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India

GGI
INDEPENDENT MEMBER



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EDITORIAL

Dear Readers,

During the month of March 2022, we are pleased to have expanded the team of RNM UK with the addition of CA. Vivek Shah at the London office brings 20 years of experience. Mr Raghu Marwah, CEO of RNM India was present in London to explore further growth avenues thru RNM UK in the UK market which is going thru a post covid bounce back.

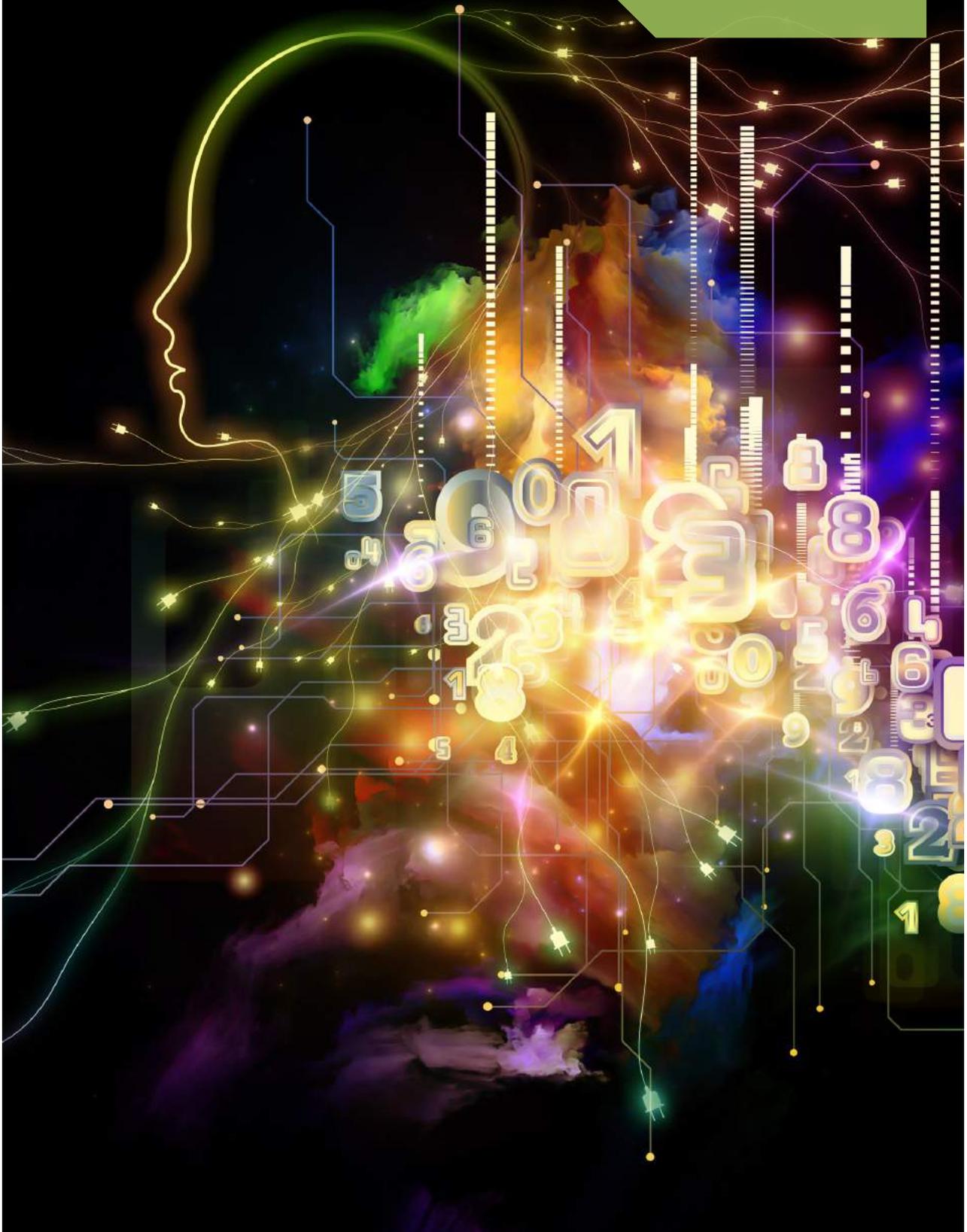
The Finance Act 2022 received the assent of the President and was published in the Gazette on March 30, 2022, with 39 amendments from the original Finance Bill 2022 tabled last month. The computation of tax on income arising from transfer of Virtual Digital Asset (VDA) has got a lot of spotlight wrt set off of losses of one

category of VDA with income from another or the same category of VDA.

We would like to take this opportunity of wishing our esteemed readers a very Happy Ram Navami on 10 April 2022 and on this occasion pray that Lord Ram restores peace and tranquillity on planet Earth.

*CA U N Marwah
Chairman- RNM India*

Internal Audit



ARTIFICIAL INTELLIGENCE: NEED OF THE HOUR

THE PHASE IS OF ARTIFICIAL INTELLIGENCE AUDITORS, IT'S HIGH TIME TO ENVISAGE Its RELEVANCE

LET'S APPLY THIS CONCEPT TO CONDUCT AN AUDIT WITH THE DUE DILIGENCE

Over the last few years, there has been a tremendous increase in the no of organizations: small or large, domestic or MNCs. With the operation & processes going countless, it calls for the application of AI tools.

AI has led to the creation of Next-generation workplace that thrives on seamless collaboration between enterprises and individuals. On one hand, where AI is praised for being a boon to entrepreneurs, at the same time, it is criticized too for replacing human intelligence.

But one needs to understand that human resources are not made obsolete with the introduction of AI in working rather their efforts are bolstered by emerging tech.

COMING TO AUDITOR'S PERSPECTIVE:

An auditor holds a unique assurance whose work highlight gaps in compliance, quality etc. Auditor's scope is broad & includes a variety of areas like:

- Review of policies & procedures
- Check application & authenticity of controls whether IT or Manual
- Adherence to applicable laws & regulations
- Physical verification and much more

Auditors' responsibility isn't only restricted to analysing the operations & systems instead he/she is expected to foresee potential future opportunities, risks & give insight before any issue actually arise.



