

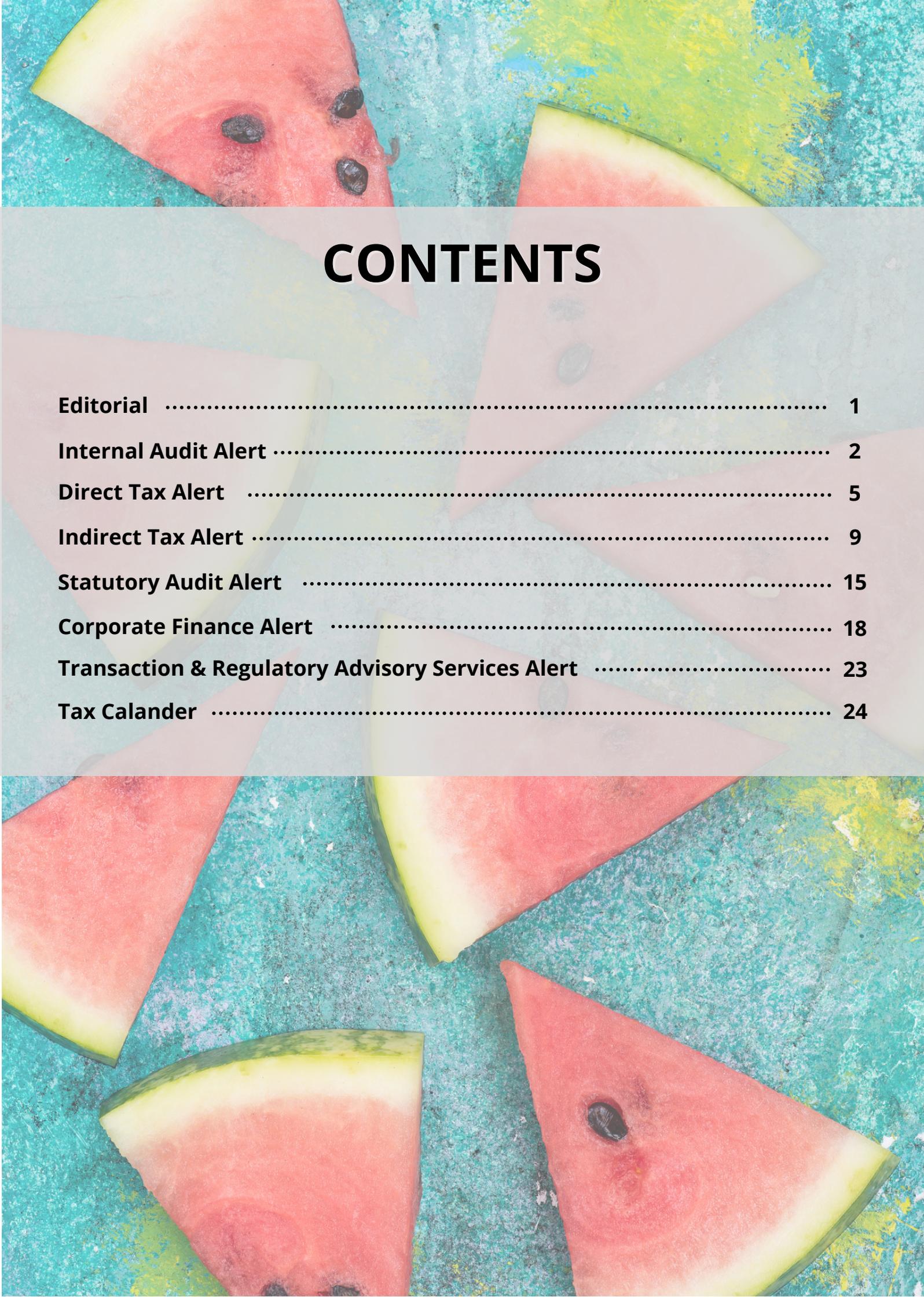
**R N M**

India

**GGI**  
INDEPENDENT MEMBER

**RNM ALERT**  
**APRIL**  
**NEWSLETTER**

**VOL NO 171**

A top-down view of several triangular slices of watermelon scattered on a teal, textured surface. The watermelon has a bright red interior, a thin white rind, and a green outer skin. Some slices have black seeds. The background is a mottled teal color with some yellow and blue brushstrokes.

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# EDITORIAL

## Dear Readers

During the month of April 2023, a Webinar on 'Impact of Global Bank Failure on India' was organized by RNM India with a panel of expert Speakers including Mr. Koushik Vasudevan, MD Fiducia Capital Ltd., Dubai, Mr. Gagan Mehrotra, Portfolio Manager Gordian Capital, Singapore, Mr. Saumadip Dey, Sr. Investment Officer, Asian Development Bank and Ms. Anagha Deodhar, Sr. Economist ICICI Bank, which was moderated by our CEO, Raghu Marwah. Some great learnings and impact was achieved and as usual for those who missed the live webinar you can find on our YouTube channel, RNM India the recording.

Our CEO, Mr. Raghu Marwah also visited Hong Kong this past month to explore professional opportunities for Accounting Outsourcing and hiring local staff. With positive feedback from the visit, we are hopeful of sharing some good news soon. During the visit, he had an interaction with the Counsel General of India to Hong Kong, Mrs. Satwant Khanalia where RNM India's focus on Service Export from India was affirmed.

