



A Monthly E-Newsletter

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May 2025

# The Bottom Line

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## KEY METRICS

### Indices

BSE SENSEX	80,242	3.65%	▲
NSE NIFTY50	24,334	3.46%	▲
NASDAQ Composite	17,446	0.85%	▲
NIKKEI 225	36,045	1.20%	▲

### Currency

USD/INR	84.60	1.00%	▲
Euro/INR	95.84	-3.69%	▼
GBP/INR	112.77	-2.17%	▼
JPY/INR	0.59	-3.72%	▼

Note: The month-on-month movement as on April 30, 2025, is represented in percentages  
Source: NSE.com, BSE.com, NASDAQ.com, NIKKEI.com, Investing.com



# DIRECT TAX

## Circulars/Notifications

### ROI to be furnished in Form ITR-B in search cases

CBDT has notified form ITR-B for filing of ROI by a person in whose case search or requisition is initiated on or after September 01, 2024. Further, the said notification also specifies the manner of furnishing and signing the ROI.

*Notification no. 30 of 2025 dated April 7, 2025*

### Expenditure incurred to settle proceedings under certain laws, not allowable as business expense

It has been notified that expenditure incurred to settle proceedings in relation to any contravention or defaults under certain acts namely the Securities and Exchange Board of India Act (1992), the Securities Contracts (Regulation) Act (1956), the Depositories Act (1996) and the Competition Act (2002) cannot be considered as a business expenditure and hence disallowed for deduction while computing income from business / profession.

*Notification no. 38 of 2025 dated April 23, 2025*

## Judicial Rulings

### Business expense in connection with investment within group allowable even if no income

The Tribunal ruled in favor of the Assessee, allowing its expense claims despite being a holding company having no business income. The Assessing Officer had denied these claims, arguing that a company without business

income or fixed assets could not claim expenses under section 37(1). However, the Tribunal held that investment activities in subsidiaries constitute a business operation, citing judicial precedents that support treating holding company expenses as legitimate business expenses.

*NDTV Networks Limited (Delhi ITAT)*

### Mere use of technology not taxable as FTS under India-US treaty

The Tribunal ruled that payments received by assessee for passenger services provided to an Indian airline are not taxable as FTS under the US-India tax treaty. The Tribunal found that these services, which include reservations, departure control, and booking systems operated from the company's US data centre, do not make technical knowledge available to the recipient as required by Article 12 of the treaty. The Tribunal upheld

**Expenditure incurred to settle proceedings under certain laws, not allowable as business expense**

**Business expense in connection with investment within group allowable even if no income**

**Mere use of technology not taxable as FTS under India-US treaty**

the Revenue's earlier ruling that since these services merely use technology rather than transfer it, the receipts are not taxable in India.

*Sita Information Networking Computing USA Inc. (Mumbai ITAT)*





# INDIRECT TAX

## Circulars / Notifications / Press Releases

### GST Appellate Tribunal rules introduced

Detailed rules have been introduced for regulating the powers, procedures and functioning of GST Appellate Tribunals.

*Notification dated Apr 24, 2025*

### Instructions issued for processing of GST registration application

To prevent unnecessary delays on account of request for unwarranted documentation and information from applicants, detailed instructions have been issued to departmental officers specifying the documents and information necessary to grant GST registration.

*Instruction dated Apr 17, 2025*

## Judicial Rulings

### Detention of goods not justified when invoice copy available

Detaining goods and imposing a penalty not justified when a photocopy of the invoice is available at the time of transportation and e-way bill details match with invoice.

*Satyam Traders (Allahabad High Court)*

### Apartment purchase during construction liable for GST

Agreement to purchase apartments when made during the construction period and part payments are made before the completion certificate is issued, such transactions are treated as works contract, subject to GST.

*B.G. Parameshwara (Karnataka High Court)*

### ITC not available on vehicles purchased for use in research

ITC is not available on the purchase of motor vehicles used for research purposes in providing automobile benchmarking services. Thereafter, these vehicles were supplied as scrap of automobile parts on payment of GST.

*A2Mac1 India Pvt Ltd (Tamil Nadu AAR)*

### Recipient not to be penalized for fault of supplier

If supplier fails to deposit tax on outward supplies, the department should take action against said

### GST Appellate Tribunal rules introduced

### Recipient not to be penalized for fault of supplier

### Apartment purchase during construction liable for GST

supplier, rather than denying the ITC claimed by the recipient.

