



RNM ALERT
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EDITORIAL

Dear Readers

During the month of December 2022, our CEO, Mr Raghu Marwah moderated a virtual Masterclass on "Make in India in Defence" with leaders from the defence industry such as Mr Per Smedegaard, President Defsys Solutions, Mr Pradnyil Usgaonkar, Director Elcom Innovations, Mr Kunal Bajaj, CEO Motherson Defence along with Mr Prakash Jain, Partner Taxation Bangalore. The discussion was live-streamed on social media, providing great insights into the opportunities in the defence sector in India, including for the MSME sector. For those who missed it, please visit the YouTube channel of RNM India for the full webinar.

Team RNM celebrated the Christmas spirit and the onset of the new year with office parties. We also marked the occasion with a formal Group photograph of the team and a Town Hall address.

On the Direct Tax front, there are various international changes of significance including the introduction of the new Corporate Tax law at the rate of 9% in UAE w.e.f. 1 June 2023 and its impact on Indian tax residency tests.

Similarly, in Hong Kong the legislation of the new Foreign Source Income Exemption (FSIE) regime w.e.f. 1 January 2023, as per which certain passive foreign sourced income will attract local tax in Hongkong at 8.25% (on first HK\$2M)

and 16.5% (on remaining profit above HK\$2M), are a signal of jurisdictions falling in line with global best practices avoiding getting singled out on a List of Non-Cooperative jurisdictions. Pressure from OECD and EU is forcing a lot of haven jurisdictions to reconsider their policies. Team RNM firmly believes that with compliance becoming more stringent globally, the requirement for strong advisors and compliance partners will become essential going forward in 2023.

On the Indirect Tax front, the GST Department has commenced the scrutiny/ audit/ investigations for financial year 2017-18 and 2018-19. To provide guidance on the manner of resolving the mismatch between figures appearing in Form 2A and Form 3B a Circular no 183/15/2022-GST has been issued on 27 December 2022. Team RNM feels that the said Circular will go a long way in improving ease of doing business.

We would like to take this opportunity to wish all our Readers the very best of wishes for 2023 ahead. Resolving to do one good deed a day in 2023 will surely make the planet woke for us all!

CA U N Marwah
Chairman- RNM India

Internal Audit



Special Economic Zone and Export Oriented Units

Introduction

Special Economic Zone

A special economic zone (SEZ) is an area in a country that is subject to different economic regulations than other regions within the same country. The SEZ economic regulations tend to be conducive to—and attract foreign direct investment (FDI). Special Economic Zones are typically created in order to facilitate rapid economic growth by deploying investment and creating employment. This economic growth is accomplished by providing various economic advantages such as tax incentives.

Exported Oriented Zone

Export-oriented units are units undertaking to export their entire production of goods. EOUs can engage in manufacturing, services, development of software, repair, remaking, reconditioning, re-engineering including making of gold/silver/platinum jewellery and articles. Further, units involved in agriculture, agro-processing, aquaculture, animal husbandry, biotechnology, floriculture, horticulture, pisciculture, viticulture, poultry, sericulture and granites can also obtain the status of EOU. Export Oriented Units enjoy various benefits such as claiming input tax credit on the goods and services and refund, procure raw material or capital goods duty-free etc.

Eligibility

Special Economic Zone

Any individual, co-operative society, company or partnership firm can file an application for setting up of Special Economic Zone. A SEZ or FTWZ (Free Trade Warehousing Zone) other than a SEZ for IT/ITES, Biotech or Health (other than hospital) service, shall have a contiguous land area of 50 hectares or more. In case a SEZ is proposed to be set up in Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttarakhand, Sikkim, Goa or in a UT, the area shall be 25 hectares or more.

Exported Oriented Unit

For obtaining status of Exported Oriented Units, the project must have a minimum investment of Rs.1 crore in plant and machinery. This condition does not apply for software technology parks, electronics hardware technology parks and biotechnology parks. Further, EOU involved in handicrafts, agriculture, animal husbandry, information technology, services, brass hardware and handmade jewellery does not have any minimum investment criteria.



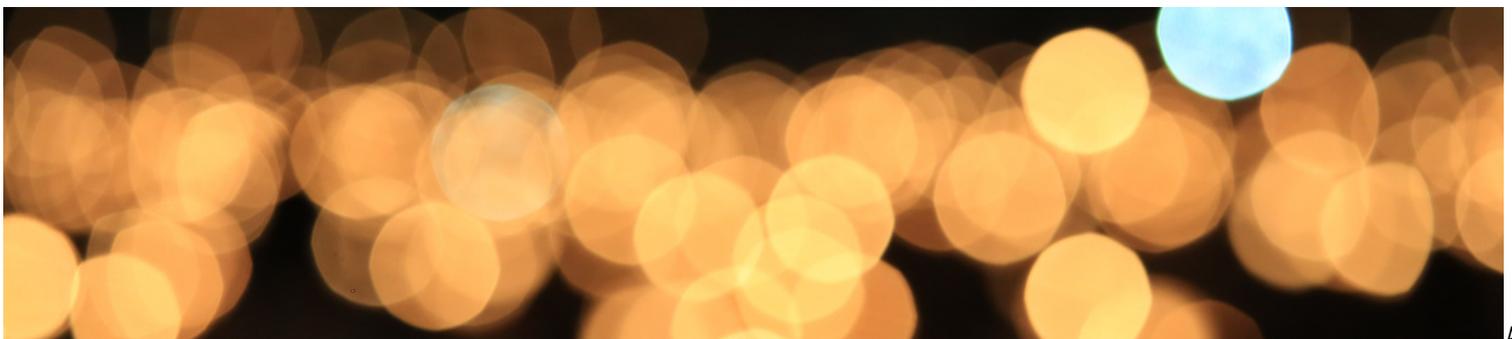
Difference

Particulars	Special Economic Zone	Export Oriented Units
Area of Operations	Can be setup only at the designated sites notified as SEZ.	Can be setup anywhere in India.
Approval for setting up	Approval required under the SEZ laws and to be granted by the Development Commissioner of the concerned SEZ.	Approval required under the FTP and to be granted by the jurisdictional Development Commissioner.
Imports	All imports are exempt from payment of all types of customs duties.	Except BCD, Duty free imports of goods as well as domestic procurement of good can be done.
Procurement from DTA	All procurements which are required for authorized operations are allowed without payment of applicable GST or on payment of GST (of which refund can be obtained).	Applicable GST is payable on such procurements (of which ITC is available).
Supply to DTA	Custom duty is payable while goods are transferred from SEZ to DTA	Required to pay applicable GST on supply made to DTA apart from Basic Customs Duty.