AS PER STUDY the 5 mega-industries that rely upon AI are Manufacturing, Healthcare, Advertising, Transportation & E-commerce. Auditing such industries which are heavily regulated become a challenge for auditors to timely generate Audit Reports. LET'S have a glance at some of the challenges that an internal auditor faces:

- As a result of the high volume of report data, the RICH DATA POOR INFORMATION situation is emerging across the audit portray.
- The internal auditor needs to be updated with the recent technology risks & control to perform the audit.
- With the pressure to deliver quickly, assessments discussed within the report are routinely based leading to a lack of coverage.
- Reviewing a large enterprise control environment is expensive and time-consuming.
- The internal audit & risk management function evaluate areas with high risks while ignoring low-risk areas.

Thus it's indeed important to understand the emphasis of AI tools in audits. Let's have a look at how AI can be a **GAME-CHANGER for** the auditor.

ARTIFICIAL INTELLIGENCE IN ACCOUNTING:

- AI processes documents in real-time using natural language processing and computer vision to generate reports also in real-time. Such reporting provides insight, ensuring that the enterprise can be proactive and change course if necessary.
- Machine Learning (ML) algorithms scrutinize voluminous data, identify potential fraud issues, and flag them for review to avoid loss of revenue
- Use of AI in accounting help to analyze & automate document handling processes and manage regulatory compliance.

ASSISTING WITH AUDITING & COMPLIANCE

- The use of AI can help corporate finance stay compliant with regulations, laws & acts, especially in heavily regulated industries such as healthcare, energy etc.
- AI-enabled systems can automatically read and complete compliance documents, file paperwork.
- Besides these AI algorithms prove useful to keep a track of income & expenses.
- AI algorithms also help the auditor calculate ROI.

- Machine learning algorithms learn acceptable patterns that help to potentially detect fraud. Such activity can be easily forwarded for further follow-up & review.

BUT ONE THING TO CONSIDER

If they're pros then definitely leave space for cons as well:

- Blind adoption of AI in audits could lead to reputational risk in the event of AI failures.
- Staff training for the properly & smooth functioning of AI is expensive as well as time-consuming.
- There is assurance but no guarantee that all sets of controls will be identified by the AI algorithm.
- Supervised learning is suspected to experience biasness.
- Often there comes info that is outside the audit report & working papers thus with the application of AI, such information become out of reach.

RESULT: WHETHER TO GO AUTOMATED OR NOT

On surveying the pros and cons of AI, it is recommendable to integrate audit with artificial intelligence. No doubt that cons do exist but can be mitigated. The things which could make it a hit show are efforts, cooperation and support from auditors.

Auditors are suggested to streamline themselves with the existing and upcoming AI tools to accomplish their objective in real-time. So we shall welcome AI in audits and automate required workings.

LET'S GO AUTOMATED

LET'S GO SEAMLESS AND LET'S PROGRESS TOGETHER



Accounting Standard Alert



A summary of few clauses in CARO, 2020 and consequential amendment in Schedule III, issued by ICAI

In February 2020, MCA notified the new CARO 2020, thereby, replacing the erstwhile CARO 2016. The new CARO 2020 has introduced a number of new or modified reporting requirements to be fulfilled by the auditors such as revaluation of property, plant, and equipment (including the right of use assets) or intangible assets, Benami property, working capital limits on basis of security of current assets, granting loans or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment, undisclosed income, company declared as wilful defaulter, material uncertainty in meeting liabilities, CSR activities.

Further, the Ministry of Corporate Affairs (MCA) has amended Schedule III of the Companies Act 2013 on 24th March 2021 with an objective to increase transparency, provide additional disclosures to users of financial statements, and assist the management of companies to provide various disclosures pertaining to new clauses of CARO 2020.

In order to fulfil the requirements and expectations, as sought via such amendments, it is suggested to read CARO 2020 in conjunction with the corresponding amendments made in Schedule III to the Companies Act, 2013 for presentation and disclosure requirements stated therein and perform the audit procedures accordingly.

Keeping in view the above requirement on part of the auditor, Guidance Note on the Companies (Auditor's Report) Order, 2020 had already been issued by ICAI providing detailed guidance on various clauses of CARO 2020 and various issues and intricacies involved therein. However, pursuant to the amendment in Schedule III, a comprehensive revision of the Guidance Note on CARO 2020 is being initiated by ICAI.

Whereas, a summary related to some of the clauses in CARO 2020 and consequential amendments to Schedule III to the Companies Act, 2013 has been provided by way of Annexure.

Sr. No	Summary of reporting requirements under CARO 2020	Summary of disclosures requirements under Schedule III to the Companies Act, 2013	Remarks
1	<p>Whether the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company. If not, provide prescribed details [Clause 3(i)(c)]</p>	<ul style="list-style-type: none"> • Disclosure of details of title deeds of immovable properties (excluding leased properties) not held in the name of the company in the prescribed format. • Disclose company's share - if jointly held 	
2	<ul style="list-style-type: none"> • Whether the company has revalued its property, plant and equipment (PPE) (including right of use assets) or intangible assets or both during the year, • If so, whether the revaluation is based on the valuation by a registered valuer; specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of PPE or intangible assets [Clause 3(i)(d)] 	<p>Disclosure regarding revaluation of PPE/ intangible assets:</p> <ul style="list-style-type: none"> • Amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of PPE/ intangible assets) • Whether revaluation is based on valuation by a registered valuer defined under the Companies Act, 2013 	

3	<ul style="list-style-type: none"> Whether any proceedings have been initiated/ pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, If so, whether the company has appropriately disclosed the details in its financial statements. [Clause 3(i)(e)] 	<p>Disclosure prescribed for proceeding initiated/ pending for holding any benami property.e.g.:</p> <ul style="list-style-type: none"> Details of such property and amount thereof Details of beneficiaries If property is in the books, then reference to item in balance sheet If property is not in the books, then the fact with reasons Details of proceedings Nature of proceedings, status of same and Company's view 	
4	<p>Whether during any point of time of the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details; [Clause 3(ii)(b)]</p>	<p>In case of borrowings from banks or financial institutions on the basis of security of current assets, disclose whether quarterly returns/statements of current assets filed with banks or financial institutions agree with books of accounts, If not, adequately disclose summary of reconciliation and reasons of material discrepancies</p>	<p>CARO 2020 prescribes reporting relating to sanctioned working capital limits in excess of five crore rupees, in aggregate. However, disclosure requirements under Schedule III to the Companies Act, 2013 are not limited to working capital but cover all borrowings. Further, no monetary threshold has been prescribed under Schedule III to the Companies Act, 2013 while making this disclosure.</p>

