITC. However, the tax authorities issued an Order-in-Original to recover interest and penalty. Once the Central Board of Indirect Taxes and Customs (CBIC) clarified the position for all taxpayers, the continuation of penalty proceedings and imposition of interest were not upheld. The petitioner was absolved from all tax liabilities and consequences under the CGST Act.



# Internal Audit





# CA-GPT

## Introduction

Chartered Accountants (CAs) play a pivotal role in the global economy, providing expertise in financial management, auditing, taxation, and business strategy. As businesses navigate the complexities of a rapidly changing environment, the demand for efficient, accurate, and innovative solutions has never been greater. Enter GPT (Generative Pre-trained Transformer) technology—a groundbreaking advancement in artificial intelligence that is transforming industries across the board.

GPT technology, with its ability to understand, analyse, and generate human-like text, offers immense potential to revolutionize the field of accountancy. From automating routine tasks to delivering insights for strategic decision-making, GPT serves as a powerful tool that complements the CA's expertise. By leveraging AI-powered solutions, CAs can enhance efficiency, adapt to emerging challenges, and deliver greater value to their clients in a dynamic and competitive landscape.

## Description

The GPT technology can assist CAs in their work:

### 1. Automating Routine Tasks

- Document Drafting: GPT can draft emails, proposals, and client communications with minimal input, saving time and ensuring consistency.
- Report Generation: It can assist in generating financial reports, audit summaries, and compliance documentation quickly and accurately.
- Data Entry Assistance: While not replacing core accounting software, GPT can interpret unstructured data (e.g., emails, invoices) and provide formatted inputs.

### 2. Financial Analysis and Insights

- GPT can summarize complex financial documents or trends, making it easier for CAs to present insights to clients.
- It can generate comparative analyses, such as benchmarking financial performance against industry standards.

### 3. Taxation Support

- GPT tools can help navigate complex tax regulations by summarizing and simplifying legal texts, highlighting key compliance requirements.
- It can answer queries about tax laws and provide examples of tax-saving strategies within legal boundaries.

### 4. Audit and Risk Assessment

- By analysing vast sets of text and numerical data, GPT can identify potential anomalies or red flags, supporting risk assessment processes.
- It can draft audit checklists tailored to specific industries or businesses.

### 5. Client Advisory

- GPT can assist in creating tailored business strategies by analysing market data and trends.
- It serves as a virtual assistant for small clients, providing first-line advice on queries related to budgeting, financial planning, or compliance.



## Advantages for CAs

**Time Efficiency:** Automation of repetitive tasks allows CAs to focus on strategic and advisory roles.

**Improved Accuracy:** GPT reduces human error by ensuring consistent outputs in documentation and analysis.

**Scalability:** For firms, GPT enables scaling operations without proportional increases in manpower.

**Cost-Effectiveness:** By reducing reliance on manual processes, firms can cut operational costs.

## Challenges and Considerations

**Data Privacy:** Sensitive client information must be handled with care. GPT tools need to comply with regulations like GDPR.

**Accuracy of Outputs:** While GPT is powerful, its suggestions may not always be accurate or contextually appropriate. Human oversight is crucial.

**Ethical Use:** Transparency about using AI in client services ensures trust and adherence to professional standards.

## Conclusion

In today's fast-evolving business landscape, Chartered Accountants (CAs) face unprecedented challenges driven by globalization, regulatory complexity, and the digital transformation of industries. GPT (Generative Pre-trained Transformer) technology emerges as a powerful ally in navigating this dynamic environment, offering tools that streamline workflows, enhance decision-making, and elevate client interactions.

As GPT technology evolves, integration with accounting software, such as QuickBooks or SAP, is expected. This seamless interaction could allow for real-time AI insights directly within financial systems. Additionally, advancements in AI-driven auditing tools and tax computation software could redefine the CA profession entirely.

GPT technology represents an exciting opportunity for Chartered Accountants to enhance their efficiency, offer better client services, and focus more on strategic roles. By embracing these tools responsibly, CAs can stay ahead in an increasingly digital and automated world.

In conclusion, GPT technology equips Chartered Accountants with the capabilities to thrive in a fast-paced and complex environment. By integrating AI-driven solutions, CAs can not only enhance their efficiency but also redefine their role as forward-thinking advisors in the global financial ecosystem.