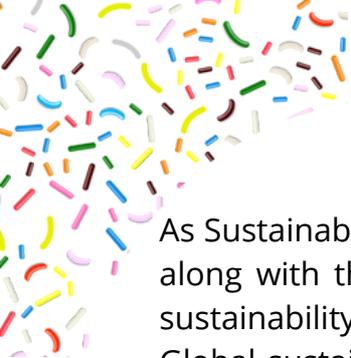
Difference

Particulars	Special Economic Zone	Export Oriented Units
Compliance	Annual Performance report (APR) to be filed online (In Form-I) at www.csez.org within 90 days from the end of Financial Year.	Annual Performance report (APR) to be submitted online at www.csez.org within 90 days from the end of Financial Year. Quarterly Performance Report (QPR) to be filed online through EOU filing module at www.csez.org within 30 days of close of every quarter Status report (should be filed by units who have not commenced their commercial production) should be submitted within 30 days of close of the quarter. The Status Report should be filed Quarterly for every financial year till the unit commence production.
Penal Provisions in case of Non-Compliance	Any SEZ unit, while undertaking the Bond-Cum-Legal Undertaking ("BLUT") (format prescribed in Form-H of the Rules) undertakes that in case of any default in filing the APR within the prescribed time limit or in case of wrong submission, the permission granted for the prescribed operations may be withdrawn and / or the permission for further imports and sales in the Domestic Tariff Area may be stopped.	Failure to ensure positive NFE or to abide by any of the terms and conditions of Letter of Permission (LoP) / Letter of Intent (LoI) / IL / Letter of Undertaking (LUT) shall render the unit liable to penal action under provisions of the FT (D&R) Act, as amended, and Rules and Orders made there under, without prejudice to action under any other law / rules and cancellation or revocation of LoP / LoI / IL.



Statutory Audit

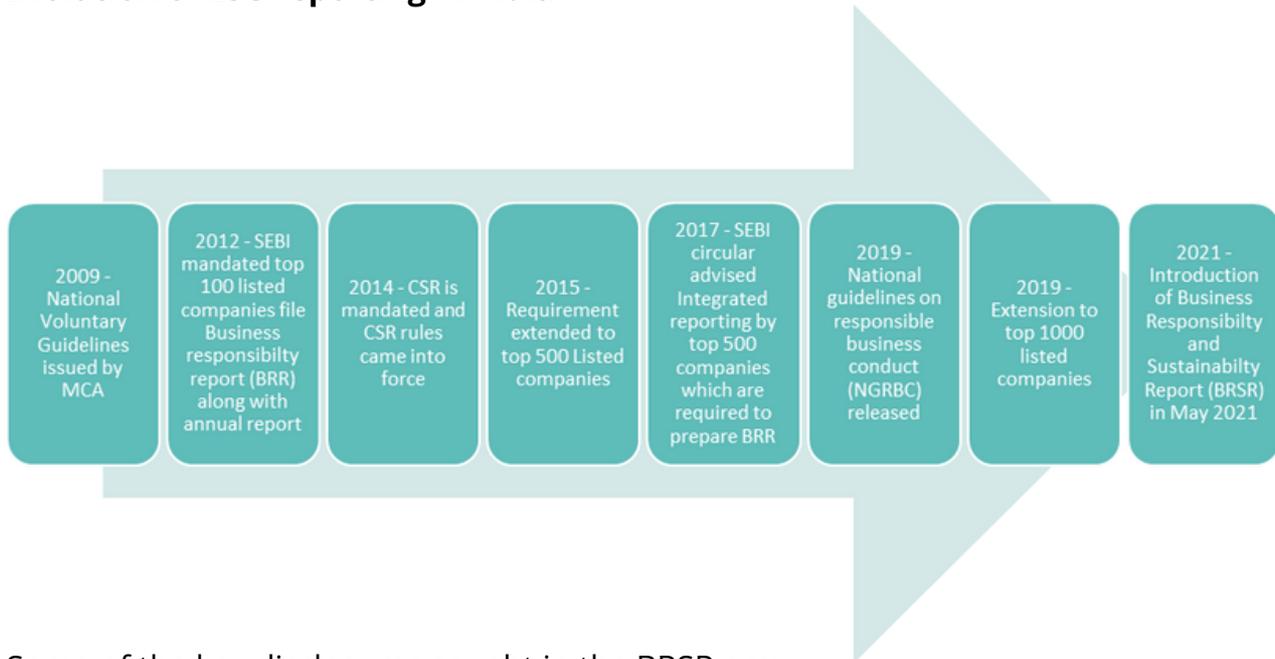




Environmental, Social and Governance (ESG)

As Sustainable development and Climate change movements are getting momentum along with the push from investors. It is imperative for companies to report their sustainability performance in order to maintain transparency with stakeholders. Global sustainable investments are growing rapidly and reached \$35 trillion or 36% of the total assets under management in 2020. In India, almost all sustainable investment products have been launched in the last two years, reflecting increasing interest and potential.

Evolution of ESG reporting in India



Some of the key disclosures sought in the BRSR are:

1. An overview of the entity's material ESG risks and opportunities, approach to mitigate or adapt to the risks along with financial implications of the same.
2. Sustainability related goals & targets and performance against the same
3. Environmental disclosures cover aspects such as resource usage (energy and water), air pollutant emissions, greenhouse (GHG) emissions, transitioning to a circular economy, waste generated and waste management practices, biodiversity etc.
4. Social disclosures covering the workforce, value chain, communities and consumers, as given below:
 - a. Employees/workers: Gender and social diversity including measures for differently-abled employees and workers, turnover rates, median wages, welfare benefits to permanent and contractual employees/workers, occupational health and safety, training etc.
 - b. Communities: Disclosures on Social Impact Assessments (SIA), Rehabilitation and Resettlement, Corporate Social Responsibility etc.
 - c. Consumers: Disclosures on product labelling, product recall, consumer complaints in respect of data privacy, cyber security etc.

ESG investing is very important as it provides an opportunity for all stakeholders to build an economy that is more inclusive and sustainable.