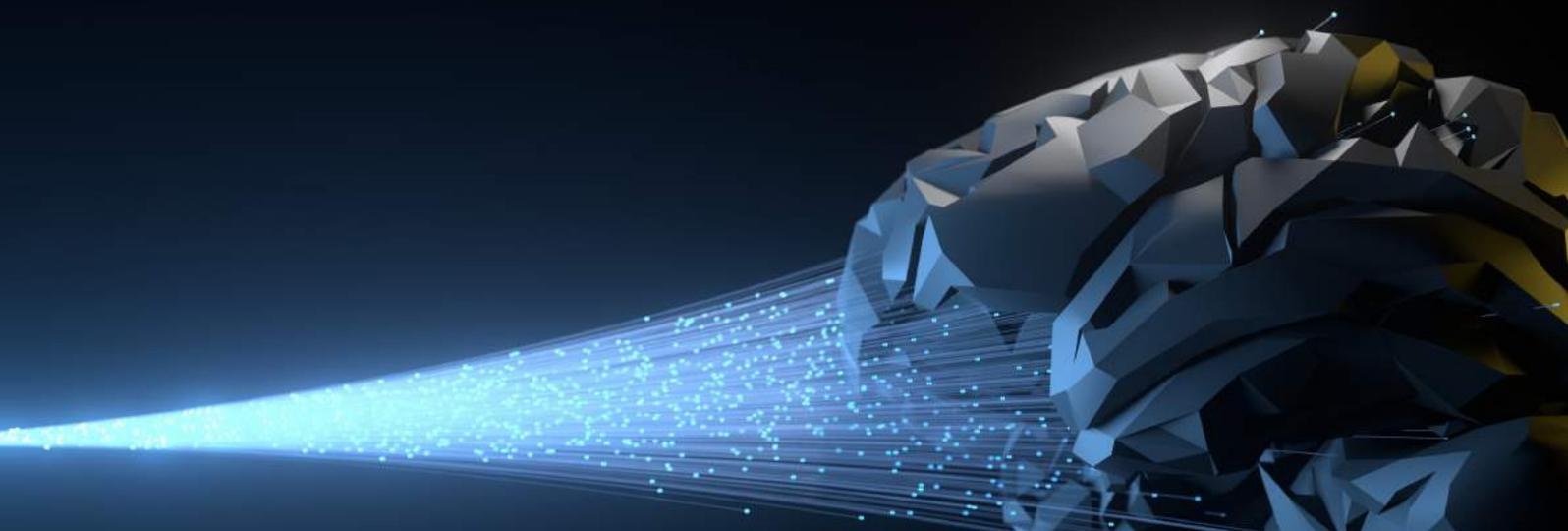
5	<p>Whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in section 2(76) of the Companies Act, 2013 [Clause 3(iii)(f)]</p>	<p>Disclosure to be provided in prescribed format where loans/ advances in the nature of loans are granted to promoters, directors, key managerial personnel and related parties, either severally or jointly with any other person, that are:</p> <ul style="list-style-type: none"> • Repayable on demand or • Without specifying any terms or repayment period 	<p>CARO 2020 additionally requires percentage of loan granted. Further, in Schedule III to the Companies Act, 2013, loans and advances given to promoters, directors, KMP and other related parties are considered, whereas in CARO 2020, if loans and advances are given to other than related parties, these are also to be included. So, reporting requirements in CARO 2020 are wider as compared to Schedule III to the Companies Act, 2013.</p>
6	<p>Whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, if so, whether the previously unrecorded income has been properly recorded in the books of account during the year [Clause 3(viii)]</p>	<ul style="list-style-type: none"> • Details of transaction not recorded in the books of accounts that has been surrendered/ disclosed as income during the year in the tax assessments (e.g. search), unless there is immunity for disclosure under the scheme • Disclose whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year 	



7	Whether the company is a declared wilful defaulter by any bank or financial institution or other lender [Clause 3(ix)(b)]	<ul style="list-style-type: none"> • Disclose following if the company is a declared wilful defaulter by any bank/ financial institution / other lender: • Date of declaration as wilful defaulter • Details of defaults (amount and nature of defaults) 	<p>CARO 2020 additionally requires percentage of loan granted. Further, in Schedule III to the Companies Act, 2013, loans and advances given to promoters, directors, KMP and other related parties are considered, whereas in CARO 2020, if loans and advances are given to other than related parties, these are also to be included. So, reporting requirements in CARO 2020 are wider as compared to Schedule III to the Companies Act,2013.</p>
8	Whether term loans were applied for the purpose for which the loans were obtained;if not, the amount of loan so diverted and the purpose for which it is used may be reported[Clause 3(ix)(c)]	<ul style="list-style-type: none"> • Where borrowings from banks and financial institutions not used for the specific purpose for which it was taken at the balance sheet date – company to disclose details of where they have been used 	<p>CARO 2020 prescribes reporting on term loans from any party. However, disclosures under Schedule III to the Companies Act, 2013 are not limited to term loans but cover all borrowings. Further, disclosures under Schedule III to the Companies Act, 2013 have been prescribed only for borrowings from banks and financial institutions.</p>



9	<ul style="list-style-type: none"> On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date [Clause 3(xix)] 	<ul style="list-style-type: none"> Disclosure of certain ratios including current ratio, debt-equity ratio, debt service coverage ratio, capital to risk-weighted assets ratio Explain items included in numerator and denominator Explain any change in the ratio by more than 25% as compared to previous year 	<p>CARO 2020 requires the auditor to comment on material uncertainty in payment of liabilities on basis of the financial ratios and other prescribed matters. However, Schedule III to the Companies Act, 2013 requires disclosure of certain ratios.</p>
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Direct Tax



- **Loss from one Virtual Digital Asset (VDA) cannot be set off against income from another VDA.**

In our February month's tax alert we mentioned the new scheme of taxation on virtual digital assets and also brought up the issue regarding the set-off of loss from one VDA with income of another VDA.

Relevant extracts of the February tax alert:

"Whether the loss from the transfer of virtual digital assets can be set off from the income earned from the transfer from virtual digital assets? Pertinent to note that, there is no corresponding amendment in the provision relating to set off and carry forward of the losses."

