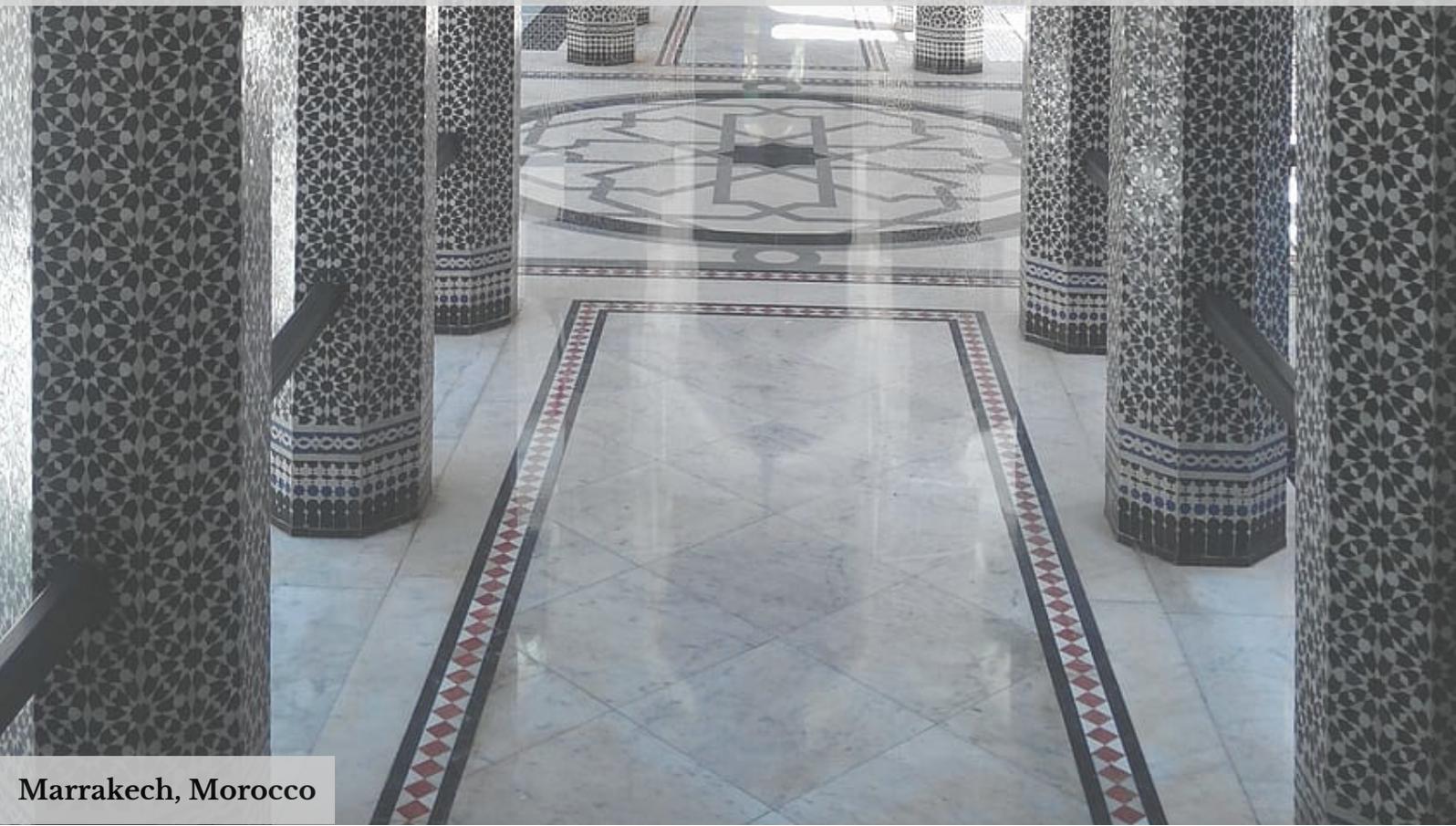


RNM ALERT
SEPTEMBER
NEWSLETTER

VOL NO 176

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EDITORIAL

Dear Readers

During the month of September 2023, the G20 Summit was held in Delhi where India was able to showcase her heft on a global stage. Team RNM supports wholeheartedly the efforts to achieve Sustainable Development Goals (SDGs) as affirmed by the World Leaders as part of the Delhi Declaration.

The Government has brought into force the new Mediation Act, 2023 to promote and facilitate mediation, especially institutional mediation, resolution of disputes, commercial or otherwise, enforce mediated settlement agreements, provide for a body for registration of mediators to encourage community mediation and to make online mediation as acceptable and cost effective. Team RNM believes that this legislation would further improve the Ease of Doing Business in India.