# Corporate Finance





## **Bain Capital Raises \$9 Bn for Special Situations Fund**

Bain Capital, which recently became a shareholder in an Indian auto component and construction equipment manufacturer, has successfully completed fundraising for its latest special situations fund. With this raise, the firm has emerged as one of the largest investors in the special situations space globally. Bain Capital has successfully raised \$9 billion (around INR 76,000 crores) for its latest Global Special Situations Fund. The fund includes \$5.7 billion (around INR 48,296 crores) from Global Special Situations Fund II, along with \$3.3 billion (around INR 27,960 crores) from previously closed Asia and Europe regional funds. Bain's Special Situations strategy, managing over \$20 billion (around INR 169,460 crores) in assets, focuses on capital solutions, hard assets, and distressed asset investments.

(Source: VC Circle, 19th November 2024)

## **Private Equity**

### **Avendus, Adani, 360 One Invest In EQT-Controlled Sagility**

Swedish private equity firm EQT has sold a portion of its stake in Sagility India Ltd to a group of investors ahead of the company's IPO. The transaction involved the sale of 122 million shares at Rs 30 per share, raising approximately \$43.5 million (around INR 368 crores). Investors in this round included Adani Properties Pvt Ltd, Avendus Future Leaders Fund II, and funds managed by 360 One (formerly IIFL Wealth), among others.

(Source: VC Circle, 04th November 2024)

### **Snack Maker Haldiram Bhujawala Raises Private Equity Funding**

Haldiram Bhujawala Ltd, a Kolkata-based snacks and sweets company operating under the Prabhuji brand, has raised \$27.86 million (around INR 235 crores) from Pantomath Advisors' Bharat Value Fund, acquiring a minority stake. The investment will support the company's expansion plans, including a larger manufacturing facility and increased market presence outside its core eastern and northeastern regions, particularly in Uttar Pradesh. The transaction values the company at approximately \$236-\$271 million (around INR 2,000-2,300 crores), based on a 2.5x revenue multiple.

(Source: VC Circle, 8th November 2024)

### **TA Associates Inks Second Control Private Equity Deal In India**

US-based private equity firm TA Associates has made an undisclosed investment in Vee Healthtek, a provider of revenue cycle management (RCM) services in India, marking its entry into the RCM sector. This investment is TA Associates' second in the Indian healthcare IT space, following its 2022 investment in Zifo Technologies. It also represents the firm's second majority stake acquisition in India, after acquiring a controlling interest in OmniActive Health in 2023. Although financial details were not disclosed, reports indicate that TA Associates will hold a significant majority stake for \$250 million (around INR 2,111 crores).

(Source: VC Circle, 19th November 2024)





## **KKR-Backed Advanta Enterprises Adds Alpha Wave To Its Cap Table**

US-based private equity firm Alpha Wave Global will acquire a 12.5% stake in hybrid seeds company Advanta Enterprises Ltd for \$350 million (around INR 2,950 crores), joining KKR on the investor roster. The investment, made through the Alpha Wave Ventures II fund, includes \$100 million (around INR 847 crores) in primary capital to support Advanta's growth, while the remainder is a secondary share purchase from parent company UPL Ltd. This deal values Advanta at \$2.85 billion (around INR 24,147 crores) for the primary infusion and \$2.70 billion (around INR 22,800 crores) for the secondary purchase. Advanta, operating in over 80 countries, specializes in plant genetics and hybrid seeds.

(Source: VC Circle, 20th November 2024)

## **Zepto Mops Up Another \$350 Mn In An Entirely Domestic Funding Round**

Zepto, a quick-commerce startup, has raised \$350 million (around INR 3,000 crores) in its latest funding round from domestic investors, including high-net-worth individuals, family offices, and prominent financial institutions. This round brings Zepto's total capital raised to over \$1.35 billion (around INR 11400 crores). The funding was led by Motilal Oswal AMC, with participation from notable investors such as Raamdeo Agarwal, Mankind Pharma Family Office, RP Sanjiv Goenka Group, and several others, including celebrities like Abhishek Bachchan and Sachin Tendulkar. The round values the company at \$5 billion (around INR 42,225 crores).