To make this clear, the Finance Bill (Lok Sabha) has omitted the word "other" from clause (b) of sub-section (2) of section 115BBH.

Thus, in simple words, any loss arising from the transfer of VDA would be a dead loss. It will not be allowed to be adjusted even against income arising from the transfer of another VDA (whether of the same category or not).

- **Return of loss filed under section 139(3) can also be updated**

The Finance Bill (Lok Sabha) has inserted the fourth proviso to section 139(8A) to provide that where a person has furnished a return of loss under section 139(3), he shall also be allowed to furnish an updated return. However, such an updated return should be a return of income.

In other words, the updated return should not be a return of loss and it should be a return of income only.

Further, no simultaneous amendments have been made in provisions of penalty under the Act. For the just and reasonable cause immunity from penalty should have been provided in case of updated return as that could have supported the proposition of suo-moto filing of updated return.

- **Restriction on the filing of updated returns in case of search, survey or requisition**

Situations under which an updated return cannot be filed have been listed in the first, second and third provisos to section 139(8A).

The Finance Bill (Lok Sabha) substitutes the words "two assessment years" with "any assessment year" in the second proviso.

A person falling under the second proviso to section 139(8A) i.e., cases of search, survey and requisition shall not be able to file the updated return for the previous year in which action (i.e., search, survey, or requisition) is made and for any preceding previous year.

- CBDT extends the date of passing order u/s 26(3) of The Benami Act if the limitation period falls between 20-03-2020 to 30-06-2021 till 30-09-2022.

Important Judicial Precedents

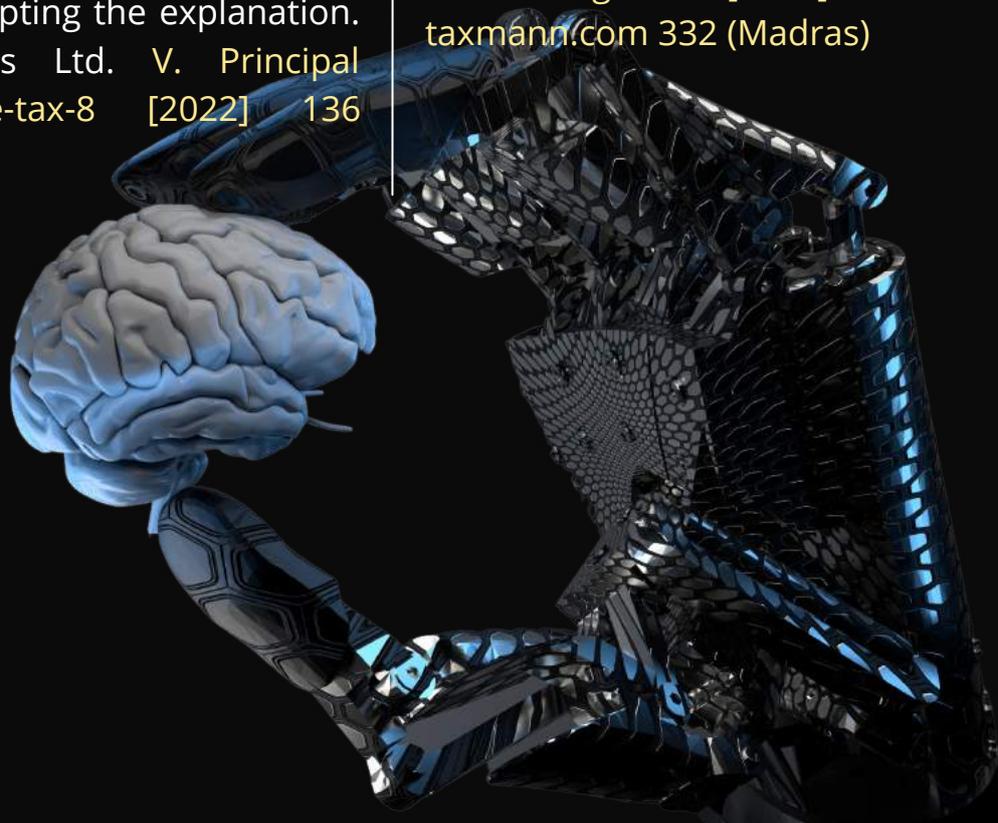
1. Revision powers u/s 263 cannot be invoked merely because AO did not give specific reasons for accepting the assessee's detailed submissions.

- Mere non-mention of reasons for accepting the assessee's detailed submissions does not make the assessment order erroneous and prejudicial to the interest of revenue.
- Where the specific issue raised in the revision order was specifically looked into, detailed submissions were made and these submissions were duly accepted by the Assessing Officer, PCIT cannot invoke powers of revision u/s 263 merely because the Assessing Officer did not write specific reasons for accepting the explanation of the assessee cannot be reason enough to invoke powers under section 263. Mere non-mentioning of these reasons does not render the assessment order "erroneous and prejudicial to the interest of the revenue". As long as the action of the Assessing Officer cannot be said to be lacking bonafide, his action in accepting an explanation of the assessee cannot be faulted merely because it could have been lawful to make merely detailed inquiries or because he did not write specific reasons of accepting the explanation. **Reliance Payment Solutions Ltd. V. Principal Commissioner of Income-tax-8 [2022] 136 taxmann.com 277.**

2. Where HC's appellate jurisdiction is based on the substantial question of law, HC cannot interfere with facts sans any perversity

The findings of the Court below are not perverse & give rise to no substantial question of law, where the Court below took into consideration all the facts and circumstances cumulatively and found that the sale deed dated 26-6-1930 is not a Benami transaction and such finding was arrived at after taking into consideration all the six circumstances which was given as a guide by the Hon'ble Supreme Court and after properly analysing the oral and documentary evidence.

[J.Thulasirama Reddy V. B.Shanmugam [2022] 136 taxmann.com 332 (Madras)



3. If reassessment notice is e-mailed to the assessee after the time limit, it is time-barred though it was digitally signed by AO within the time-limit

- Date of digitally issued notice is the date on which it is issued through e-mail, not the date of AO's digital signature
- Mere digitally signing the notice is not the issuance of notice. The point of time when a digitally signed notice in the form of an electronic record is entered in computer resources outside the control of the originator i.e. the assessing authority shall be the date and time of issuance of notice under section 148 read with Section 149 of the Act, 1961. Since the impugned notice under Section 148 of the Act, 1961 was issued to the petitioner on 6-4-2021 through e-mail, therefore, the impugned notice for AY 2013-14 under section 148 of the Act, 1961 is time-barred.