*McLeod Russel India Ltd (Gauhati High Court)*



# CORPORATE & ALLIED LAWS

## Circulars / Notifications

### Processing of regulatory authorisations through PRAVAAH

REs have been advised to use PRAVAAH portal for submitting applications to RBI for regulatory authorisations, licenses and approvals, using forms already available in the portal.

*RBI/2025-26/34 DIT.  
CO.No.S-106/07.71.039/2025-26 dated  
April 28, 2025 effective May 1, 2025*

### Compounding of contraventions under FEMA

To mitigate delays in processing compounding applications, RBI has mandated that following additional details be furnished by applicants in the application form -

- Mobile number of the applicant or authorised representative
- Office of RBI to which application fee payment have been made
- Mode of submission of application whether through PRAVAAH portal or physically

Further, for residual category non-reporting contraventions, the maximum compounding amount imposed can now be capped at INR 200,000 for contravention of each regulation, subject to the satisfaction of the approval authority

*RBI/FED/2025-26/29 A.P. (DIR Series)  
Circular. No 02/2025-26 dated April 22, 2025*

*RBI/FED/2025-26/32 A.P. (DIR Series)  
Circular. No 04/2025-26 dated April 24, 2025*



### Trading window closure for immediate relatives of designated persons of listed companies

Per SEBI PIT regulations, trading window is closed for a designated person when the compliance officer determines that he has UPSI in relation to a particular security, in his possession. Accordingly, trading restriction period starts at the end of each quarter and lasts till 48 hours after the declaration of financial results. Now, apart from designated persons, the framework is extended to their immediate relatives also. Phase wise implementation of the framework has been prescribed.

*SEBI/HO/ISD/ISD-PoD-2/P/CIR/2025/55  
dated April 21, 2025*

### Additional disclosures by FPIs as per increased threshold size criteria

FPIs individually or along with their investor group, were earlier mandated to make additional disclosures, where they hold equity AUM in Indian markets exceeding INR 25,000 crores. This threshold under size criteria has now been increased to INR 50,000 crores.

### Processing of regulatory authorisations through PRAVAAH

### Additional disclosures by FPIs as per increased threshold size criteria

### Trading window closure for immediate relatives of designated persons of listed companies

*SEBI/HO/AFD/AFD-POD-3/P/  
CIR/2025/52 dated April 9, 2025*

### Compliance Officer per SEBI (LODR) Regulations

Per the regulations, Compliance Officer of a listed entity, who is also a KMP, have to be in whole time employment and not more than one-level below the Board of Directors. 'One-level below' means one-level below the Managing Director or Whole-time Directors. Where a listed entity has neither a Managing or Whole-time Director, the Compliance Officer shall not be more than one-level below the CEO or Manager or any person heading the affairs of the listed entity.

*SEBI/HO/CFD/PoD2/CIR/P/2025/47  
dated April 1, 2025*

# CFO WATCH

## SEBI released clarifications and procedural updates for ESG rating providers

SEBI has issued clarificatory and procedural changes to support ERPs. It permits withdrawal of ESG ratings under defined conditions based on the ERP's business model (subscriber-pays or issuer-pays), introduces structured disclosure norms for ESG ratings on ERP and stock exchange websites, and provides a standard format for rated entities to respond to rating rationales. The circular allows Category-II ERPs a two-year grace period for internal audits and committee formations. It also expands eligibility criteria for internal auditors and emphasizes protecting proprietary ERP methodologies while responding to issuer queries.

## Enhanced audit requirements introduced in ISA 570

IAASB has issued the revised ISA 570 (Revised 2024)-Going Concern, effective for audits of financial statements for periods beginning on or after December 15, 2026. The revision aims to enhance consistency in auditing practices and improve transparency in auditor communications regarding going concern. Key changes include strengthened risk assessment procedures, focusing on identifying events or conditions that may cast significant doubt on an entity's ability to continue as a going concern. The standard emphasizes management's assessment over a minimum twelve-month period, improves disclosure and communication requirements, and introduces new guidance and documentation expectations.