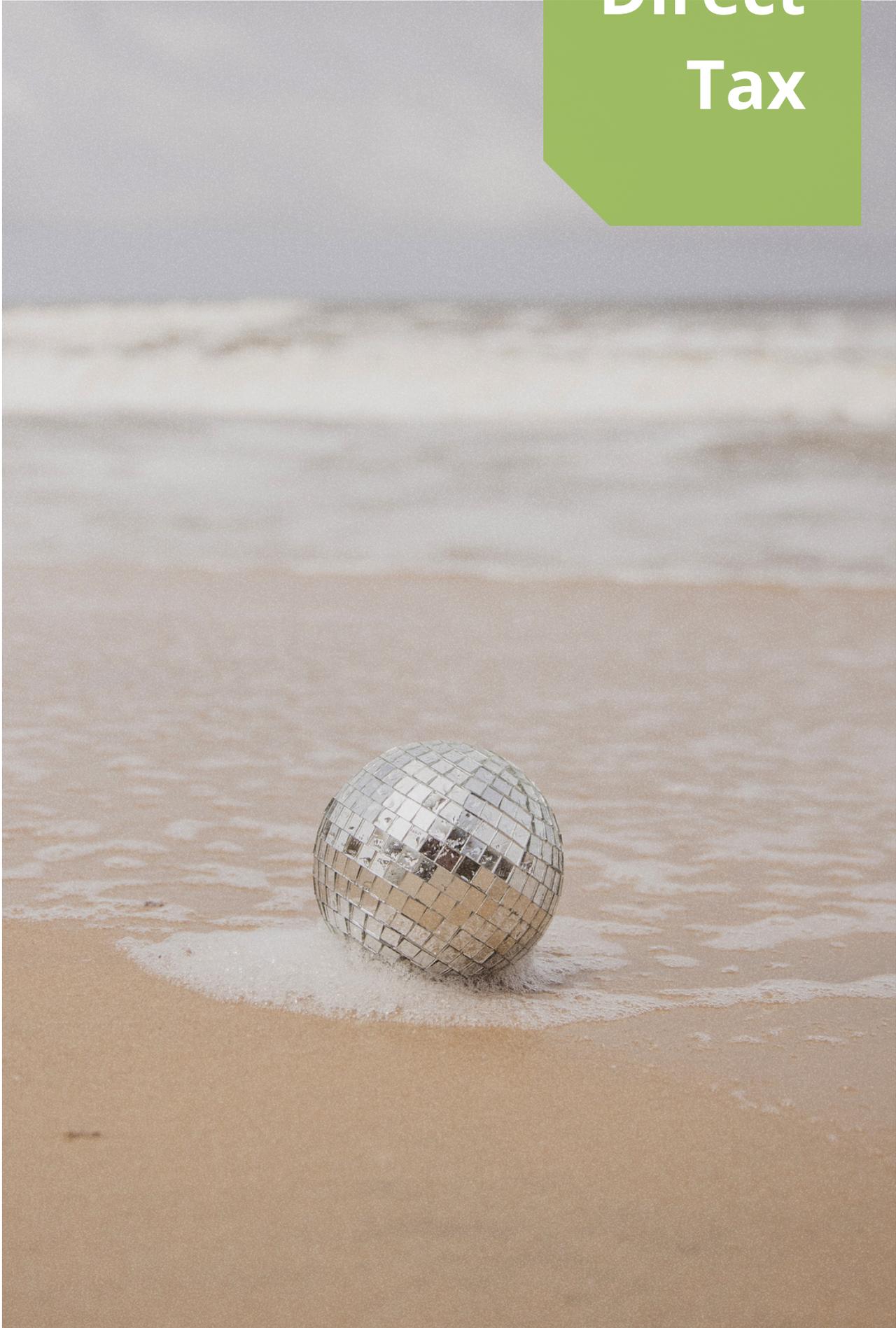
It provides a framework to measure performance of an organization beyond financial metrics. SEBI is visionary to facilitate the achievement of the United Nations Sustainable Development Goals and the Paris Agreement on Climate Change by way of mandatorily requiring ESG reporting by Indian companies.

Business responsibility and Sustainability Report (BRSR) is more comprehensive disclosure framework than BRR.

Going forward as it is mandatory for top 1000 listed companies from the F.Y -22-23 it is necessary for the companies to prepare for the change and include the reporting in their annual reports.



Direct Tax



1. Notification No. 3/2022, Dated 16-7-2022

CBDT exempts Non-Residents (NR) not having PAN from mandatory e-filing of Form 10F till 31-03-2023. Partial Relaxation With Respect To Electronic Submission of Form 10F by Select Category of Taxpayers In Accordance With DGIT (Systems)

1.Circular No. 25/2022, Dated 30-12-2022

Clarification for the purpose of clause (c) of Section 269ST of Income Tax Act, 1961 in respect of dealership/distributorship contract in case of Co-operative Societies- Section 269ST inter alia prohibits receipt of an amount of two lakh rupees or more by a person, in circumstances specified therein, through modes other than by way of an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.

It is clarified that in respect of co-operative societies, a dealership/distributorship contract by itself may not constitute an event or occasion for the purpose of clause (c) of Section 269ST. Receipt related to such a dealership/distributorship contract by co-operative society on any day in a previous year, which is within 'the prescribed limit' and complies with clause (a) as well as clause (b) of Section 269ST, may not be aggregated across multiple days for purpose of clause (c) of Section 269ST for that previous year.



Important Judicial Precedents

1.JCIT Vs. Chambal Fertilisers & Chemicals Ltd. [2022] 145 taxmann.com 420 SC

Education cess on rate or tax levied on PGPB is to be disallowed in view of retrospective amendment made by FA2022 to section 40(a)(ii) w.r.e.f. 1-4-2005

Education cess on rate or tax levied on profits and gains of business/profession is to be disallowed in view of new Explanation 3 inserted in section 40(a)(ii) by the Finance Act,2022 with retrospective effect from 1-4-2005.

2.S. M. Overseas P. Ltd. Vs. CIT [2022] [145 taxmann.com 375] (Supreme Court)]

During the pendency of the proceedings u/s 154 of the Act, it was not permissible for the Revenue to initiate reassessment proceedings u/s 147/148

Where the proceedings under Section 154 of the Act were not the subject-matter before the High Court and there was nothing on record that the notice under Section 154 of the Act was withdrawn on the ground that the same was beyond the period of limitation prescribed under Section 154(7) of the Act, it is to be held that , the proceedings initiated under Section 154 of the Act can be said to have been pending and the ITAT was right in holding that it was not permissible for the Revenue to initiate reassessment proceedings u/s 147/148 as proceedings under section 154 were pending and the High Court has committed serious error in observing and holding that the notice under Section 154 was invalid as the same was beyond the period of limitation as prescribed /provided under Section 154(7) of the Act. In the result, impugned order of HC is quashed and set aside and order of ITAT is restored.

3.PCIT Vs. Simon India Ltd. [2022] 145 taxmann.com 389 (Delhi HC)]

The Delhi High Court held that the loss arising on reinstatement of the forward cover purchase contracts (marked-to-market loss) is an allowable deduction under Section 37(1), notwithstanding that the forward contracts have not been closed at year-end. The Court held that such losses are not speculative. The Court also held that the CBDT Instruction No. 3/2010 prescribing to the contrary is not a binding law.