[Daujee Abhushan Bhandar (P.) Ltd. V. Union of India [2022] 136 taxmann.com 246 (Allahabad)]

4. The powers of ITAT under Section 254(2) of the Act are only to rectify/correct any mistake apparent from the record. If the order passed by the ITAT was erroneous on merits, the remedy available to the Assessee was to prefer an appeal before the High Court. Therefore, as such, the order passed by the ITAT recalling its earlier order is beyond the scope and ambit of the powers of the Appellate Tribunal conferred under Section 254 (2) of the Act. [2021]

133 taxmann.com 41 (SC) Supreme Court of India-Commissioner of Income-tax (IT-4), Mumbai v. Reliance Telecom Ltd.



Indirect Tax



GST Calendar

Compliances for the month of April 2022

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

A. Negative blocking of Electronic Credit Ledger not allowed under Rule 86A of the Act | Samay Alloys India Private Limited | Gujarat High Court

Facts: Petitioner is engaged in the business of manufacturing and sale of MS Billets. Petitioner attempted to file their monthly return for September'21, wherein there was no ITC ledger balance with the Petitioner. Irrespectively, the portal displayed a message that the electronic credit ledger balance has been blocked and that a negative balance has been entered by the Revenue in the said ledger. Petitioner wants to file its return for the month of September'21 by claiming Input Tax Credit, they were required to pay additional output tax to the extent of negative balance appearing in the said ledger while filing their GST return. Accordingly, it means that the Petitioner would immediately be liable to pay an additional amount of tax equivalent to the negative block even without any adjudication if they would proceed to file such a return. Petitioner had requested for a reason to block the ITC in writing whereas the Respondent has overlooked their request. Further, Petitioner had deposited the said amount to the extent of Rs. 20 lakhs under protest with the Ex-chequer in order to file their GST returns.

Issue: Whether it is legal as per Rule 86A to block the electronic credit ledger and insert of negative balance when there is a nil balance in the credit ledger.

Held: Hon'ble High Court observed that Rule 86A of the CGST Rules is divided into two parts i.e., the opening part deals with the conditions required to be fulfilled in order to invoke the powers under the said rule and the second part provides for the consequences in case Rule 86A is invoked. Further, it observed the conditions to be fulfilled before the powers can be exercised by the Revenue, enlisted as below:

- Credit of input tax should be available in the electronic credit ledger;
- The Commissioner of an officer authorized by him should have reason to believe that such credit has been fraudulently availed or is ineligible;
- The reason to believe are be recorded in writing.

Hon'ble Court noted that blocking of credit in the said manner shall be tantamount to recovery even without adjudication. Further, that the Revenue is not remediless with respect to the alleged wrongful availment of the input tax credit and that The admissibility of input tax credit can be verified through the issuance of show-cause notice and, thereafter, with the adjudication of the liability. The authorities have ample powers of recovery including the power of provisional attachment under Section 83 of the CGST Act. However, the power under Rule 86A could not have been invoked in the absence of any credit balance in the Electronic Credit Ledger.

Hon'ble High directed the respondents to withdraw the negative block of the Electronic Credit Ledger at the earliest and held that the Revenue has no power of negative block for credit to be availed in future. It further held that the Petitioner is also entitled to the refund of Rs.20 Lakh deposited by them under protest to enable them to file their return and that the Respondents shall refund the said amount of Rs.20 Lakh to the Petitioner within a period of two weeks from the date of the receipt of the writ of this order

B. Food sold via take-away counters / parcel is not 'service' under erstwhile ST Regime - M/s Thalapakatti Hotels Private Limited | Madras High Court:

Facts: Petitioners run air-conditioned restaurants and were registered under erstwhile Service Tax regime for providing restaurant services, outdoor catering services and mandap-keeping services. Petitioner also undertakes sale of food at the take-away counter / by parcel. Further, Petitioner doesn't charge service tax on the said transaction considering them as sale of packaged food constitutes pure trading activity. Audit was undertaken by the Revenue and it was concluded by the Department that service tax shall be leviable on 'take away/parcel services' and hence tax liability needs to be discharged for the period upto June 2017 by the Petitioner.



Issue: Whether Service Tax shall be levied on food sold through 'takeaway counter / by parcels'.

Held: Hon'ble High Court observed the definition of Service tax under the erstwhile Service Tax regime which excludes the transfer of title in goods by way of sale. Further, the Hon'ble High Court noted that in most restaurants, there is a separate counter for collection of the take-away food parcels. Orders are received either over telephone, by e-mail, online booking or through a food delivery service such as Swiggy or Zomato. Once processed and readied for delivery, the parcels are brought to a separate counter and are picked up either by the customer or a delivery service. Further, the take-away counters are generally positioned away from the main dining area that may or may not be air-conditioned. Furthermore, in any event, the consumption of the food and drink is not in the premises of the restaurant. Hon'ble High Court set aside the order's passed by Revenue and held that the provision of food and drink to be taken away in parcels by restaurants is tantamount to the sale of food and drink and does not attract service tax under the Act.

C. Service Tax paid under RCM post submission of GST transitional claims shall be refundable u/s 142(3) | M/s Ganges International Private Limited | Madras High Court

Facts: Petitioner is registered under the erstwhile Service Tax regime and has procured mining rights from the State Government for which royalty was paid to Government. Petitioner has duly filed its last service tax return in the erstwhile regime for the quarter from April to June 2017 by the due date. Subsequently, during an audit conducted by CERA, it was pointed out to the Petitioner that service tax is payable on such royalty under the reverse charge mechanism. Petitioner, therefore, had paid the same along with interest. The petitioner being a service recipient in the instant service is entitled to a credit of service tax paid under reverse charge. However, Petitioner could not claim ITC on the said transaction through transitional credits forms i.e, TRAN-1 as the last date of filing of said forms was already elapsed. Subsequently, Petitioner had made an application (within the time limit) to the Revenue for ITC for a refund of the said amount, however, the said application being considered was rejected through Order issued by Revenue.