## Cybersecurity compliance timelines for REs extended

SEBI has granted a three-month extension for compliance with the CSCRF for SEBI REs, moving the deadline to June 30, 2025. This revised timeline excludes market infrastructure institutions, KYC registration agencies, and qualified registrars to an issue and share transfer agents. The extension comes in response to numerous requests

## SEBI released clarifications and procedural updates for ESG rating providers

## Enhanced audit requirements introduced in ISA 570-Going Concern

## Cybersecurity compliance timelines for REs extended by SEBI

from REs seeking additional time to meet the framework's requirements. Effective immediately, this move aims to support a smoother transition and allow entities adequate time to implement the necessary cybersecurity measures to align with SEBI's regulatory expectations under the CSCRF.





# MERGERS & ACQUISITIONS

## Domestic Giants Drive M&A Momentum Amid Uncertainty

India's M&A outlook for 2025–26 appears promising, with market volatility doing little to deter domestic players from pursuing strategic growth. Despite global uncertainties, Indian corporates are actively exploring acquisitions across key sectors such as cement, healthcare, renewables, telecom, and media, fuelled by healthy balance sheets and a long-term growth outlook.

A notable shift is underway as Indian business houses increasingly take the lead in acquisitions, stepping ahead of private equity firms. Many promoters are now more comfortable parting with control, opening up greater possibilities for consolidation and partnership-led expansion.

The cement industry has seen a wave of consolidation. Ambuja Cements, under the Adani Group, has made bold moves by acquiring Penna Cement and Sanghi Industries—efforts aimed at expanding presence in South India, where infrastructure demand continues to rise. Similarly, in the healthcare space, Torrent Pharmaceuticals has made strategic plays, while Nirma is competing for assets in both pharma and specialty chemical segments. Green energy has also emerged as a dealmaking hotspot. The acquisition of Ayana Renewable Power by ONGC and NTPC Green Energy signals growing interest in clean infrastructure as India accelerates its energy transition goals.

Meanwhile, the media and telecom sectors are ripe for restructuring, with stressed assets likely to attract interest from larger domestic players seeking scale and synergy. The availability of financing, improved corporate governance, and readiness among promoters to explore exits are all helping fuel momentum.

Experts believe the M&A wave is just getting started. As domestic companies remain relatively insulated from global credit tightness and continue to pursue strategic priorities, India could witness a surge in deal activity over the next year—making it one of the more resilient and opportunistic markets for mergers and acquisitions globally.





# IN THE NEWS

## IFCCI CEO Committee Meeting -

April 15, 2025

Ajay Sethi, Baker Tilly ASA India, was part of the CEO Committee of IFCCI that met Hon'ble Minister Shri Jyotiraditya M. Scindia at Sushma Swaraj Bhawan, New Delhi. The discussions focused on strengthening Indo-French collaboration, especially in Northeast India. The meeting also saw participation from the French Ambassador, senior government officials, and French business leaders.

## 7th Edition of the Indo-French Business Awards and Grand Prix VIE 2025

April 15, 2025

Sunil Arora, ASA, and Léa Parmentier, Baker Tilly ASA India, attended the 7th Edition of the Indo-French Business Awards and Grand Prix VIE 2025. The event, held under the patronage of the French Ambassador, celebrated impactful Indo-French business collaborations. It brought together over 150 business leaders, diplomats, and senior officials to recognize outstanding achievements

## At ASA, Talent Drives Success, Not Hierarchy

April 02, 2025

Ajay Sethi, Baker Tilly ASA India, was featured in a recent print edition of BW Businessworld. The article highlighted his journey as a first-generation entrepreneur and the strategic decisions that have shaped the firm's success.

## India's Strategic Response to US Tariffs: Navigating Economic Shifts

April 04, 2025

Rajiv Arya of Baker Tilly ASA India LLP shared his insights on India's strategic response to US tariffs and the broader economic implications. He was invited for a discussion on NDTV, and his expert views were subsequently picked up by several Tier 1 media outlets, including The Economic Times, ET BFSI, ET CFO, Business Standard, NDTV Profit, Millennium Post, The Week, Deccan Herald, Daily Pioneer, Telangana Today, NewsDrum, and Money Rediff. From stock market fluctuations to trade recalibrations, his analysis captured key developments shaping the evolving India-US trade dialogue.

## AI: The Transformation Companies are Already Living

April 19, 2025

Shrikrishna Dikshit, Baker Tilly ASA India, highlights how rising cybersecurity threats from AI adoption demand robust safeguards and human oversight to ensure ethical, secure deployment, as read in Business World.