The Corporate & Legal Services (CLS) Department of RNM India has also gone in for a name change to Transaction and Regulatory Advisory Services (TRAS) in

keeping with the direction and focus from its leadership.

On the Direct Tax front, the leading judgement by the Hon'ble Supreme Court of India in the case of PCIT Vs. Abhisar Buildwell Pvt Ltd. was pronounced during April 2023 which upheld the Delhi High Court judgement of Kabul Chawla taking the view that no addition can be made in respect of the completed assessments in absence of any incriminating material. However, additional material can be used u/s 147/148 of the Act.

We would like to take this opportunity to wish all our Readers Eid Mubarak, the festival that marks the end to Ramadan fasting. On this pious occasion, let us remind you all of the need for charity and giving to such causes as you may deem fit.

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

# Internal Audit



## **STANDARD ON QUALITY CONTROL (SQC-1)**

### **Introduction:**

The purpose of this Standard on Quality Control (SQC) is to establish standards and provide guidance regarding a firm's responsibilities for its system of quality control for audits and reviews of historical financial information, and for other assurance and related services engagements. This SQC is to be read in conjunction with the requirements of the Chartered Accountants Act, 1949, the Code of Ethics and other relevant pronouncements of the Institute<sup>1</sup> (hereinafter referred to as "the Code").

The firm should establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements, and that reports issued by the firm or engagement partner(s) are appropriate in the circumstances.

### **What is Engagement documentation?**

The record of work performed, results obtained, and conclusions the practitioner reached (terms such as "working papers" or "workpapers" are also sometimes used). The documentation for a specific engagement is assembled in an engagement file;

### **What is Engagement quality control review?**

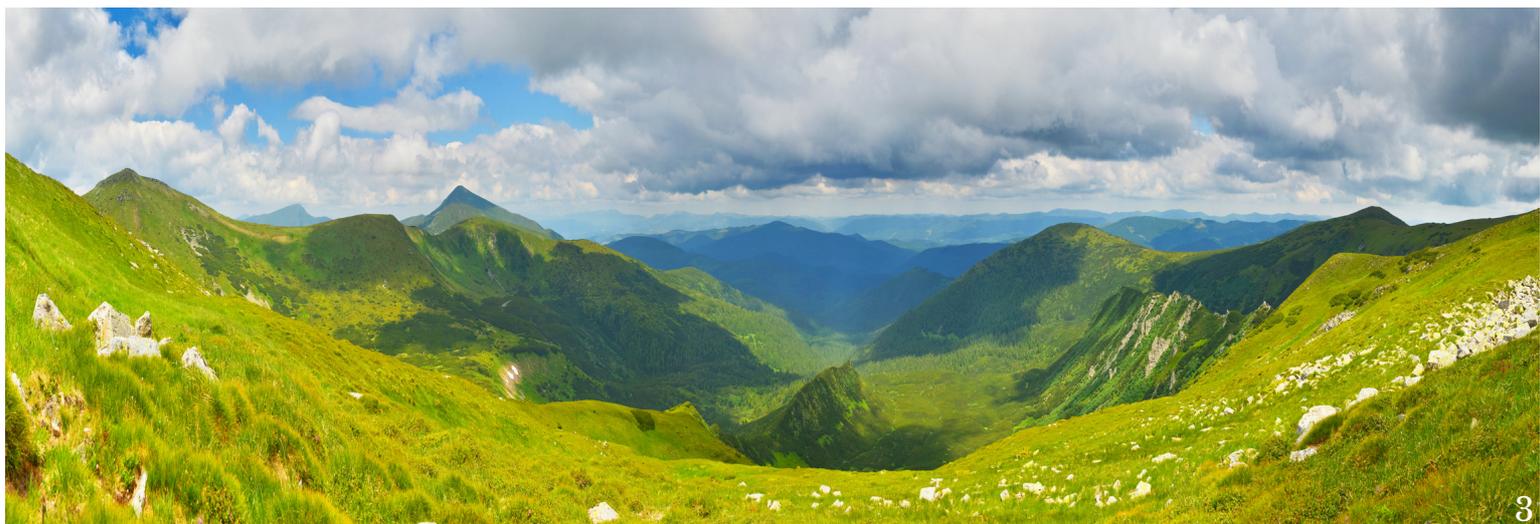
It is a process designed to provide an objective evaluation, before the report is issued, of the significant judgments the engagement team made and the conclusions they reached in formulating the report.

### **Who can be an Engagement quality control reviewer?**

A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, with sufficient and appropriate experience and authority to objectively evaluate, before the report is issued, the significant judgments the engagement team made and the conclusions they reached in formulating the report. However, in case the review is done by a team of individuals, such team should be headed by a member of the Institute.

### **What constitutes an Engagement team?**

All personnel performing an engagement, including any experts contracted by the firm in connection with that engagement. The term "engagement team" excludes individuals within the client's internal audit function who provide direct assistance on an audit engagement when the external auditor complies with the requirements of SA 610 (Revised).



## What are the Ethical Requirements of SQC-1

This SQC requires the firm to establish policies and procedures to enable it to ensure that the firm and its personnel comply with ethical requirements:

- The firm's policies should emphasize the fundamental ethical principles as per ICAI's code of ethics (integrity, objectivity, professional competence and due care, confidentiality and Professional behavior) which are reinforced by
- Firm leadership
- Education and training
- Monitoring
- Process for dealing with non-compliance

### Conclusion:

This SQC applies to all firms. The nature of the policies and procedures developed by individual firms to comply with this SQC will depend on various factors such as the size and operating characteristics of the firm.