4. Murali Krishna Chakrala V. Deputy Director, Directorate of Enforcement [2022] [145 taxmann.com 248 (Madras HC)]

CA can't be prosecuted under PMLA for certificate issued in Form 15CB based on non-genuine documents submitted by client.

- Form 15CB requires CA to certify nature of foreign remittance for TDS deductibility purpose based on documents submitted by client without requiring him to go into the genuineness of documents submitted by client.
- On a perusal of Form No. 15CB, it is clear that a Chartered Accountant is required to only examine the nature of the remittance and nothing more. The Chartered Accountant is not required to go into the genuineness or otherwise of the documents submitted by his clients. This could be compared with the legal opinion that are normally given by panel lawyers of banks, after scrutinizing title documents without going into their genuinity.
- A Panel Advocate, who has no means to go into the genuinity of title deeds and who gives an opinion based on such title deeds, cannot be prosecuted along with the principal offender. Applying the same analogy, we find that the prosecution of CA Murali Krishna Chakrala, in the facts and circumstances of the case at hand, cannot be sustained.

5.ACIT V. Zoetis India Ltd. [2022] (12) TMI 1358 - ITAT Mumbai

Section 50C not attracted on transfer of leasehold right in land and building

Addition made u/s. 50C in respect of transfer of leasehold rights in land and building - capital gain adopting of stamp duty value in terms of Section 50C - HELD THAT:- The asset that has been transferred by the assessee is leasehold right in land and building. In the case of CIT vs. Greenfield Hotels and Estates Pvt. Ltd. [2016 (12) TMI 353 - BOMBAY HIGH COURT] has held that the provisions of Section 50C will not be applicable while computing capital gains on transfer of leasehold rights in land and building. In the instant case, the capital gain has arisen only on account of adopting of stamp duty value in terms of Section 50C - Since, Section 50C of the Act is held to be not applicable on transfer of leasehold rights, the decision rendered by Id. CIT(A) gets support from the binding decision rendered by Hon^{ble} Bombay High Court. Accordingly, the AO was not justified in invoking provisions of Section 50C for determining capital gain arising on transfer of lease hold rights in land and building. Accordingly, we do not find any reason to interfere with the decision of Ld CIT(A) rendered on this issue.

Indirect Tax



GST Calendar –Compliances for the month of December '2022.

Nature of Compliances	Due Date
GSTR-7 (Tax Deducted at Source 'TDS')	January 10, 2022
GSTR-8 (Tax Collected at Source 'TCS')	January 10, 2022
GSTR-1	January 11, 2022
IFF- Invoice furnishing facility (Availing QRMP)	January 13, 2022
GSTR-6 Input Service Distributor	January 13, 2022
GSTR-2B (Auto Generated Statement)	January 14, 2022
GSTR-3B	January 20, 2022
GSTR-5 (Non-Resident Taxable Person)	January 20, 2022
GSTR-5A (OIDAR Service Provider)	January 20, 2022
PMT-06 (who have opted for QRMP scheme)	January 25, 2022





Highlights of 48th GST Council meeting

Rule 37 of the CGST Act

- The council has recommended to amend sub-rule (1) of rule 37 of CGST rule, 2017 retrospectively with effect from 01.10.2022 to provide for reversal of input tax credit, in term of the second proviso to section 16 of CGST Act, only proportionate to the amount not paid to the supplier vis a vis the value of the supply, including tax payable.

RNM Comments: The proportionate Credit of payment to the supplier within 180 would continue. However, the reversal would be only to an extent of proportion of non-payment in 180 days.

- The Council recommended to insert Rule 37 A in CGST Rules, 2017 to prescribe the mechanism for reversal of input tax credit by a registered person in the event of non-payment of tax by the supplier by a specified date and mechanism for re-availing of such credit, if the supplier pays tax subsequently. This would ease the process of complying with the condition for availing of input tax credit under section 16(2) (c) of the CGST Act, 2017.

RNM Comments: The proportionate reversal of ITC, on payment of taxes by the supplier, may be reclaimed by the recipients without any substantial credit loss

Measures for streamlining compliances

- To prevent a person's PAN from being misused by dishonest individuals without the consent of the said PAN-holder, a PAN-linked mobile number and email address (fetched from the CBDT database) must be captured and recorded in FORM GST REG-01.OTP-based verification must also be carried out at the time of registration on such PAN-linked mobile numbers and email addresses.
- Proposal to conduct a pilot in the State of Gujarat for Biometric-based Aadhaar authentication and risk-based physical verification of registration applicants. Amendment in rule 8 and rule 9 of CGST Rules, 2017 to be made to facilitate the same. This will help in tackling the menace of fake and fraudulent registrations.
- Section 37, 39, 44, and 52 of CGST Act, 2017 to be amended to restrict the filing of returns/ statements to a maximum period of 3 years from the due date of filing of the relevant return/statement.



- FORM GSTR-1 to be amended to provide for reporting of details of supplies made through ECOs, covered under section 52 and section 9 (5) of CGST Act, 2017, by the supplier and reporting by the ECO in respect of supplies made under section 9(5) of CGST Act,2017.
- Amendment in the definition of “ non-taxable online recipient” under section 2 (16) of IGST Act, 2017 and definition of “Online Information and Database Accessor Retrieval Services (OIDAR)” under section 2 (17) of IGST Act, 2017 so as to reduce interpretation issues and litigation on taxation of OIDAR Services.

De-criminalization under GST

- **Section 132**-The GST Council suggests decriminalizing several offenses under Section 132, raising the threshold for tax prosecution, and lowering the amount of compounding in GST.
- Kinds of offenses: Three kinds of offenses have been recommended to be decriminalized. They pertain to obstruction or preventing any officer in the discharge of his duties, deliberate tampering of material evidence & failure to supply the information.
- The threshold limit of tax amount for all criminal offenses: The GST laws raised the minimum tax amount from Rs 1 Crore to Rs 2 Crore for all criminal offences, with the exception of fraudulent invoices.
- Refund to unregistered persons-There is no procedure for claim of refund of tax borne by the unregistered buyers in cases where the contract /agreement for the supply of services, like construction of flat/house and long-term insurance policy, is canceled and the time period of issuance of credit note by the concerned supplier is over. The Council recommended an amendment in CGST Rules, 2017, along with the issuance of a circular, to prescribe the procedure for filing an application for refund by the unregistered buyers in such cases.

RNM Comments: In similar cases, consumers shall unswervingly get there funding from the exchequer. The process and procedure shall be aligned in due course by the council.