(Source: VC Circle, 22nd November 2024)

## **Venture Capital**

### **GalaxEye Secure Early-Stage Cheque**

GalaxEye, a space-tech startup focused on satellite-based Earth observation, raised \$10 million (over ₹84 crore) in Series A funding. Led by Mount Tech, chaired by former Union Defence Secretary Ajay Kumar, the round also included Mela Ventures, Speciale Invest, ideaForge, Samarthya Investment Advisors, and Infosys. The funds will accelerate the development of GalaxEye's satellite mission, aimed at delivering high-resolution, all-weather data by next year. Founded in 2021, the company plans to launch micro-satellites by 2027 for real-time insights.

(Source: VC Circle, 6th November 2024)

### **Peak XV Leads SarvaGram's Nearly \$70 Mn Series D Round**

SarvaGram Solutions, a rural lender based in Pune, has raised \$67 million (around INR 565 crores) in a Series D funding round led by Peak XV Partners, with participation from existing investors Elevar Equity, Elevation Capital, Temasek, and TVS Capital. This brings its total funding to \$112 million (around INR 950 crores). The company, which provides loans, insurance products, and farm mechanization services, targets over 96 million rural households, focusing on farm, salaried, and MSE segments.

(Source: VC Circle, 14th November 2024)



### **Vecmocon Rake In Early-Stage Cheque**

Vehicle intelligence company Vecmocon has raised \$10 million (around INR 84 crores) in a funding round led by Ecosystem Integrity Fund, with Blume Ventures and British International Investment participating. The funds will support Vecmocon's expansion into electric two-wheelers, three-wheelers, light commercial vehicles (LCVs), and buses. The company, founded in 2016 at IIT Delhi, specializes in embedded design, power electronics, IoT, and data science, and currently powers over 70,000 vehicles in India.

(Source: VC Circle, 18th November 2024)

### **Accel-Backed KGeN Raises \$10 Mn From Aptos Labs, Others**

Accel-backed gaming startup KGeN (Kratos Gamer Network) has raised \$10 million (around INR 84 crores) in a funding round led by Aptos Labs, with participation from Polygon and Game7. This brings KGeN's total funding to \$30 million (around INR 253 crores). The company plans to use the funds to expand its platform, add new features, and increase its presence in emerging markets. The POG engine also enables gamers to monetize their profiles, reducing customer acquisition costs for gaming companies by 30-60%.

(Source: VC Circle, 22nd November 2024)

### **Toymaker Candytoy Corporate Snags \$13 Mn In Series A Round**

Indore-based Candytoy Corporate Pvt. Ltd. has raised \$13 million (around INR ₹114 crores) in a Series A round, led by Abakkus Asset Managers, achieving a post-money valuation of \$100 million (around INR ₹850 crores). The round saw participation from 26 investors, including Sixth Sense Ventures, Girik Capital, Param Capital, and Viney Equity Market. The funds will be used to expand manufacturing capabilities and build a skilled workforce to support global growth. Founded in 2019, Candytoy exports promotional toys and confectionery to regions including Europe, the U.S., Africa, Turkey, Japan, and West Asia.

(Source: VC Circle, 27th November 2024)

## **Mergers & Acquisitions**

### **Veefin Makes Its Fourth Acquisition In Five Months, Buys 50% In Singapore AI Firm**

Veefin Solutions Ltd, a Mumbai-based supply chain fintech startup, is acquiring a 50% stake in Singapore-based AI startup Walnut AI for approximately \$2 million (around INR 17 crores). This marks Veefin's fourth acquisition in five months. Walnut, founded in 2020, provides AI-powered software solutions to financial institutions for managing large datasets in areas like credit, risk, KYC, and capital markets. With an estimated revenue of \$1.2 million (around INR 10 crores) in 2024, the acquisition helps Veefin expand its client base, which includes major financial institutions like DBS and Bank of Singapore. Walnut will continue to operate independently post-acquisition.