# Direct Tax



## **1. Personal income tax to GDP ratio rises to 2.94 in FY 2021-22**

The Finance Minister, Smt. Nirmala Sitharaman chaired a periodic review meeting with the Central Board of Direct Taxes (CBDT). During the review meeting, the FM was apprised about the impact of various initiatives. Introducing new data sources in SFT has led to an 1118% increase in reported information. Further, FM was also apprised of the fact that the Personal Income Tax to GDP ratio has been steadily increasing from 2.11 in F.Y. 2014-15 to 2.94 in F.Y. 2021-22.

## **2. CBDT Notifies Cost Inflation Index for FY 2023-24**

Notification No. 21/2023/F.NO. 370142/5/2023 Dated 10-04-2023, in exercise of the powers conferred by clause (v) of the Explanation to Section 48 of the Income Tax Act, 1961, the Central Govt. notified '348' as Cost Inflation Index for the FY 2023-24.

## **3. CBDT Notifies 'CBSE' and 'GNIDA' for exemption u/s 10(46)**

Notification S.O 1687 No. 18/2023/F.No. 300196/27/2021-ITA-I Dated 10-04-2023.

## **4. CBDT Notifies jurisdictions of investment entities that won't be treated as passive non-financial entity for SFT reporting**

Notification No. 17/2023 dated 06.04.2023, In exercise of the powers conferred by section 285BA of the Income-tax Act, 1961, read with sub-clause (ii) of clause (D) of the Explanation to clause (6) of rule 114F of the Income-Tax Rules, 1962 the Central Board of Direct Taxes, makes amendment in the notification of the Government of India, Ministry of Finance (Department of Revenue), Central Board of Direct Taxes, published in the Gazette of India, Extraordinary, Part I, Section 1 vide Notification No. 78/2018 dated the 5th November, 2018 in the Table specifying jurisdictions for the purpose of the said sub-clause.

## **5. Govt. increases maximum amount that can be deposited in National Savings (Monthly Income Account) Scheme**

Notification No. G.S.R 239(E) [F.No. 1/3/2023-NS] Dated 31.03.2023-

In the National Savings (Monthly Income Account) Scheme, 2019, in paragraph 4, in subparagraph (2),

a. for the words "rupees four lakh fifty thousand", the words "nine lakhs" shall be substituted; for the words "nine lakhs", the words "fifteen lakh" shall be substituted.



## Important Judicial Precedents

### 1. PCIT, Central-3 Vs. Abhisar Buildwell [SC - 149 Taxmann.com 399]

If a search or requisition is conducted, the AO assumes jurisdiction for block assessment under Section 153A of the Act. All pending assessments/reassessments will stand abated, meaning they will no longer be valid. If any incriminating material is found during the search, the AO can assess or reassess the total income, taking into consideration the incriminating material and other material available with the AO, including the income declared in the returns.

However, if no incriminating material is found during the search, the AO cannot make any additions to the completed/unabated assessments. The AO can only re-open these assessments under Sections 147/148 of the Act, subject to the fulfillment of the conditions mentioned under those sections.

### 2. SAP Labs India Pvt. Ltd. V. ITO [SC - 149 taxmann.com 327]

Determination of the arm's length price by the Tribunal can be subject to scrutiny by the High Court in an appeal under Section 260A of the IT Act. The High Court can examine whether the relevant guidelines under the Act and the Rules have been taken into consideration, whether the comparability of two companies or selection of filters has been done judiciously, and whether the comparable transactions have been considered properly. Therefore, the view taken by the Karnataka High Court in the case of **Softbrands India (P.) Ltd. [2018] 94 taxmann.com 426 (Karnataka)/[2018] 406 ITR 513 (Karnataka)** that the determination of the arm's length price by the Tribunal is final and cannot be subject to scrutiny under Section 260A of the IT Act may not be acceptable.

### 3. Kamal Nath Vs. PCIT [SC - 149 Taxmann.com 370]

Transfer of jurisdiction valid if documents found from third party revealed that assessee had nexus with them.

SLP dismissed against impugned order of High Court that where sufficient material in form of WhatsApp chats, documents, files, laptops, etc., was found from other involved persons indicating a nexus between them and assessee in large-scale collection of illegal money, order passed under section 127 transferring assessee's case from Kolkata to Delhi for coordinated investigation was justified.

### 4. Union of India Vs. Baba Banda Singh Bahadur Education Trust [SC - 150 Taxmann.com 40]

Where Commissioner, while considering application of assessee for grant of exemption under section 10(23C)(vi) specifically observed and held that activity of assessee could not be said to be solely for imparting education and that assessee was indulging into profit and said finding of fact recorded by Commissioner, as such, had not been upset by High Court while setting aside order passed by Commissioner denying exemption under section 10(23C)(vi), impugned judgment and order passed by High Court was to be quashed and set aside.

## **5. CIT Vs. Prakash Chand Lunia (D) [SC – 149 taxmann.com 416]**

Term "any expenditure" in Section 37 includes losses incurred in the course of business and incidental to it. Any loss incurred by an assessee for an unlawful purpose or prohibited by law cannot be deducted as an expenditure under Explanation 1 to Section 37. If an expenditure/loss is incurred for an illegal purpose, it is not deemed to have been incurred for the purpose of business/profession, and no deduction can be made. Losses resulting from penalties or confiscation cannot be claimed as a deduction as they are not incidental to any business.