Issuance of the Circulars:

- Procedure for verification of input tax credit in cases involving a difference in input tax credit availed in FORM GSTR-3 B vis a vis that available as per FORM GSTR-2A during FY 2017-18 and 2018-19.
- Clarifying the manner of re-determination of demand in terms of sub-section (2) of section 75 of CGST Act,2017.
- Clarification in respect of the applicability of e-invoicing with respect to an entity.
- To emphasize the fact that the No Claim Bonus provided by the insurance companies to the insured is an acceptable deduction for the valuation of insurance services, a circular will also be issued.
- In accordance with the proviso to sub-section (8) of section 12 of the IGST Act, 2017, a circular is to be issued to explain the matters related to the location of the provision of services and the transportation of products.

RNM Comments: State of Maharashtra through a circular have provided for that differences of the tax being paid may be clarified through a declaration from the supplier or a Chartered Accountant under similar notices.

Tax Rates

The GST Council has, among other considerations, recommended the following changes to the GST rates:

S.No	Description	From	To
Goods			
1	Husk of pulses including chilkaand concentrates including chuni/churi, khanda	5%	Nil
2	Ethyl alcohol supplied to refineries for blending with motor spirit (petrol)	18%	5%

- No GST is applicable if a registered person rents a residential dwelling in his/her personal capacity for use as his/her own residence and on his/her own account, rather than on behalf of his business.

RNM Comments: The Proprietor shall have the same PAN No as the Proprietorship business. The Proprietor on paying GST on a reverse charge basis shall not be eligible for credit owing to personal usage of accommodation. The aforesaid transaction has been clarified as not being subject to Goods and Services Tax.

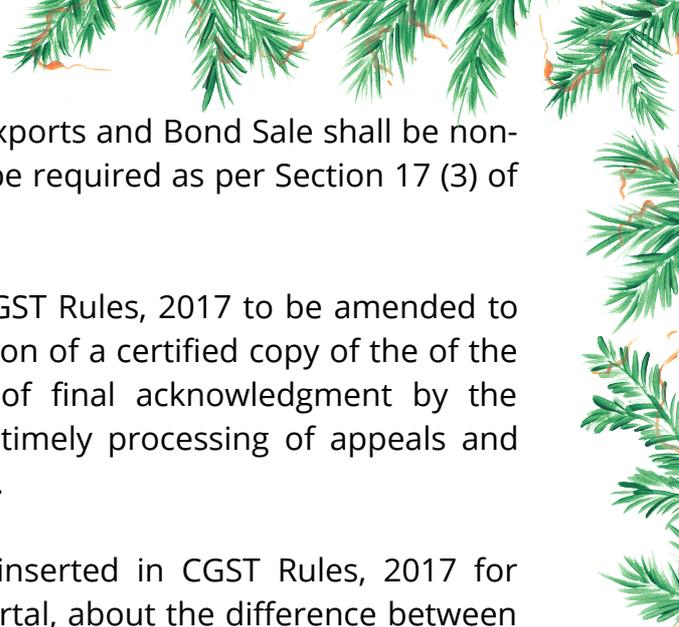
- A decision made to support micro-business e-commerce: The council has resolved to permit unregistered sellers and composition tax payers to make inter-day supply of goods through e-commerce.

RNM Comments: The time required for functionality on the portal along- with preparedness by the ECOs, the scheme may be implemented w.e.f. 01.10.2023.

- Mentha arvens is supply included in the reverse charging system, just like Mentha Oil.
- The CTH 1702 classification for rab (Rab-Salawat) entails GST at a rate of 18%.
- Fryums produced using the extrusion technique are expressly covered by CTH 19059030 and subject to GST at a rate of 18%.
- The higher rate of compensation cess of 22% is applicable to motor vehicles meeting all four requirements, which are that they are commonly referred to as SUVs, have engines with capacities greater than 1500 cc, have lengths greater than 4000 mm, and have a ground clearance of 170 mm or above.
- Goods falling under the lower rate category of 5% under Schedule I of notification No. 1/2017-CTR will attract a lower rate of 5%, and the rate of 12% would only be applicable if the general rate is higher than 12%.

High Seas Sale and Bond Sale to be non taxable

Paras 7, 8 (a) and 8 (b) were inserted in Schedule I II of CGST Act, 2017 with effect from 01.02.2019 to keep certain transactions / activities, such as supplies of goods from a place outside the taxable territory to another place outside the taxable territory, high sea sales and supply of warehoused goods before their home clearance, outside the pur view of GST. In order to remove the doubts and ambiguities regarding taxability of such transactions/ activities during the period 01.07.2017 to 31.01.2019, the Council has recommended to make the said paras effective from 01.07.2017. However, no refund of tax paid shall be available in cases where any tax has already been paid in respect of such transactions /activities during the period 01.07.2017 to 31.01.2019.



RNM Comments: High Seas Sale, Third Country Exports and Bond Sale shall be non-taxable w.e.f. 1.7.2017. No ITC reversal shall also be required as per Section 17 (3) of the Act.

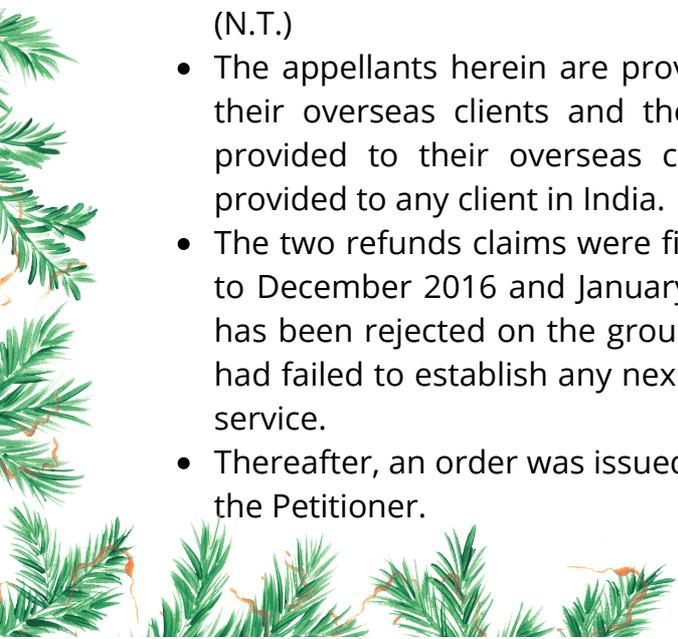
- Sub-rule (3) of rule 108 and rule 109 of the CGST Rules, 2017 to be amended to provide clarity on the requirement of submission of a certified copy of the of the order appealed against and the issuance of final acknowledgment by the appellate authority. This would facilitate the timely processing of appeals and ease the compliance burden for the appellants.
- Rule 88 C and FORM GST DRC-01 B to be inserted in CGST Rules, 2017 for intimation to the taxpayer, by the common portal, about the difference between liability reported by the taxpayer in FORM GSTR-1 and in FORM GSTR-3 B for a tax period. Where such difference exceeds a specified amount and/ or percentage, for enabling the taxpayer to either pay the differential liability or explain the difference. Further, clause (d) to be inserted in sub-rule (6) of rule 59 of CGST Rules, 2017 to restrict the furnishing of FORM GSTR-1 for a subsequent tax period if the taxpayer has neither deposited the amount specified in the intimation nor has furnished a reply explaining the reasons for the amount remaining unpaid. This would facilitate taxpayers to pay/explain the reason for the difference in such liabilities reported by them, without the intervention of the tax officers.