(Source: VC Circle, 5th November 2024)



## **Kunal Shah-Backed Blox Buys Into Real Estate Advisory Firm Guardians**

Kunal Shah-backed proptech platform Blox has acquired an 11% stake in Mumbai-based real estate advisory firm Guardians for \$12 million (around INR 105 crores), with plans to increase its stake to 50% over the next three years. The acquisition will help Blox streamline operations, double margins on transactions, and integrate both companies into a single ecosystem. The company previously acquired stakes in Justo and Plinthstone REMA and may explore further inorganic expansion opportunities.

(Source: VC Circle, 13th November 2024)

## **Ontario Teachers'-Controlled Sahyadri Snaps Up Maharashtra Hospital**

Sahyadri Hospitals, a Maharashtra-based hospital chain backed by Ontario Teachers' Pension Plan (OTPP), has acquired a controlling stake in Saideep Healthcare & Research Pvt Ltd, a smaller hospital operator in Ahmednagar, Maharashtra. This marks Sahyadri's first acquisition since OTPP's investment in 2022. Saideep, founded in 2012, operates a 260-bed hospital and reported revenue of \$13.29 million (around INR 112.4 crores) for FY24. Sahyadri, which operates nine hospitals across Pune, Nashik, and Karad with 970 beds, reported an 8.8% revenue growth to \$96 million (around INR 813 crores) for FY24.

(Source: VC Circle, 25th November 2024)

## **Samara, Convergent-Backed Agro Tech To Buy Bharti-Del Monte JV**

Agro Tech Foods Ltd, the company behind ACT II popcorn and Sundrop cooking oil, has agreed to acquire Del Monte Foods Pvt Ltd (DMFPL) in an all-stock deal valued at \$154 million (around INR 1,300 crores). DMFPL is a joint venture between Bharti Enterprises (59.29%) and Del Monte (40.71%), and both will become shareholders in Agro Tech post-transaction. The acquisition follows the purchase of a majority stake in Agro Tech by private equity firms Samara Capital and Convergent Finance for \$76.9 million (around INR 650 crores).

(Source: VC Circle, 14th November 2024)