## BIS Foreign Manufacturers Certification Scheme

April 16, 2025

Author: Chintan Nisar, Baker Tilly ASA India

India mandates BIS certification for 20 categories of critical machinery and electrical equipment under the Omnibus Technical Regulation. Foreign manufacturers must

comply via the FMCS, ensuring products meet Indian standards through rigorous testing and factory inspections. Non-compliance may lead to import bans and enforcement actions, highlighting the urgency for global suppliers to align with BIS requirements.

## ISD Applicability from April 01, 2025: Comprehensive Guide

April 17, 2025

Author: Sundeep Gupta, Baker Tilly ASA India & Lakshay Chhabra, ASA

The landscape has changed for business spread across India having multiple GST registrations, receiving common services which are used across the branches. The earlier alternative of cross charge between branches has been done away with for such common services and now obtaining an ISD registration has been made mandatory from April 1, 2025. This article delves into the requirements and challenges which the businesses should take care of.

## The aeronautics and space markets in India: Opportunities and development strategies

April 22, 2025

Léa Parmentier, Baker Tilly ASA India, shared key insights on doing business in India at a recent webinar hosted by the Aerospace Cluster Auvergne-Rhône-Alpes. She discussed FDI regulations, tax considerations, Make in India policies, and the subsidiary setup process, with input from Business France India and other aerospace representatives.

# GLOSSARY

**AUM**

Assets Under Management

**BIS**

Bureau of Indian Standards

**CSCRF**

Cybersecurity and Cyber Resilience Framework

**ERP**

External Rating Provider

**ESG**

Environmental, Social and Governance

**FDI**

Foreign Direct Investment

**FMCS**

Foreign Manufacturers Certification Scheme

**FPI**

Foreign Portfolio Investor

**FTS**

Fee for Technical Services

**GST**

Goods & Services Tax

**IAASB**

International Auditing and Assurance Standards Board

**IFCCI**

Indo-French Chamber of Commerce & Industry

**ISA**

International Standard on Auditing

**ISD**

Input Service Distributor

**ITAT**

Income Tax Appellate Tribunal

**ITC**

Input Tax Credit

**KMP**

Key Managerial Personnel

**LODR**

Listing Obligations and Disclosure Requirements

**M&A**

Mergers & Acquisitions

**PIT**

Prohibition of Insider Trading

**PRAVAAH**

Platform for Regulatory Application, Validation and Authorisation

**RBI**

Reserve Bank of India

**RE**

Regulated Entity

**ROI**

Return of Income

**SEBI**

Securities and Exchange Board of India

**UPSI**

Unpublished Price Sensitive Information Medium Enterprise

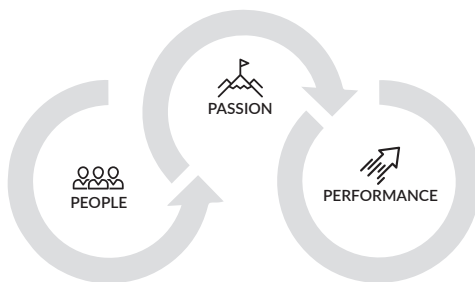
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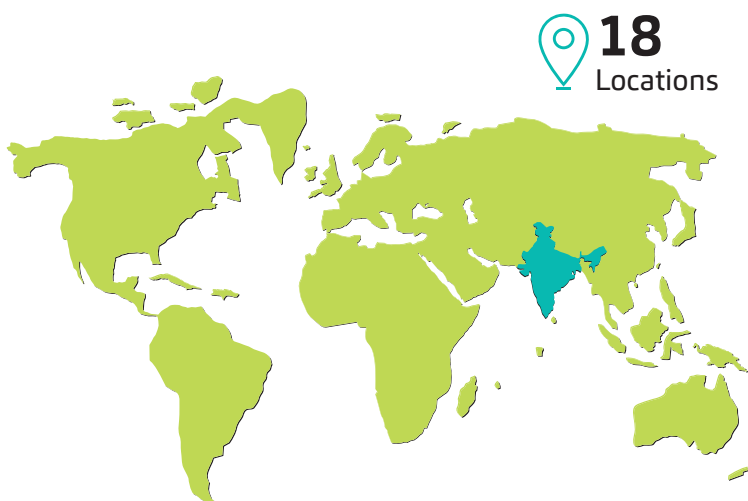
## SERVICES

- Accounting and Business Support
- Assurance
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Well structured teams with domain specialization are guided by leaders who possess expertise and experience and are present PAN India to ensure excellent client service.

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### National Affiliates

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Vishakhapatnam

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