RNM Comments: High Seas Sale, Third Country Exports and Bond Sales shall be non-taxable w.e.f. 1.7.2017. No ITC reversal shall also be required as per Section 17 (3) of the Act.

CESTAT sets aside an order blocking of CENVAT refund under Rule 5 of CCR

M/s Sequoia Capital India Advisors Pvt Ltd vs. Commissioner of CGST and Central Excise | CESTAT, Mumbai

FACTS

- The issue involved is about the denial of refund of accumulated/unutilized Cenvat Credit of Service Tax under Rule 5 of CCR, 2004 r/w Notification No. 27/2012-C.E. (N.T.)
 - The appellants herein are provider of Financial Investment Advisory Services to their overseas clients and the entire output services of the appellants were provided to their overseas clients and no part of the output services was provided to any client in India.
 - The two refunds claims were filed by the appellants for the period October 2016 to December 2016 and January 2017 to March 2017. However, the refund claim has been rejected on the grounds that the premises are not registered and also had failed to establish any nexus of the input services in issue with the export of service.
 - Thereafter, an order was issued by the Authorities disallowing the refund claim of the Petitioner.
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ISSUE

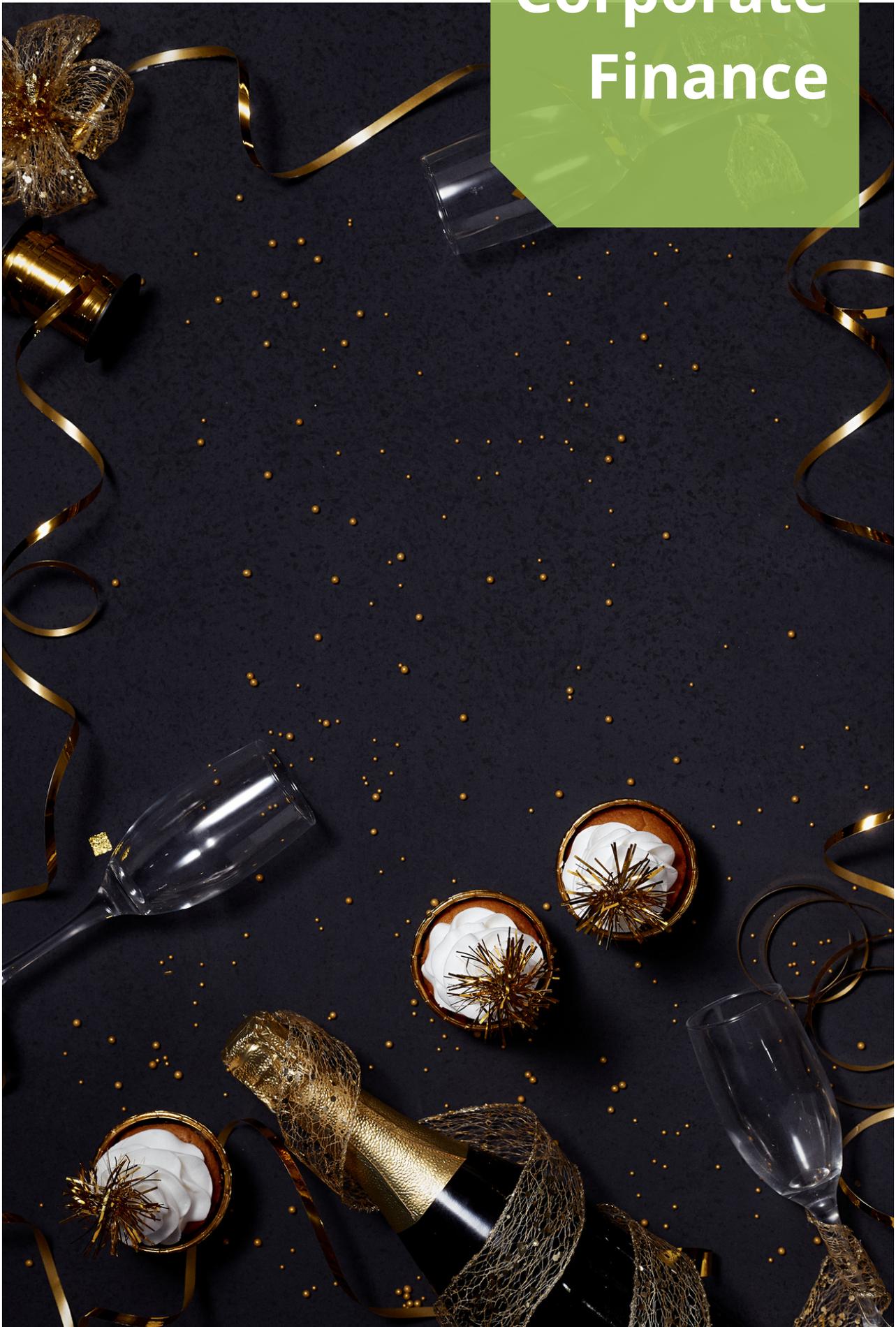
- Whether the authorities below have rightly rejected the refund claims in respect of the services exported out of India on the ground of being ineligible input services being no nexus with the output services.

HELD

- The Hon'ble Tribunal observed the amended Rule 5 w.e.f. 1-4-2012 does not provide for establishment of nexus between the input and the output services and the benefit of refund is to be extended only on compliance of the formula.
- The new scheme does not require the kind of correlation that is needed at present between exports and input services used in such exports. Duties or taxes paid on any goods or services that qualify as inputs or input services will be entitled to be refunded in the ratio of the export turnover to total turnover."
- Further, the department has not specifically objected to the fact of computation of export turnover to the total turnover
- The Hon'ble Tribunal set aside the impugned order and have found erred in the appeal of the authorities for rejecting the refund claim filed by the appellant. It further directed the refund is allowed with consequential relief, in accordance with law.