A penalty or a confiscation is a proceeding in rem, and therefore, a loss in pursuance to the same is not available for deduction regardless of the nature of business, as a penalty or confiscation cannot be said to be incidental to any business.

## **6. US Technologies International (P.) Ltd. Vs. CIT [SC – 149 taxmann.com 144]**

Where assessee-company, engaged in software development, had remitted tax deducted at source in respect of salaries, contract payments etc. belatedly, it was not a case of non-deduction of TDS at all and thus assessee was not liable to pay penalty under section 271C.

## **7. Owens Corning Singapore Pvt. Ltd. Vs. DCIT [2023-TII-103-ITAT-MUM-INTL]**

Whether charges received from AEs for carrying out of re-fabrication of bushings does not tantamount to 'make available of technical knowledge' as there is no transfer of technology and hence cannot be taxed as FTS - YES: ITAT

## **8. TATA NYK Shipping PTE Ltd. Vs. CIT [2023-TII-100-DEL-INTL]**

Whether at assessment stage, AO could not enlarge scope of limited scrutiny to examine if assessee is entitled to treaty benefits or not, when tax residency certificate is valid piece of evidence available – YES



# Indirect Tax



## GST Calendar –Compliances for the month of March 2023.

Nature of Compliances	Due Date
GSTR-7 (Tax Deducted at Source 'TDS')	May 10, 2023
GSTR-8 (Tax Collected at Source 'TCS')	May 10, 2023
GSTR-1	May 11, 2023
IFF- Invoice furnishing facility (Availing QRMP)	May 13, 2023
GSTR-6 Input Service Distributor	May 13, 2023
GSTR-2B (Auto Generated Statement)	May 14, 2023
GSTR-3B	May 20, 2023
GSTR-5 (Non-Resident Taxable Person)	May 20, 2023
GSTR-5A (OIDAR Service Provider)	May 20, 2023
PMT-06 (who have opted for QRMP scheme)	May 25, 2023

## **GST**

### **Supreme Court set aside High Court Order imposing a condition of pre-deposit while granting bail**

**Case Name: Makhijani Pushpak Harish Vs State Of Gujarat (Supreme Court of India)**

**Appeal Number: Criminal Appeal No.1193 of 2023 (@ SLP (CRL.) No. 2868/2023)**

**Date of Judgement/Order: 19/04/2023**

Aggrieved by the imposition of condition for deposit of bank guarantee, as a pre-deposit for bail, the appellant approached the High Court by filing Criminal Miscellaneous Application No. 710 of 2023 which came to be disposed of by the order dated 12.01.2023 impugned herein, whereby the High Court modified the condition of furnishing bank guarantee of an amount of Rs.3 crore by reducing it to Rs.1.5 crore. Such pre-condition of deposit of an amount or furnishing a bank guarantee has been the subject matter of consideration by this Court in a number of cases, where the condition of pre-deposit has been held to be bad. Reference may be made to an identical matter in Criminal Appeal No. 186/2023, Subhash Chouhan Vs. Union of India, this Court vide Judgment dated 20.01.2023 set aside the order passed by the High Court imposing a condition of deposit while granting bail to the appellant therein. It is also pertinent to note that in the said case, the learned Additional Solicitor General appearing for the Union of India/State had fairly stated that such a condition cannot be imposed while granting bail. The statement made by the learned Additional Solicitor General is recorded in the judgment and order dated 20.01.2023. SC held that the pre-condition of furnishing bank guarantee imposed by the High Court is not liable to be sustained and is hereby set aside.

### **Supreme Court Order whether mens rea is essential for levy of penalty under taxation laws**

**Case Name: State of Gujarat and Anr. Vs Saw Pipes Ltd. (Supreme Court of India)**

**Appeal Number: Civil Appeal No. 3481 of 2022 Date of Judgement/Order: 17/04/2023**

The highest court of the country in this case was considering the levy of penalty and interest under the provisions of the Gujarat Sales Tax Act 1969 when the high court gave relief by setting aside interest and penalty in relation to tax paid on execution of works contract of coating of coal tar and enamel coating on pipes whereas the AO held it to be taxable under a different entry. While conceding the liability to pay tax at a higher rate before the High court, the respondent-assessee pleaded bonafide belief based on expert opinion, to be absolved of interest and penalty. Under the circumstances, on a strict interpretation of Section 45 and Section 47 of the Act, 1969, the only conclusion would be that the penalty and interest leviable under Section 45 and 47(4A) of the Act, 1969 are statutory and mandatory and there is no discretion vested in the Commissioner/Assessing Officer to levy or not to levy the penalty and interest other than as mentioned in Section 45(6) and Section 47 of the Act, 1969. It is required to be noted that the learned Tribunal specifically found that there was nothing on record to prove that there was in fact a bonafide belief of the respondent herein, that it would be required to pay tax at 2% only. As observed hereinabove and on plain reading of Section 45 and Section 47 of the Act, 1969 and as observed hereinabove, on the eventualities occurring under subsection (5) of Section 45, there shall be levied penalty mentioned in subsection (6) of Section 45 and the liability to pay the interest is incurred as mentioned in Section 47(4A).