## **RIL's US Unit Buys \$12 Mn Stake In Helium Explorer Wavetech**

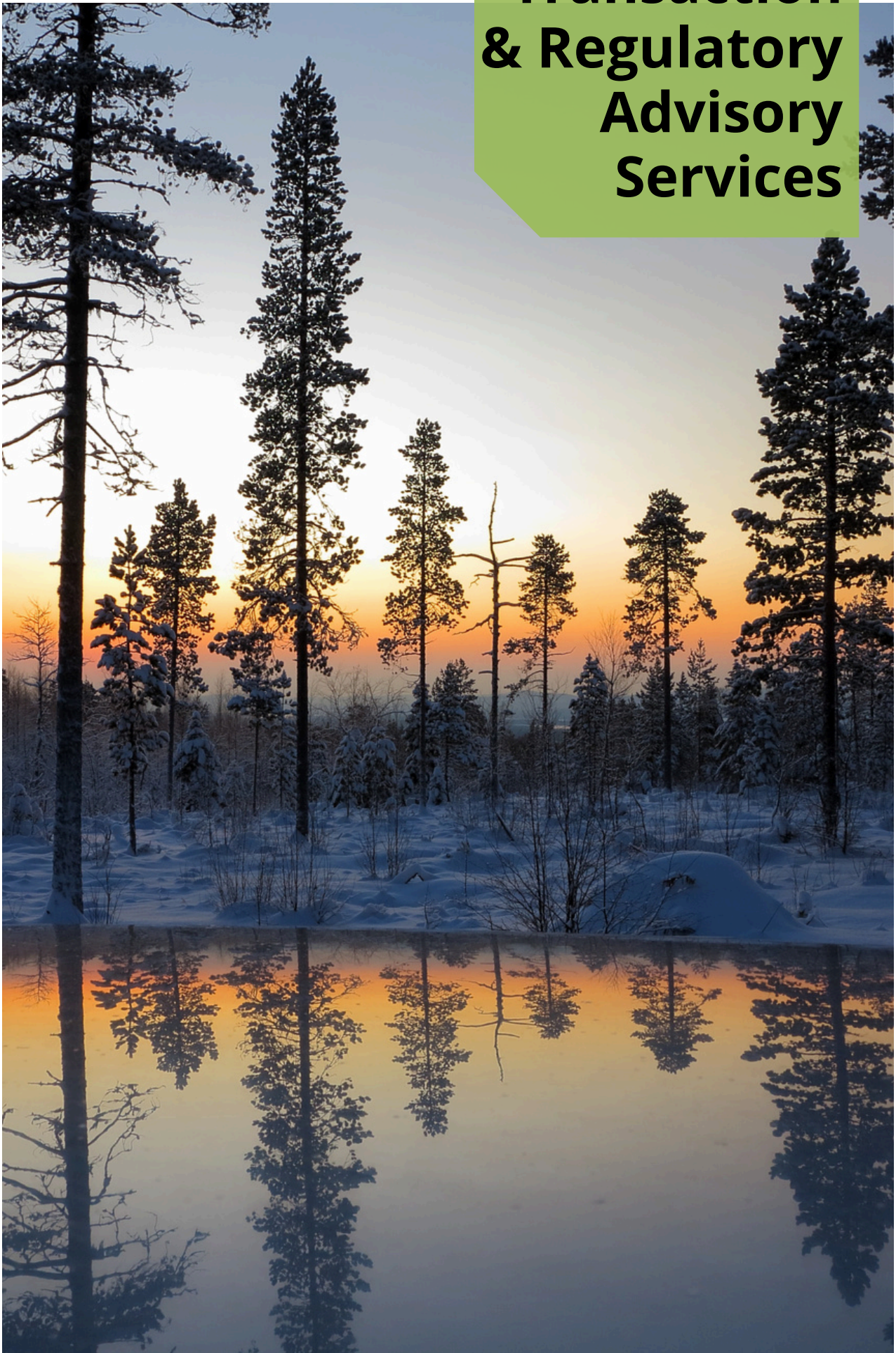
Reliance Industries' U.S. subsidiary has acquired a 21% stake in Wavetech Helium, a U.S.-based helium production company, for \$12 million (around INR 101 crores). This investment is part of the conglomerate's strategy to expand its low-carbon energy portfolio. In 2021, Reliance, led by billionaire Mukesh Ambani, committed \$10 billion (around INR 84,698 crores) to develop its green energy initiatives and achieve its net-zero carbon target by 2035. Helium, a by-product of natural gas mining, is essential for various green technologies and has applications in medicine, scientific research, aerospace, electronics, and fiber optics.

(Source: VC Circle, 28th November 2024)





# Transaction & Regulatory Advisory Services





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

## **RBI UPDATE**

### **RBI unveils framework for FPI to FDI investment reclassification (November 11, 2024)**

The Reserve Bank of India (RBI) has introduced an operational framework for the reclassification of investments made by Foreign Portfolio Investors (FPIs) to Foreign Direct Investment (FDI). This move is designed to address cases where an FPI, along with its investor group invests more than the pre-determined limit. Currently, FPIs are allowed to hold less than 10% of the total paid-up equity capital of an Indian company on a fully diluted basis. If this limit is breached, the FPI has the option to either divest its excess holdings or reclassify them as FDI. This reclassification must be done within five trading days from the date of settlement of the trades that caused the breach, subject to conditions set by the RBI and the Securities and Exchange Board of India (SEBI).

For more details:

[https://www.financialexpress.com/market/rbi-unveils-framework-for-fpi-to-fdi-investment-reclassification-3662181/?ref=morelatest\\_hp](https://www.financialexpress.com/market/rbi-unveils-framework-for-fpi-to-fdi-investment-reclassification-3662181/?ref=morelatest_hp)

## **SEBI UPDATE**

### **SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024 (18 November, 2024)**

SEBI has notified the SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, SEBI has prescribed that the investors of a scheme of an Alternative Investment Fund shall have rights, pro-rata to their commitment to the scheme, in each investment of the scheme and in the distribution of proceeds of such investment, except as may be specified by the SEBI from time to time. Further provided that the rights of investors of a scheme of an Alternative Investment Fund, other than that specified above, shall be pari-passu in all aspects. The amendments have been made with an objective to clarify the regulatory intent of Alternative Investment Funds being pooled investment vehicles and to ensure fair and equal treatment of investors of an AIF.