On the Indirect tax side, the GST Appellate Tribunal is finally a reality with the notification by the Finance Ministry of 31 Benches across various States of India.

The due date for Tax Audits and Statutory Audits was 30th September and after a very busy month the teams would be pleased to revert back to normalcy of pressure and timings. As per the data released by the Central Board of Direct Taxes about 2.95 Million Tax Audit Reports (TAR) were submitted on the tax portal till 30th September.

The National Financial Regulatory Authority (NFRA) has filed a petition during the month of September before the Hon'ble Supreme Court of India that it should maintain jurisdiction on audit cases even prior to its constitution in 2018. Although debatable, one view is that when alternative remedy is available prior to 2018 in law for punishment of errant auditors such retrospective powers should not be permitted to be assumed by NFRA.

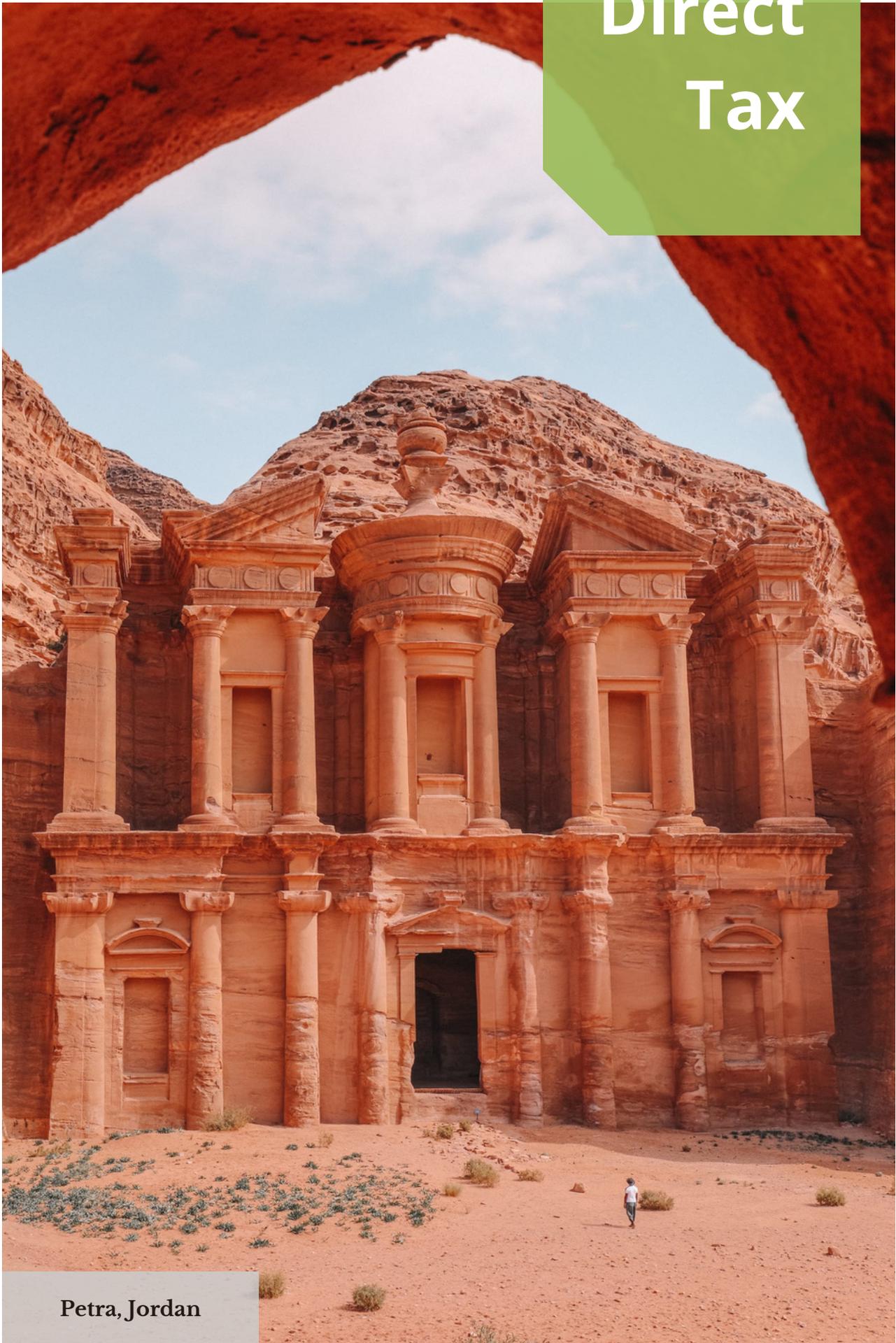
The new rate of 20% for Tax Collected at Source kicks in from 1st October for LRS payment, other than for education and medical treatment, for payments above Rs. 0.7 Million.