The impugned judgment and order passed by the High Court on the grounds that the amount of tax has already been paid by the assessee–dealer; that the assessee–dealer was under the bonafide belief that it was liable to pay the tax at the rate of 2%, is unsustainable. The Supreme Court while considering the language of the statute, the element mens rea and decisions rendered in relation to the levy of penalty particularly Hindustan Steels Ltd Vs State of Orissa, Dharmendra Textiles and other cases, held that the language of the statute was very clear in this case and there was no option with the commissioner but to impose the penalty which was mandatory. This judgement will have repercussions under all the laws including income tax, GST and other laws while dealing with the imposition of penalty.

## Case Law

### **ITC can be claimed during the revocation of cancelled GST registration**

The Hon'ble Rajasthan High Court in *M/s R.K. Jewelers v. Union of India [D.B. CWP No. 4236 of 2023 dated April 26, 2023]* has held that the cancellation of the registration effected on the ground of non-filing of GST return, could be revoked and the assessee can claim Input Tax Credit ("ITC") when the department considers the issue of revocation of such cancelled GST registration. Further held that, the assessee shall be entitled to lodge its claim for availment of ITC in respect of the period from the cancellation of the GST registration till the GST registration is restored.

#### **Facts:**

This petition has been filed by M/s R.K Jewelers ("the Petitioner") challenging the order dated February 02, 2022 ("the Impugned Order") passed by the Appellate Authority, Commercial Tax, Jodhpur, ("the Respondent"), whereby the GST registration of the Petitioner was cancelled on the ground of non-filing of GST return. Further, an appeal was filed by the Petitioner against the Impugned Order which was also rejected by the Appellate Authority. Being aggrieved this petition has been filed.

#### **Issue:**

Whether ITC can be claimed during revocation of cancelled GST registration?

#### **Held:**

The Hon'ble Rajasthan High Court in D.B. CWP No. 4236 of 2023 has held as under:

- Observed that, a notification dated March 31, 2023 had been issued and as per the said notification, on the conditions being fulfilled, the cancellation of registration effected on the ground of non-filing of GST return, could be revoked.
- Opined that, the Petitioner is covered under the notification dated March 31, 2023 and the Petitioner can move an application before the competent authority with a prayer for restoration of its GST registration subject to fulfilment of the specified conditions.
- Directed the Petitioner to file an application for restoration of its GST registration before the competent authority, which shall consider and decide the application filed by the Petitioner in the light of the notification dated March 31, 2023.
- Further clarified that, when the competent authority considers the issue of revocation of cancellation of Petitioner's GST registration, the Petitioner, shall be entitled to lodge its claim for availment of ITC in respect of the period from the cancellation of the registration till the registration is restored.

## **Relevant provision:**

### **Section 30 of the Central Goods and Services Tax Act, 2017 (“the CGST Act”):**

#### ***“Revocation of cancellation of registration.***

30. (1) Subject to such conditions as may be prescribed, any registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in such manner, within such time and subject to such conditions and restrictions, as may be prescribed.

(a) by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding thirty days;

(b) by the Commissioner, for a further period not exceeding thirty days, beyond the period specified in clause (a).

(2) The proper officer may, in such manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:

Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.

(3) The revocation of cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under this Act.”

## **RNM IDT News Bulletin**

### **GST Collections Show Remarkable Growth Rate In Jammu and Kashmir: Official**

**The GST collections in Jammu and Kashmir stood at Rs 917.85 crore in April, marking a growth rate of 30.73 per cent compared to the first month of the last financial year, an official said on Monday.**

**The growth in SGST has been one of the highest in the country at 44.51 per cent over the same period last year, the official said, quoting the data released by the Union Ministry of Finance.**

Similarly, **IGST settlement showed a growth of 22 per cent in comparison to last financial year, the official said.**

**“The GST collections for the month of April this year are the highest ever recorded by the State Taxes Department since GST implementation. The total collections for the month of April 2023 touched Rs 917.85 crores, showing an increase of Rs 215.77 crores over last year April collections,” the official said.**

He said the SGST cash collections have been rising in recent months significantly with April this year making national headlines with the record growth in J and K since inception of GST as the figures speak more than volumes.

The department has also increased the tax base from 1.17 lakhs in the year 2021-22 to 1.34 lakhs in the financial year 2022-23, the official said. He said around 25,982 new registrations were granted in the year 2022-23.

**“The trend in increased revenue collections from the past one year by State Taxes Department is due to the myriad of steps taken by the department, which resulted in improvement in the compliance behavior by the taxpayers and proactive support provided to taxpayers by the department for making the compliances under Goods and Services Tax easier and smoother,” the official said.**

At the same the department has been vigilant on taking actions against defaulters identified through various IT tools like BIFA, GST Prime, GST BO portal and as well as through human intelligence, the official said.

**He said 8,800 cancellations have also been done in the financial year 2022-23.**

**“Honest taxpayers have also been facilitated and rewarded under the initiative taken by the department in tax awareness programme ‘KAR-TAVYA’ which was launched recently by Lt Governor Manoj Sinha.”**

### **Integrated GST declines in April, reflects softening prices, import contraction**

Even as gross Goods and Services Tax (GST) collection touched a record high of Rs 1.87 trillion in April, the mop-up from integrated GST on imports declined by 4.7% on year in the month, owing to contraction in imports, falling global commodity prices and the glitches in the Customs duty payments on the Electronic Cash Ledger portal.