Corporate Finance



Poonawalla To Target Growth-Stage Firms With Rs. 1,000 Cr Fund

The Poonawalla Vision Fund, with a capital of \$1 billion, was established by the chief executive of Serum Institute of India with regulatory approval. An application for registration as a category-II alternative investment fund was submitted to the Securities and Exchange Board of India (SEBI) on September 29. (AIF). The application is being reviewed. AIFs in category II are those that only use borrowing or leverage to meet their day-to-day operational needs. Sector-focused, the fund will invest in growth-stage, unlisted businesses in industries like sustainability, healthcare, retail, and wellness. High net worth individuals (HNIs) and foreign portfolio investors (FPIs) pool their money through these investment vehicles in order to invest in unlisted firms. These can be acquired via loan or private equity, debt funds, real estate funds or distressed funds, among others. This will be Rs.1,000 crore of the family's capital, to begin with, the firm might look at raising from external investors at a later stage.

(Source: VC Circle, 19 December 2022)

Private Equity

Money View Bags \$75 Mn, Enters Soonicorn Club

Money View, a fintech company with headquarters in Bengaluru and run by WhizDM Innovations Pvt Ltd, raised \$75 million from UK-based asset manager Apis Partners as part of a Series E capital raise round, valuing the company at \$900 million. The round also included participation from current investors Tiger Global, Evolve, and Winter Capital. The money raised will be used to scale its core credit operations, increase hiring, and broaden the product line to include services like digital bank accounts, insurance, and asset management. According to its filing with the Registrar of Companies, Money View recorded a 4x increase in its revenue from operations in FY22, reaching Rs 253 crore, with a net profit of Rs 17.7 crore as opposed to a net loss of roughly Rs 47 crore in FY21.

(Source: VC Circle, 26 December 2022)



Suven Pharma Promoter To Sell 50.1% Stake To Advent

The Jasti family, who is the promoter of Suven Pharmaceuticals, will sell Advent International a 50.1% stake in the company for Rs. 6,313.08 billion. Through its management Kotak Mahindra Capital Firm Ltd., Advent International has declared an open offer to buy 26% more of the company from public shareholders. If fully subscribed, the offer would cost a total of Rs. 3,276.25 crore.

(Source: VC Circle, 26 December 2022)

Ola Founder Aims IPO Launch In Second Half Of Next Year

According to Bhavish Aggarwal, the company's founder and group CEO, Ola Cabs, the cab aggregator platform sponsored by Ola SoftBank and operated by ANI Technologies Pvt Ltd, will likely launch its initial public offering (IPO) in the second half of the upcoming fiscal year. The ride-sharing company located in Bengaluru had originally planned to go public earlier this year, but it was delayed due to erratic equity markets and unreliable macroeconomic conditions.

(Source: VC Circle, 23 December 2022)

General Atlantic Raises \$3.5 Bn to Invest In Climate Change Fight

BeyondNetZero, a private equity division of General Atlantic, said that it has raised \$3.5 billion to support businesses that will aid in the worldwide fight against climate change. In order to launch its first fund, General Atlantic gathered \$2.6 billion from institutional investors, including sovereign wealth funds and international corporations. BeyondNetZero chairman John Browne told Reuters that existing General Atlantic funds will provide an extra \$900 million.

(Source: VC Circle, 20 December 2022)

Investcorp To Lead \$45 Mn Round In Wakefit At ₹2.5K Cr Valuation

A nearly \$45 million round of equity fundraising in the mattress manufacturer and home solutions company Wakefit Innovations Pvt. Ltd. will be led by Bahrain's alternative investment firm Investcorp. Sequoia Capital India, one of Wakefit's current investors, will also take part in the round. A primary infusion would be used to make the transaction, which has a post-money valuation of Rs. 2,500 crore. The money will be used by Bengaluru-based Wakefit primarily for growth and to repurchase employee stock options, though it may potentially look to buy smaller businesses.

(Source: VC Circle, 20 December 2022)

Venture Capital

WeWork India Raises Rs 550 Cr

WeWork India, a provider of workspace, has received Rs 550 crore (\$66.5 million) from private loan platform BPEA Credit to support growth aspirations. The company began operating in India in 2017 and now has 41 locations spread throughout six of the country's largest cities, including Bengaluru, Mumbai, Gurugram, Noida, Hyderabad, and Pune. WeWork India is a joint venture between WeWork International and commercial real estate giant Embassy Group, which holds the controlling interest in the company. Currently, WeWork India has more than 62,000 members and 6 million square feet of space. 70% of the companies in its portfolio include names like 3M, Khaitan & CO, Honeywell, Dyson, and Kia. Small and medium businesses, freelancers, and startups make up about 30% of the population.

(Source: VC Circle, 26 December 2022)

Shikhar Dhawan's New Venture Scouts For Sports Tech Firms To Make Early-Stage Bets

In order to make early-stage investments, cricketer Shikhar Dhawan's new venture capital firm, Da One Global Ventures, is looking for sports tech startups around the world. It will begin allocating cash in the first quarter of the upcoming fiscal year. According to Shikhar Dhawan, the investments made by the Abu Dhabi-based fund would be between \$500,000 and \$5 million. The worldwide fund was established this month during the Abu Dhabi Finance Week. It aims to raise \$50 million from investors with the option of keeping additional pledges of up to \$25 million. Da One Global Venture seeks to make investments in both seed and series A rounds. In essence, 80% of investments in startups will take the form of syndication, with 20% of deals going solo.

(Source: VC Circle, 27 December 2022)

Waterfield Advisors' Fund Of Funds Fetches Rs 540 Cr

The first fund of funds (FoF) from family offices, ultra-high net worth individuals, and institutional investors reached its ultimate closure at Rs. 540 crore, according to Waterfield Advisors, a wealth consulting firm with offices in Mumbai and Goa. Waterfield intends to start its second fund-raising round with a \$250 million corpus and anticipates closing the first round in the first half of 2023. The inaugural Fund of Funds intends to invest 70% of its resources in VC and PE funds; the remaining 30% will be used to make direct investments in startups in the financial services, consumer goods, healthcare, and technology industries.

(Source: VC Circle, 07 December 2022)

Chargebee's Backers Eye Exit At \$1.5 Bn Valuation

Chargebee, a software as a service (SaaS) provider with a fintech focus, has early-stage investors who are looking to sell a portion of their share and are in talks with potential and current institutional buyers. The share is being offered by the early investors for as little as \$1.5 billion at a severe discount. The subscription management platform Chargebee, valued at \$3.5 billion, raised \$250 million in a funding round headed by Tiger Global and Sequoia Capital in February. Chargebee's worth increased by a factor of two in just nine months after it turned into a unicorn in April 2021. The business has so far received \$468 million in equity capital from investors.