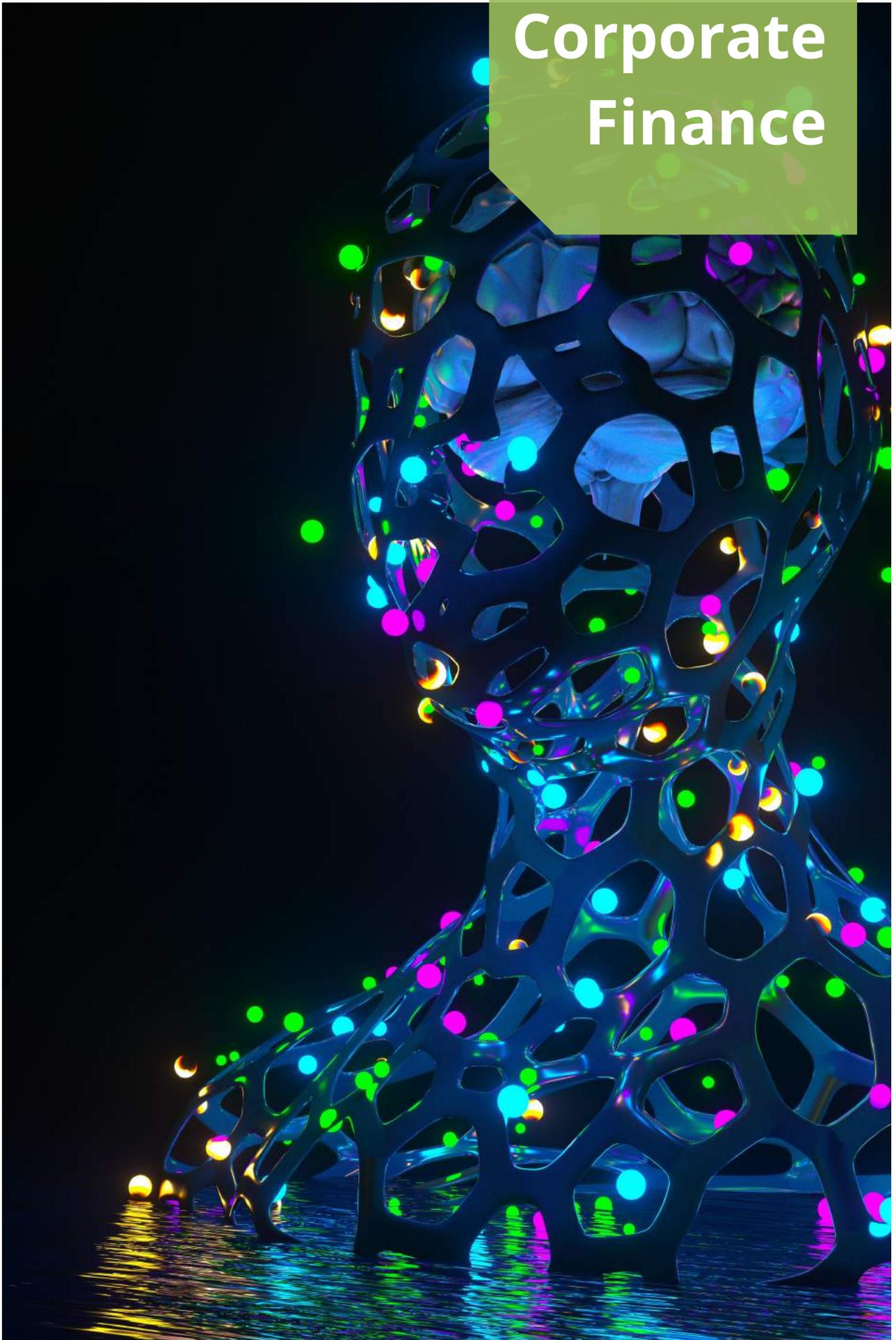
However, the Order recognized that the assessee is eligible for taking Cenvat credit of the amount so paid under Service Tax Rules. Furthermore, as there is no provision under the new GST regime to allow an ITC in an Electronic cash ledger such a plea made by the Petitioner for a refund of the ITC cannot be considered and refunded. Therefore, the claim was untenable and accordingly rejected.

Issue: Whether service tax paid can be claimed as ITC under the transition provisions of Section 142(3) of the CGST Act, 2017.

Held: Hon'ble High Court noted that without invoking Section 142(3) of the CGST Act, 2017, Petitioner shall be remediless in the current transaction. Accordingly, Hon'ble High Court had set aside the Order issued by Revenue and remitted back the matter to Revenue for reconsideration in terms of Section 142(3) of CGST Act, 2017 by invoking 'Doctrine of Necessity'.



Corporate Finance



Axis Bank to acquire Citi's consumer business in India for \$1.6 bn:

One of the leading private sector banks in India, Axis Bank has agreed to acquire Citibank's consumer business in India. The deal will be undertaken for INR 12,325 crore (\$1.62 billion), in an all-cash deal, which includes Citi's credit cards, retail banking, wealth management, and consumer loan business. Presently, Citibank caters to 3,000 corporate clients in India. It operates 35 branches serving 2.9 million retail customers with 1.2 million bank accounts. Axis, which has a retail book of nearly INR 4 trillion, will acquire about 3 million unique customers of Citibank India, seven offices, 21 branches and 499 ATMs across 18 cities. Citi entered India in 1902 and started the consumer banking business in 1985. India is among the six countries where Citi has shut down its consumer banking operations.

Here is some latest financial news on private equity, venture capital, and mergers & acquisitions:

Private Equity

Warburg Pincus acquires majority stake in Imperial Auto:

Stone Plant Investments B.V., (SPI), an affiliate of Warburg Pincus, a leading global private equity firm, has acquired a majority stake in Imperial Auto Industries Limited and its affiliated companies (Imperial group). Imperial, founded in 1969, is India's largest manufacturer of fluid transmission products (FTP) for automobile and off-highway sectors. As per the deal, Warburg will acquire a 70% stake in Haryana-based Imperial Auto Industries.

(Source: VC Circle, 09 March 2022)

Byju Raveendran infuses 50% of \$800 mn in the latest funding round; valuation up at \$22 bn:

Byju Raveendran, the co-founder and chief executive of eponymous Indian edtech giant Byju's, has invested USD 400 million (around Rs 3,060 crore) into the startup of a total of \$800 million (about Rs 6,100 crore) in the latest round of funding in the tech firm which pumped Byju's valuation at around USD 22 billion. The fundraising round was participated by investors Sumeru Ventures, Vitruvian Partners, and BlackRock.