According to official data, the integrated GST collection from imports was Rs 34,972 crore in April 2023 as against Rs 36,705 crore in April 2022. The cess collected from import of goods was slightly higher at Rs 901 crore in April 2023 as against Rs 857 crore a year ago. Integrated GST collections from imports in March and February 2023 was also higher at Rs 42,503 crore and Rs 35,689 crore, respectively.



# Statutory Audit



## Cost Records and Cost Audit Applicability

The concept of reporting with regard to the maintenance of cost records by directors and financial auditors separately was brought in specifically to ensure that there are no misreportings with regard to applicability. Recently many show cause notices were also issued to companies who had not prepared the cost records or had not filed the cost audit report though apparently as per the data gathered by MCA through various sources Cost Audit seemed to be applicable on those companies.

Section 148 of the Companies Act, 2013 contains provisions relating to the cost records and cost audit applicability under the Companies Act. The salient feature of section 148 are summarized hereunder –

- Section 148 (1) empowers the Central Government to direct the companies specified in the production of goods or provisions of service to include particulars relating to utilization of material or labour or other items of cost in the books of accounts of the company;
- List of specified companies, which needs to maintain the cost records, is provided under Table A and Table B of rule 3 of the Companies (Cost Records and Audit) Rules, 2014;
- Section 148 (2) empowers the Central Government to direct, based on the net worth or turnover of the company, audit of cost records of the specified class of companies;
- Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 contains the provisions relating to the companies which are liable to get their cost records audited;
- Cost audit shall be conducted by the cost accountant who is appointed by the Board;
- In case of any default on the part of the company, it shall be punishable with the fine of an amount not less than INR 25,000, however, such fine cannot be more than INR 5 Lakhs. Further, every officer, in default, of the company shall be punishable with imprisonment for a term up to 1 year or with the fine not less than INR 10,000, however, the same cannot be more than INR 1,00,000;
- In case the cost auditor is in default, he shall be punishable in the manner as provided under section 147 (2) to section 147 (4).

### Meaning of the Term 'Cost Records'

The definition of the word 'cost records' has been provided under rule 2 (e) of the Companies (Cost Records and Audit) Rules, 2014 which means books of account relating to the utilization of materials, labour and other items of cost as applicable to the production of the goods or provision of services as provided in section 148 of the Act and the Companies (Cost Records and Audit) Rules.



### **Applicability of Cost Records**

Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 contains two tables namely Table A – regulated sectors and Table B – Non-regulated sectors.

Cost records need to be included in the books of accounts of the companies being engaged in the production of goods or provision of service as covered under the table A or Table B and the total turnover from all its production or service in more than INR 35 crore during the preceding financial year.

In a nutshell, cost records are mandatory in the case following conditions are satisfied –

1. The company is engaged in manufacturing goods or provision of services which are listed in Table A or Table B; and
2. Total aggregate turnover of the company from all its production or service is more than INR 35 Crore in the preceding financial year.

### **Applicability of Cost Audit**

Cost audit applicability provisions are contained under rule 4 of the Companies (Cost Records and Audit) Rules, 2014. According to the said rule 4, the cost audit is applicable in the following situation –

- Table A specified goods/services –
  - Overall annual total turnover of the company from all the products/services is INR 50 Crore or more; and
  - Aggregate turnover from the individual product/service for which cost records are required to be maintained is INR 25 Crore or more.
- Table B specified goods/services –
  - Overall annual total turnover of all the products/services should be INR 100 Crore or more; and
  - Aggregate turnover from the individual product/service for which cost records are required to be maintained should be INR 35 Crore or more.

It must be noted that for the purpose of examination of applicability of cost audit the immediately preceding financial year turnover is to be considered.

### **Non-Applicability Of Cost Audit Requirement**

The companies which are covered under rule 3 are not required to get their cost records audited in case of the following situation –

- The company's export revenue exceeds 75% of its total revenue. The export revenue needs to be in foreign exchange; or
- The company which is operating from the special economic zone;
- The company which is engaged in the generation of electricity for captive consumption through Captive Generating Plant.



# Corporate Finance



## Brookfield Renewable To Invest \$1 Bn In Avaada Group

Brookfield Renewable is investing \$1 billion (about Rs 8,200 crore) in Avaada Ventures Pvt. Ltd to help finance the renewable energy company's green hydrogen and green ammonia businesses. The renewable energy arm of Canada's Brookfield Asset Management Inc. will make the investment via the Brookfield Global Transition Fund. Thailand's Global Power Synergy Public Company Ltd will separately invest \$68 million in Avaada Energy Pvt. Ltd to help it cut debt and support growth. Avaada Group is also in advance talks with potential investors to raise another \$200 million, taking its total fundraising in this round to almost \$1.3 billion. Brookfield's investment will help the company meet growing demand for sustainable energy and position itself at the forefront of the global energy transition. Avaada develops clean-energy projects including utility-scale, rooftop and off-grid solar power plants. It operates a portfolio of 4 gigawatt and plans to expand its capacity to 11 GW by 2026.

(Source: VC Circle, 26th April 2023)

## Private Equity

### OMERS Chips In With Over \$120 Mn As Part Of Big-Ticket India Infra Deal

One of at least six significant Canadian alternative investment companies operating in India, OMERS, is investing over Rs 1,000 crore (\$122 million). Four years ago, the pension fund made its initial investment of Rs 870 crore (\$122 million at the time) in the InvIT to acquire a 22.4% share. With the larger counterpart, Canada Pension Plan Investment Board (CPPIB), also contributing new cash to the InvIT, the new purchase doubles OMERS' overall investment in IndInfra and helps maintain its ownership holding to about 21%.