(Source: VC Circle, 15 December 2022)

Xpedeon Raises Up To \$10 Million

Private equity company Norwest Venture Partners has invested up to \$10 million in construction software supplier Xpedeon. Vakharia and his wife Seema Vakharia established the Mumbai-based company Xpedeon in 1994. Xpedeon is currently run by Algorithms Software. The business offers an entirely integrated enterprise resource planning solution to the global engineering and construction sector. Beyond the markets in India, the United Arab Emirates, Oman, Saudi Arabia, and the United Kingdom, Xpedeon plans to use the funding to expand geographically in the USA and Asia Pacific.

(Source: VC Circle, 16 December 2022)

Mergers & Acquisition

JK Cement's Pains Arm To Acquire Acro Paints

For Rs 153 crore, JK Paints and Coatings Ltd, a wholly owned subsidiary of JK Cement Ltd., would purchase a 60% interest in Acro Paints Ltd. Over the course of a year, the remaining 40% stake will be purchased. With the acquisition, JK Cement will be able to extend its product line, enter new markets, and enter the paints industry. It will bring product formulations and manufacturing capabilities that can be scaled up to fulfil the business plan goals for JK Paints & Coatings over the next years. Additionally, the acquisition would present a chance to enter the expanding market for construction chemicals and waterproofing goods.

(Source: VC Circle, 22 December 2022)

Aditya Birla Fashion And Retail Leads Race For TCNS Stake

Reliance Retail, Nykaa, Aditya Birla Fashion and Retail Ltd. (ABFRL), Trent, and private equity investors TPG Capital have all expressed interest in acquiring a majority stake in TCNS Clothing Ltd., the owner of the well-known womenswear brands W and Aurelia. ABFRL has emerged as the front-runner to do so. Aditya Birla is in advanced discussions to purchase a 51% ownership in TCNS Clothing, which comprises the 29% investment held by private equity investor TA Associates, a portion of the promoter stake, and the stock held by the general public in a subsequent open offer. The business will continue to be run by the current professional management, and the promoters will also continue to own a portion of the company.

(Source: VC Circle, 26 December 2022)

Tata Communications Arm To Acquire US-Based CDN For \$59 Mn

Switch Enterprises, a US-based media service provider, has agreed to be entirely acquired by telco player Tata Communications for a cash payment of \$58.8 million (around Rs 486.3 crore). As part of the transaction, through its wholly-owned subsidiaries, Tata Communications (Netherlands) B.V., a wholly-owned indirect subsidiary of Tata Communications Limited, will acquire assets of the subsidiaries of Switch Enterprises, LLC based in Canada, the United States of America, and the Unit. Tata Communications (Netherlands) B.V. has entered into a membership investment purchase agreement to acquire 100% equity stake in Switch Enterprises, LLC, a target company in the United States of America. Regulations must approve the acquisition.

(Source: VC Circle, 22 December 2022)

V-Guard To Acquire Sunflame Ent For Rs 660 Cr

Major manufacturer of consumer electronics and electrical products V-Guard Industries (V-Guard) stated that it will pay Rs. 660 crore to acquire a 100% share in Sunflame Enterprises Private Ltd. The acquisition is consistent with V-plan Guard's to become a prominent player in the domestic kitchen appliances category and is anticipated to close by mid-January 2023. SEPL's sunflame brand is active throughout all of India.

(Source: VC Circle, 09 December 2022)



Corporate & Legal



In this edition we have tried to bring your notice the latest amendment Circulars that followed in the month of December, 2022 issued by MCA, RBI, SEBI, DIPP and others.

1.Circular by SEBI:

Introduction of Investor Risk Reduction Access (IRRA) platform in case of disruption of trading services provided by the Trading Member (TM) .

Capital markets regulator has introduced an Investor Risk Reduction Access (IRRA) platform in respect of disruption of trading services provided by the Trading Member (TM) with effect from 30th December, 2022. There are many issue raised in securities market like dependence on technology which ultimately rise in instances of glitches in trading members' systems, some of which lead to disruption of trading services and investor complaints. In such instances, investors with open positions are at risk of non-availability of avenues to close their positions, particularly if markets are volatile. So, SEBI provide a platform to the Investor.

To read more:

https://www.sebi.gov.in/legal/circulars/dec-2022/introduction-of-investor-risk-reduction-access-irra-platform-in-case-of-disruption-of-trading-services-provided-by-the-trading-member-tm-_66785.htm |

2.FEMA:

FEMA Foreign Investment in India - Rationalisation of reporting in Single Master Form (SMF) on FIRMS Portal (January 04, 2023)

The Reserve Bank of India has issued notification for rationalisation of reporting in SMF on FIRMS Portal. It is advised that the following changes are being implemented with respect to the reporting of foreign investment in SMF on FIRMS portal: i. The forms submitted on the portal will be auto-acknowledged. The AD banks shall verify the same within five working days based on the uploaded documents, as specified. ii. In cases of delayed reporting, the AD banks shall either advise the Late Submission Fee (LSF) to the applicants, which will be computed by the system or advise for compounding of contravention, as the case may be. For detailed guidelines, the FIRMS manual available at <https://firms.rbi.org.in> may be referred to, and the version of manual available at the portal will have the finality in case of any mismatch.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12433&Mode=0>

3.Technology and Automation IIT Roorkee and AIIMS Delhi develop SwasthGarbh app for pregnant women (December 27, 2022)

Under the Prime Minister Swasth Bharat Mission, researchers at IIT Roorkee have developed a new application for pregnant women called 'SwasthGarbh'. The new app is designed to provide antenatal care and real-time medical support to pregnant women. While there are a lot of apps to help women during pregnancy, most of these provide only pregnancy-related information and lack the involvement of professional clinicians. In contrast, SwasthGarbh is the first pregnancy app that gives users access to a doctor when needed. Available for free on the Google Play Store, the app can assist pregnant women with hospital visits by reminding them when they are due and what tests they have to go through and supports various languages.

For details:

<https://indianexpress.com/article/technology/tech-news-technology/aiims-delhi-and-iitroorkee-develop-swasthgarbh-app-pregnant-women-8346589/>

Tax Calendar



January 2023 - Tax Calendar

7TH JANUARY

Due date for deposit of Tax deducted/ collected for the month of December 2022.

14TH JANUARY

Due date for issue of TDS certificate for Tax deducted under section 194-IA, 194-IB, 194M in the month of November, 2022.

15TH JANUARY

Due date for furnishing quarterly statement of TCS for the quarter ending 31st December, 2022.

30TH JANUARY

Due date of furnishing of challan- cum- statement in respect of tax deducted under section 194M in the month of December, 2022.

31ST JANUARY

Due date of furnishing quarterly statement of TDS for the quarter ending 31st December, 2022.

31ST JANUARY

Due date for intimation under section 286(1) in Form No. 3CEAC, by a resident constituent entity of an international group whose parent is non- resident.





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