(Source: VC Circle, 11 March 2022)

Premji Invest to pick 10% stake in Sagar Cements for Rs 350 cr:

Azim Premji's investment arm Premji Invest Opportunities Fund agreed to pick just over 10% stake in publicly-listed cement firm Sagar Cements Ltd for around INR 350 crore (around \$46 million). Although its core market is the Southern region, Sagar Cements has also expanded its market presence in East and Central India through its recent acquisitions. The Board of Directors of Sagar Cements in a meeting approved the issuance of 1,32,07,548 (1.32 crore) equity shares of face value of Rs. 2 each at an issue price of Rs 265/- per share on a preferential basis, to PI Opportunities Fund, an affiliate of Premji Invest, an investment arm of Azim Premji.

(Source: VC Circle, 25 March, 2022)

Vivriti Capital raises \$55 mn from existing investors:

Vivriti Capital Pvt. Ltd, a non-bank lender has announced USD 55 million (around Rs 400 crore) capital raising from its existing investors for its Series C round. The company is now said to be nearing the USD 1 billion unicorn valuation mark, but it did not disclose the exact valuation. The fundraising was led by Light rock India and Chicago-based Creation Investments.

(Source: VC Circle, 28 March 2022)

Brookfield acquires IL&FS headquarters for over \$140 mn:

Canadian investment firm Brookfield Asset Management Inc has acquired IL&FS (Infrastructure Leasing and Financial Services) for INR 1,080 crore (around \$143 million). IL&FS has managed to resolve INR 55,000 crore debt overall. Its total debt was INR 99,355 crore across 347 entities when the new board took over in 2018. Brookfield, which has been operating in India for over 11 years currently, manages \$20.6 billion in assets across infrastructure, real estate, and renewable energy.

(Source: VC Circle, 29 March, 2022)

Bain Capital to acquire 25% stake in IIFL Wealth; General Atlantic, Fairfax part exit:

Bain Capital, a private equity firm has agreed to acquire 24.98% equity stake in IIFL Wealth Management Limited for INR 3,680 crore (\$485.6 million). The transaction marks a partial exit for existing investors General Atlantic and Fairfax, as they will sell the bulk of their holdings to Bain Capital. Bain Capital is proposing to acquire 2.2 crore equity share constituting 24.98% stake in the Company at a price per share of Rs 1,661 per share.

(Source: VC Circle, 31 March, 2022)

Venture Capital

Salesforce Ventures, others invest \$50 mn in Atlan:

Data intelligence startup, Atlan Pvt Ltd, has raised \$50 million in its Series B round. Salesforce Ventures, Insight Partners, and Sequoia Capital India participated in the funding round. The company now has a post-money valuation of USD 450 million with a jump of 4.5x from its last Series A fundraise in May 2021. The company plans to use this funding to expand its team across all functions & accelerate its go-to market strategy and facilitate an ESOP buyback of up to USD 1.5 million.

(Source: VC Circle, 09 March, 2022)

Tiger Global-backed Money View scoops up \$75 mn in Series D round:

Bengaluru headquartered fintech platform, Money View, operated by Whizdm Innovations Pvt Ltd, has raised USD 75 million (Rs 576 crore) as part of its series D funding from Dubai-based Winter Capital and Evolve India. The company's existing investors- Tiger Global and Accel also participated in the fundraise. The company is now valued at USD 625 million post the transaction.

(Source: VC Circle, 09 March, 2022)

Ador Group arm buys Root Ventures-backed grooming brand Coccoon:

1908 E-ventures Pvt. Ltd, an arm of Ador Group founded in 2019, acquired the personal care brand Coccoon. Financial details of the deal were not disclosed. The 114-year-old Ador Group has diversified businesses with over 40 years of experience in the manufacturing and distribution of skincare & personal care products. The Company said it plans to build on its clean beauty platform-led 'house of brands' strategy with the acquisition of Coccoon.

(Source: VC Circle, 09 March, 2022)

CommercelQ turns unicorn with \$115 mn funding led by SoftBank Vision Fund 2:

Retail e-commerce management platform CommercelQ, has raised USD 115 million (around Rs 874 crore) in Series D funding led by SoftBank Vision Fund 2. The round also saw participation from all the existing institutional investors: Insight Partners, Trinity Ventures, Shasta Ventures, and Madrona Venture Group. CommercelQ, which is operated by Boomerang Commerce Inc, plans to use the fresh capital for expanding its business in India & widen its global footprint, and to ramp up its unified retail ecommerce management platform.

(Source: VC Circle, 21 March, 2022)

PV cell maker Jupiter snags Rs 170 cr from Edelweiss Group:

Photovoltaic (PV) cell manufacturer, Jupiter International, has raised INR 170 crore (\$22.2 million) from funds managed by Edelweiss Alternative Asset Advisors Ltd (EAAA). The fundraise includes debt and convertible instruments. The company will use the fresh funds to grow its 500 MW cell line based on the latest Monocrystalline PERC (Mono PERC) technology in Himachal Pradesh.

(Source: VC Circle, 14 March, 2022)

OfBusiness lending arm Oxyzo turns unicorn with largest-ever Series A funding:

Oxyzo Financial Solutions Pvt Ltd, the lending arm of SoftBank-backed B2B ecommerce startup OfBusiness, has turned unicorn after raising its first external funding of USD 200 million. The funding round was led by Alpha Wave, Tiger Global Management, Norwest Venture Partners, Matrix Partners and Creation Investments. The funds will be used to expand Oxyzo's broader digital financial services play by scaling the supply chain marketplace, launching fixed income products for the SME space.

(Source: VC Circle, 23 March, 2022)

Licious secures \$150 mn in extended Series F round:

Meat delivery and D2C start-up Licious, operated by Delightful Gourmet Pvt Ltd, raised USD 150 million (Rs 1,146 crore) in an extended Series F round of funding led by Singapore-based Amansa Capital for business growth. Kotak PE and Axis Growth Avenues AIF-I also participated in the latest funding round. Licious became the first unicorn in the direct-to-consumer (D2C) space. The company's existing investors also participated in the round along with prominent angel investors including Nithin & Nikhil Kamath, Aman Gupta and Haresh Chawla.