(Source: VC Circle, 27th April 2023)

### Encourage Capital Picks Up Stake In MSME Lender

Encourage Capital, formerly Wolfensohn Fund Management (WFM), has invested the first portion of a potential \$9 million (about Rs. 74 crore) investment in Svakarma Finance Pvt. Ltd. The non-banking financial company (NBFC) with its headquarters in Mumbai will finish this second tranche over the following 12 to 18 months.

(Source: VC Circle, 24th April 2023)

### PhonePe Snags Another \$100 Mn From General Atlantic, Others

PhonePe, a company owned by Walmart Inc., has added another \$100 million (about Rs 820 crore) to its continuing fundraising efforts. At a \$12 billion pre-money valuation, the US private equity firm General Atlantic and its co-investors provided the company with new funding. In addition to the \$350 million that PhonePe received from General Atlantic in January, this was also raised. PhonePe wants to invest the money in new ventures like insurance, wealth management, shopping on the Open Network for Digital Commerce (ONDC), UPI light, and credit on UPI.

(Source: VC Circle, 12th April 2023)

### Blackstone Amasses \$30.4 Bn For New Global Real Estate Fund

The largest real estate or private equity drawdown fund ever raised was reported by global alternative asset management firm, Blackstone Inc., to have raised \$30.4 billion for its most recent global real estate fund. The fund, known as Blackstone Real Estate Partners X, is 48% larger than the previous real estate fund from the world's largest asset manager, which closed in 2019.

(Source: VC Circle, 11th April 2023)

## Venture Capital

### **BharatAgri Backer Capria Ventures Hits First Close Of New Fund**

The first closing of Capria Ventures' second fund has been announced. Capria Ventures is an investor in Indian businesses Betterplace, BharatAgri, Eduvanz, and Edenfarm. India is one of the biggest markets for the \$100 million fund that largely focuses on investing in the global south, and it will invest over 60% of the cash there. Through this fund, the fund will add emphasis on generative AI and climate change, and it will seek to invest in 20-25 early-stage tech startups.

(Source: VC Circle, 26th April 2023)

### **Accel, Singh Capital Partners Invest \$10 Mn In EcoSoul**

EcoSoul Home, an eco-friendly product manufacturer with operations in both India and the US, has received \$10 million (about Rs 82 crore) in Series A funding from global venture capital firm Accel and investment office Singh Capital Partners. The extra funding will be used for product launches, business growth, and scaling up tech and data stacks.

(Source: VC Circle, 20th April 2023)

### **Sorenson Capital, Eight Roads, Others Back Safe Security With \$50 Mn Cheque**

The Sorenson Capital-led Series B fundraising round for the cyber security company Safe Security totaled \$50 million (about Rs 410 crore), with participation from Telstra Ventures, WTI, Eight Roads, and the venture capital arm of Fidelity Investments. With the new investment, the business has now raised more than \$100 million in total. The funds will be used to develop the platform's data-driven management and risk-mitigation capabilities.

(Source: VC Circle, 19th April 2023)

### **SwitchOn Snags \$4.2 Mn from Existing Investors, Others**

SwitchOn, an artificial intelligence-based platform operated by Abee Research Labs Pvt Ltd, has raised Series A funding of \$4.2 million (about Rs 34.4 crore), led by a Singapore-based fund. The Bengaluru-based company will utilise the additional funding for recruiting, research and development, and expanding its geographic reach throughout India and abroad.

(Source: VC Circle, 17th April 2023)

### **Iron Pillar Plans another Vehicle under New Fund Series after Raising \$129 Mn**

A new vehicle under Iron Pillar's most recent fund series, which will be focused on supporting businesses developing for the Indian market, is being considered. Iron Pillar, a venture capital firm that owns unicorns like Fresh-To-Home and Uniphore, recently announced the closure of its \$129 million (roughly Rs. 1,056 crore) fund, a part of the Iron Pillar Fund II series.

(Source: VC Circle, 13th April 2023)



## Mergers & Acquisition

### How Godrej's Deal For Kamasutra, Park Avenue Differs From KKR's Fogg Buyout

For Rs. 2,825 crore (\$345 million), Godrej Consumer has agreed to purchase Raymond Consumer Care Ltd.'s FMCG division. Its largest acquisition to date, the agreement was made less than two years after Vini Cosmetics Pvt. Ltd., the company behind the leading deodorant Fogg, was acquired by private equity firm KKR & Co.

(Source: VC Circle, 27th April 2023)

### Wipro's Consumer Arm Seals 14th Acquisition, Buys Packaged Food Brand

The Wipro Consumer Care & Lighting division of the billionaire Azim Premji-led Wipro Group has acquired the ready-to-eat brand Brahmins from Kerala, making it the company's 14th purchase overall. With this transaction, Wipro Consumer buys its second packaged food product in Kerala.

(Source: VC Circle, 20th April 2023)

### Goldman Sachs-Backed Nextiva Snaps Up Bengaluru Firm

The social media analytics startup Simplify360, based in Bengaluru, has been acquired by conversation company Nextiva for an unknown sum. The purchase of Simplify360 will provide Nextiva access to the Asia-Pacific region as it seeks to grow and serve more businesses globally. Nextiva is financed by Goldman Sachs Asset Management.