We would like to remind our readers to register for the Webinar on 'Doing Business between India and Hong Kong' scheduled for 11th October 2023 organised by RNM India. The link for registration is https://us06web.zoom.us/webinar/register/WN_C-d6XCXESOuGQvP0Rd5F7Q.

We would like to take this opportunity of wishing all our readers a Happy Dusshera festival. We on this day not only mark the killing of Ravana but also the victory of good over evil.

U N Marwah
Chairman - RNM India

Direct Tax



Petra, Jordan



CBDT Vide Circular No. 16/2023 dated 18.09.2023; Extends Due Date For Filing Of Form 10B/10BB and Form ITR-7 For Assessment Year 2023-24;

The due date of furnishing Audit reports in Form 10B/Form 10BB for the Financial Year 2022-23, which is 30-9-2023 has now been extended by the Central Board of Direct Taxes (CBDT) to 31-10-2023.

The due date of furnishing of Return of Income in Form ITR-7 for Assessment Year 2023-24, which is 31.10.2023 is also extended to 30-11-2023.

Important Judicial Precedents

1. Whether since share premium received by assessee for valuation was found as per FMV, no addition is warranted u/s 56(2)(viib) - YES: ITAT

[2023-TIOL-1105-ITAT-DEL ITA No. 1412/Del/2020; AY: 2014-15 ITO, WARD 25(4), NEW DELHI Vs. TRIUMPH REALITY PVT LTD]

That the transaction relating to purchase and sale of shares is between a holding company and its subsidiary and no third party is involved. Therefore, no undue benefit has been derived by a third party. Even otherwise also, the Valuation of share as per DCF method has been determined by a registered valuer, which is in terms of section 56(2)(viib) rw Rule 11UA. Even, the alternative method adopted by the assessee for valuation of share was found as per FMV. The factual findings of the CIT(A) authority remain uncontroverted before us, as the Revenue has failed to bring on record any contrary material. Another pertinent fact, which the CIT(A) has rightly observed, is, the share application money was received in financial year 2012-13 and the terms and conditions of allotment were also decided in the said year. Therefore, no addition can be made in the impugned assessment year. Thus, for the said reasons, we do not find any merit in the ground raised. Accordingly, we uphold the decision of the CIT(A).

2. Whether where reply filed assessee was not considered by AO before making assessment, there is breach of principles of natural justice - YES: HC

[2023-TIOL-1118-HC-DEL-IT_WP (C) 9444/2023 SUKHDEEP SINGH CHADHA Vs. ASSESSMENT UNIT, INCOME TAX DEPARTMENT]

There was breach of principles of natural justice. Therefore, according to us, the best way forward would be to set aside the impugned assessment order of the AO. Liberty is, however, given to the AO to pass a fresh order, after taking into account the reply filed by the petitioner. Before passing the order, the AO will also accord personal hearing to the petitioner and/or his authorized representative. Needless to add, the AO will deal with all the contentions raised by the petitioner and thereafter pass a speaking order. It is made clear that the order passed today will not impact the merits of the case. The writ petition is disposed of, in the aforesaid terms.

3. Whether ex party assessment as well as penalty for non-compliance of notice u/s 271(1)(b) is not sustainable - YES: ITAT

[2023-TIOL-1113-ITAT-JAIPUR _ITA No. 243/JP/2022 KUSUM MITTAL Vs. INCOME TAX OFFICER,]

Since the assessee has filed an Affidavit coupled with report from the Income Tax Department in order to prove that service of notice under section 142(1) of the Act was never effected upon the assessee, therefore, keeping in view the factual position of the present case, we are of the view that proper service of notice is vital for imposition of penalty under section 271(1)(b) of the Act. Moreover, the Affidavit filed by the assessee and the report of the IT Department which has been placed on record and relied upon by the assessee, has not been rebutted or controverted by the D/R. Therefore, considering the un-rebutted documents relied upon by the assessee and also keeping in view the principles laid down by the High Court in case of CIT vs Har Parshad, since there is no proof of delivery and service of notice under section 142(1), therefore, no penalty is attracted under section 271(1)(b) of the Act.

4. Whether if assessee has sufficient interest free own funds to lend monies interest free, no addition for notional interest is required to be made - YES : ITAT

[2023-TIOL-1180-ITAT-DEL FABINDIA OVERSEAS PVT LTD Vs. JCIT]

It is a settled position of law that if the assessee has sufficient interest free own funds to lend monies interest free, no addition is called for. Since, it is contested that the assessee has own interest free funds, the matter is being referred back to the file of the AO to examine the availability of interest free own funds and compute the disallowance accordingly. In the result, the appeal of the assessee is partly allowed.