To read more:

[https://egazette.gov.in/\(S\(oah1etgn0laazavpue4wepak\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(oah1etgn0laazavpue4wepak))/ViewPDF.aspx)





# **UK Tax Update**



## **Monthly Economic Overview – December 2024**

As the year ends, the UK economy finds itself at a crossroads, with growth slowing, confidence wavering, and global uncertainty adding to domestic pressures. The economy's resilience is being tested by challenges across sectors, while policymakers and businesses adapt to an evolving landscape. This report delves into the key highlights of the UK and US economies, as well as the broader implications for the year ahead.

### **Slowing Growth**

The UK economy experienced a marked slowdown in Q3 2024, with GDP growing by just 0.1% quarter-on-quarter, down from the robust expansion seen in the first half of the year. Consumer-facing services led modest growth with a 0.5% increase, while professional, financial, and business services sectors contracted. Construction showed signs of recovery, breaking a three-quarter decline with gains driven by new infrastructure projects, though weak activity in private housing repairs weighed on the sector. Manufacturing performance was mixed; while industries like chemicals performed well, transport equipment production faced hurdles, particularly from declining vehicle exports.

### **Business Confidence Weakens**

The final quarter of 2024 saw a continued decline in business sentiment, with firms delaying decisions amid ongoing budget uncertainties, geopolitical tensions, and fragile export demand. The November Purchasing Managers' Index (PMI) highlighted the weakest private sector growth since late 2023. Rising employer National Insurance Contributions (NICs) and persistent wage pressures in the service sector have further dampened hiring and investment plans, compounding challenges for businesses navigating cost pressures.

### **Consumer Sentiment and Spending**

Despite the challenges, consumer confidence saw a modest recovery in November, aided by an interest rate cut and the absence of new personal tax hikes in the latest budget. Spending on essentials such as supermarkets and travel showed slight growth, while discretionary purchases, especially in furniture and clothing, continued to decline. Retailers are cautiously optimistic about the upcoming festive season, though lingering economic concerns could dampen overall spending levels.

### **US Economic Trends**

In contrast, the US economy demonstrated resilience, driven by steady consumer spending and a robust labor market. However, inflation worries and uncertainty surrounding the upcoming presidential transition have tempered optimism. President-elect Trump's proposed tariffs on imports from Canada, Mexico, and China have raised concerns about potential trade wars and their implications for global economic growth and inflation trends.