(Source: VC Circle, 20th April 2023)

### Lightspeed-Backed ThoughtSpot Acqui-Hires Sagas IT Analytics

Sagas IT Analytics, an analytics consulting and service provider based in Bengaluru, has been acquired by ThoughtSpot Inc, a US-based data analytics firm founded by entrepreneurs of Indian descent. All of the acquired staff members are experts in data solutions who will work together to build the India Customer Centre of Excellence (CCOE) to assist ThoughtSpot's international go-to-market team and advance client results.

(Source: VC Circle, 19th April 2023)

### General Atlantic-Backed ASG Hospital Makes Second Acquisition In 2023

The eye care business recently bought Mumbai-based rival Bombay City Eye Institute, with backing from illustrious private equity heavyweights like General Atlantic and Kedaara Capital. The transaction probably cost ASG Hospital between Rs 85 and 90 crore (\$10.4 and \$11 million). The facility provides diagnosis and treatment for a variety of conditions, including glaucoma, macular degeneration, dry eye, retinal detachment, cataract, and laser refractive surgery.

(Source: VC Circle, 13th April 2023)



# Transaction & Regulatory Advisory Services



In this edition, we have tried to bring to your notice the latest amendments that followed in the month of May 2023 issued by MCA, RBI, SEBI, DIPP and others.

### **Ministry of Corporate Affairs (MCA)**

- **MCA notifies the Companies (Removal of names of Companies from the Register of Companies ) Amendment Rules, 2023**

The Ministry of Corporate Affairs has, vide its Notification No. dated 17th April, 2023, amended or transferred the responsibility of striking off companies from Registrar of Companies to Registrar, Centre for Processing Accelerated Corporate Exit (a.k.a. Registrar, Centre for PACE) with effect from 1st May, 2023.

According to the said notification, the Registrar, Centre for PACE [established under Section 396(1) of the Companies Act, 2013] shall be the Authority exercising functional jurisdiction of processing and disposing applications made in e-Form STK-2 and all matters related thereto as. In order to bring all the e-Forms related to striking up off companies in line with the said notification, e-Form STK-2, e-Form STK-7 and e-Form STK-8 has also been substituted.

Read more at:

<https://taxguru.in/company-law/companies-removal-names-companies-register-companies-amendment-rules-2023.html>

- **ICSI Floats the Revised Format of Annual Secretarial Compliance Report (ASCR)**

The ICSI has revised the format of the Annual Secretarial Compliance Report (ASCR) to make it easier for Practicing Company Secretaries to issue the ASCR. This compliance for a listed entity and its material unlisted Indian subsidiaries to annex an ASCR by the PCS in its annual report. The Stock Exchanges i.e. BSE Ltd. and NSE Ltd. vide circulars dated March 16, 2023 and April 10, 2023 respectively prescribed a few additional affirmations by PCS that need to be provided while submitting the Annual Secretarial Compliance Report.

Bombay Stock Exchange has notified Additional Affirmations to be made by Practicing Company Secretaries in ASCR. This notification was issued on 16.03.2023 and will be effective from the financial year ending on March 31, 2023 onwards

### **Securities and Exchange Board of India**

#### **SEBI issues procedure for seeking prior approval for change in control of vault managers**

SEBI came out with a procedure for vault managers to seek prior approval from the watchdog in case of a change in control. The vault manager is regulated as a SEBI intermediary for providing vaulting services meant for gold deposited to create electronic gold receipts (EGRs). The obligations of the vault manager include accepting deposits, storage, and safekeeping of gold, creation as well as withdrawal of EGR, grievance redressal, and periodic reconciliation of physical gold with the records of the depository. Under the procedure, SEBI said that an application should be made by the vault managers to the regulator for prior approval through the Intermediary Portal, according to a circular.

Read more at:

<https://www.moneycontrol.com/news/business/sebi-issues-procedure-for-seeking-priorapproval-for-change-in-control-of-vault-managers-10456361.html>

# Tax Calendar



# April 2023 - Tax Calendar

<b>7TH MAY</b>	Due date for deposit of Tax deducted by an office of the government for the month of April, 2023
<b>15TH MAY</b>	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M, 194S in the month of March, 2023
<b>15TH MAY</b>	Quarterly statement of TCS deposited for the quarter ending March, 2023
<b>15TH MAY</b>	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of March, 2023 has been paid without the production of a challan
<b>30TH MAY</b>	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M, 194S in the month of April, 2023
<b>30TH MAY</b>	Due date for issue of TCS Certificate for tax deducted in the Quarter ending March 31st, 2023
<b>31ST MAY</b>	Quarterly statement of TDS deposited for the quarter ending March, 2023
<b>31ST MAY</b>	Due date for furnishing of statement of financial transaction in Form No. 61A
<b>31ST MAY</b>	Due date for e-filing of annual statement of reportable accounts in Form No. 61B
<b>31ST MAY</b>	Issue of Certificate of donation under clause (ix) of sub-section (5) of section 80G and under clause (ii) to sub-section (1A) of section 35 in Form 10BE for the Financial Year ending March, 2023
<b>31ST MAY</b>	Statement of particulars to be filed by reporting person under clause (viii) of sub-section (5) of section 80G and clause (i) to sub-section (1A) of section 35 in Form 10BD for Financial Year ending March, 2023



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