(Source: VC Circle, 15 March, 2022)

Virat Kohli invests in Sixth Sense Ventures-backed Rage coffee:

Ace cricketer Virat Kohli, has joined fast-moving consumer products brand Rage Coffee which started in 2018 as a direct-to-consumer brand as an investor and brand ambassador. Rage coffee is giving tough competition to established instant coffee brands through its digital marketing campaign. Rage Coffee manufactures, markets, and distributes packaged coffee products. Rage coffee sells a wide range of plain and flavoured instant coffee mixes apart from coffee in cold brew bags, liquid coffee and sachets.

(Source: VC Circle, 23 March, 2022)

Mergers & Acquisition

KKR to buy Japanese real estate asset manager for \$2 bn:

KKR & Co is set to buy Japanese real estate asset manager Mitsubishi Corp-UBS Realty Inc (MC-UBSR), one of the largest real estate asset managers in Japan for USD 1.94 billion. The deal will deepen U.S. private equity firm's presence in Japan. MC-UBSR which was founded in 2000 as a joint venture between the two companies has JPY 1.7 trillion (Japanese Yen) in assets under management.

(Source: VC Circle, 17 March, 2022)

Walmart-owned PhonePe buys freelance micro-entrepreneurs network GigIndia:

Walmart owned fintech firm PhonePe Pvt Ltd has acquired Explorium Innovative Technologies Pvt Ltd, which owns and operates GigIndia, the country's leading network for freelance micro-entrepreneurs for an undisclosed amount. GigIndia which has 1.5 million entrepreneurs and over 100 enterprises as customers will integrate with PhonePe. PhonePe will leverage GigIndia's network of freelance micro-entrepreneurs to help corporates and enterprises acquire more customers & scale up their distribution channels.

(Source: VC Circle, 21 March, 2022)

CollegeDekho buys coding platform PrepBytes:

A student enrollment platform, CollegeDekho, which helps students understand computer programming, business, finance, and digital marketing, has acquired a coding platform- PrepBytes in a cash and equity deal. The financial details of the deal were not disclosed. CollegeDekho now runs multiple businesses across student enrolment, study abroad, online learning, and education lending.

(Source: VC Circle, 28 March, 2022)

PVR, Inox to merge, creating cinema giant

India's two largest multiplex firms would merge to create a giant cinema operator with more than 1,500 screens across 109 cities as the entertainment industry recovers from the COVID-19 pandemic. New cinemas post the merger will be branded as PVR Inox, and the entity will be named PVR Inox Ltd. Inox promoters will own a 16.66% stake while PVR founders will own 10.62% and Ajay Bijli would serve as managing director of the merged entity.

(Source: VC Circle, 28 March, 2022)



Corporate & Legal



In this edition, we are bringing you the latest amendments that followed in the month of March 2022 issued by MCA, RBI, SEBI, DIPP and others.

Amendments issued by SEBI

SEBI has issued a Notification regarding the Change in control of the Sponsor and/or Manager of the Alternative Investment Fund involving the scheme of arrangement under the Companies Act, 2013 which shall come into force on April 1, 2022.

To streamline the process of providing approval to the proposed change in control of the Sponsor and/or Manager of the AIF involving a scheme of arrangement which needs the sanction of the National Company Law Tribunal ("NCLT") in terms of the provisions of the Companies Act, 2013, it has been decided that the application seeking approval for the proposed change in control of the Sponsor and/or Manager of the AIF under Regulation 20(13) of AIF Regulations shall be filed with SEBI prior to filing the application with the NCLT. Upon being satisfied with compliance with the applicable regulatory requirements, in-principle approval will be granted by SEBI. The validity of such in-principle approval shall be three months from the date of issuance, within which the relevant application shall be made to NCLT. Within 15 days from the date of order of NCLT, the applicant shall submit the prescribed documents to SEBI for final approval.

To read more:

https://www.sebi.gov.in/legal/circulars/mar-2022/change-in-control-of-sponsor-and-or-manager-of-alternative-investment-fund-involving-scheme-of-arrangement-under-companies-act-2013_57064.html





[SEBI has issued a circular to further extend the coverage of automation of disclosure requirements under SEBI \(Substantial Acquisition of Shares and Takeovers\) Regulations, 2011-System Driven Disclosures to promote Ease of doing business](#)

SEBI has implemented the System Driven Disclosures in phases. SEBI has done away with manual filing for most of the transactions with effect from April 01, 2022, accordingly transactions undertaken in the depository system under Regulation 29 and Regulation 31 of Takeover Regulations do not require manual filing except for a few transactions where disclosure shall continue to be filed in manual. Further, in order to streamline the capture and dissemination of the information related to "encumbrances" and thus bring in more transparency, in consultation with the stock exchanges and depositories, it has been decided that all types of encumbrances as defined under Regulation 28 (3) of Takeover Regulations shall necessarily be recorded in the depository system.

The depositories shall capture details of the ultimate lender along with the name of the trustee acting on behalf of such ultimate lender such as banks, NBFCs, etc. In case of issuance of debentures, the name of the debenture issuer shall be captured in the depository system and the depositories shall now capture the reasons for encumbrances in the depository system. The depositories shall also devise an appropriate mechanism to record all types of outstanding encumbrances in the depository system by June 30, 2022.

[To read more:](#)

<https://www.sebi.gov.in/legal/circulars/mar-2022/automation-of-disclosure-requirements-under-sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011-system-driven-disclosures-ease-of-doing-business-56655.html>

Tax calendar



April- Tax Calander

7 APRIL	The due date for the deposit of Tax deducted by an office of the government for March 2022. However, all sum deducted by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
7 APRIL	Due date for deposit of Tax deducted by an office of the government for the month of March 2022. However, all sum deducted by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan
14 APRIL	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of February 2022
14 APRIL	Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of February, 2022
14 APRIL	Due date for issue of TDS Certificate for tax deducted under section 194M in the month of February, 2022
15 APRIL	Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending March, 2022
15 APRIL	The Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of March, 2022
30 APRIL	The Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in March, 2022
30 APRIL	The due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of March 2022
30 APRIL	The due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of March 2022

April- Tax Calander

30 APRIL

The due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of March 2022

30 APRIL

The due date for deposit of Tax deducted by an assessee other than an office of the Government for March, 2022

30 APRIL

The due date for e-filing a declaration in Form No. 61 containing particulars of Form No. 60 received during the period October 1, 2021, to March 31, 2022

30 APRIL

The due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March 2022

30 April

Due date for deposit of TDS for the period January 2022 to March 2022 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D or 194H



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