## **Key Indicators (Q3 2024)**

GDP Growth: 0.5%

CPI Inflation: 2.3%

Unemployment Rate: 4.3%

Bank Rate: 4.75%

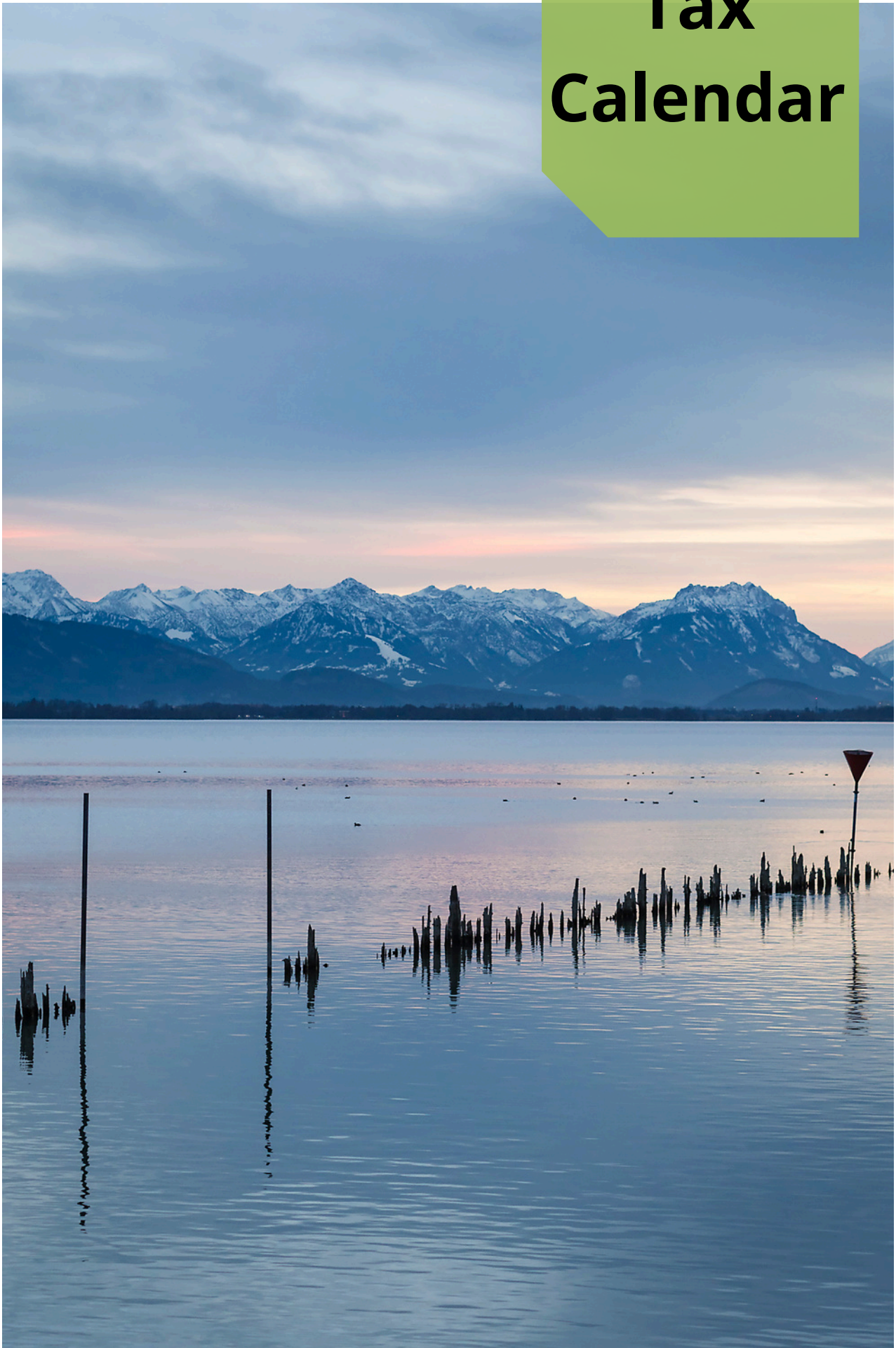
## **Conclusion**

The UK economy is heading into 2025 under a cloud of uncertainty, with slowing growth, cost pressures, and subdued confidence shaping the outlook. Businesses and consumers alike are adapting to these challenges, while the global economy braces for the potential impacts of US trade policy changes. As policymakers navigate these complexities, the focus will be on fostering stability and resilience to drive sustainable growth in the year ahead.





# Tax Calendar





# December 2024 - Tax Calendar

|                                |   |
|--------------------------------|---|
| <b>7TH DEC</b>                 | Due date for deposit of Tax deducted/collected for the month of November, 2024.   |
| <b>15TH DEC</b>                | 3rd instalment of advance tax for the AY 2025-26  |
| <b>15TH DEC</b>                | Due date for issue of TDS Certificate for tax deducted under <u>section 194-IA</u> , 194-IB, 194M & 194S in the month of October, 2024  |
| <b>15TH DEC<br/>[EXTENDED]</b> | Return of income for the assessment year 2024-25 in the case of an assessee if he/it is required to submit a report under section 92E pertaining to international or specified domestic transaction(s)<br>*Refer CBDT Circular 18/2024 dated 30.11.2024   |
| <b>30TH DEC</b>                | Due date for furnishing of challan-cum-statement in respect of tax deducted under <u>section 194-IA</u> , 194-IB, 194M & 194S in the month of November, 2024  |
| <b>30TH DEC</b>                | Furnishing of report in Form No. 3CEAD for a reporting accounting year (assuming reporting accounting year is January 1, 2023 to December 31, 2023) by a constituent entity, resident in India, in respect of the international group of which it is a constituent if the parent entity is not obliged to file report under <u>section 286(2)</u> or the parent entity is resident of a country with which India does not have an agreement for exchange of the report etc. |
| <b>31ST DEC</b>                | Filing of belated/revised return of income for the assessment year 2024-25 for all assessee (provided assessment has not been completed before December 31, 2024)   |





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