5. Whether mere non-filing of TDS statement is a technical default and no penalty is warranted - YES: ITAT

[2023-TIOL-1190-ITAT-NAGPUR ITA No. 480/NAG/2016 M/s ATASHA ASHIRWAD BUILDERS Vs. ACIT (TDS)]

That there was no delay in deposit of TDS amounts in the concerned account of Central Government and it is only delay in furnishing of TDS statement which is technical in nature, no penalty is warranted in terms of the finding of this Tribunal in the case of Maharashtra Jeevan Pradhikaran Works Division.

6. Whether fresh assessment order passed consequent to revisional order passed u/s 263 of the I-T Act, would sustain where the revisional order itself has been set aside - NO: HC

[2023-TIOL-1193-HC-AHM-IT _ R/Tax Appeal No. 577 of 2023 PRINCIPAL COMMISSIONER OF INCOME TAX-1 Vs. M/s ELECON EPC PROJECTS LTD]

The Assessee claimed that the ITAT subsequently set aside the revisional order passed by the CIT and in which case, the assessment order passed by the AO based on the revisional order, would stand invalidated. That order of assessment was carried in appeal before the CIT(A) by the assessee. It was the case of the assessee before the appellate authority that in light of the fact that the assessee's appeal before the ITAT, Ahmedabad wherein Revision proceedings under Section 263 of the Act was under challenge and that the Tribunal vide order dated 13.07.2022 had set aside the order under Section 263 of the Act of 27.03.2018, the consequential order of assessment under Section 143 r.w. Section 263 of the Act would no longer stand.

7. [2023] 154 taxmann.com 347 (Chandigarh - Trib.) Parmod Singla vs. ACIT*

Mere fact that survey/search proceedings have been initiated at business premises of assessee doesn't mandate Assessing officer to automatically invoke deeming provisions of sections 69 and 69A; said provisions can be invoked only where explanation offered by assessee is not found satisfactory; where from explanation offered by assessee it clearly emerged that source of income offered during survey was from his business operations, such income could not be taxed under sections 69 and 69A.

8. [2023] 154 taxmann.com 600 (Calcutta) PCIT vs. Tata Medical Centre Trust

Order passed under section 263 did not incorporate DIN and was thus in violation of Circular No. 19 of 2019, dated 14-8-2019 which stated that any communication which was not in conformity with said Circular shall be treated as invalid and shall be deemed to have never been issued - On appeal to High Court revenue submitted that intimation letter should be treated as part and parcel of substantive order, however, in intimation letter there was nothing mentioned as to why in substantive order DIN was not mentioned as mandated in Circular - In Miscellaneous Application proceedings, revenue could not answer a specific query as to how a DIN intimation letter along with manual order fulfils categorical requirement mandated by CBDT Circular and therefore, Tribunal came to conclusion that order passed under section 263 did not satisfy requirement mandated by CBDT Circular - Whether therefore, appeal of revenue was to be dismissed as devoid of substantial question of law - Held, yes [In favour of assessee]

9. [2023] 154 taxmann.com 318 (SC) PCIT-10 vs. Krishak Bharti Cooperative Ltd.

Where assessee, cooperative society registered in India, received dividend income from its JV which was registered as company under Omani laws, since assessee established a branch office which was treated as PE to invest in JV, assessee was aiding to promote economic development within Oman and achieve object of Article 8 (bis) and thus, Article 8(bis) exempts dividend tax received by assessee from its PE in Oman and by virtue of Article 25, assessee would be entitled to same tax treatment in India as it received in Oman



Indirect Tax



Angkor Wat, Cambodia

GST Calendar –Compliances for the month of October 2023.

| Nature of Compliances | Due Date |
|--|-------------------|
| GSTR-7 (Tax Deducted at Source 'TDS') | October 10, 2023 |
| GSTR-8 (Tax Collected at Source 'TCS') | October 10, 2023 |
| GSTR-1 | October 11, 2023 |
| IFF- Invoice furnishing facility (Availing QRMP) | October 13, 2023 |
| GSTR-6 August 2021 Input Service Distributor | October 13, 2023 |
| GSTR-2B (Auto Generated Statement) | October 14, 2023 |
| GSTR-3B | October 20, 2023 |
| GSTR-5 (Non-Resident Taxable Person) | October 20, 2023 |
| GSTR-5A (OIDAR Service Provider) | October 20, 2023 |
| PMT-06 (who have opted for QRMP scheme) | October 20, 2023 |
| Annual Return GSTR- 9 | December 31, 2023 |
| Statement (need Audit) GSTR-9C | December 31, 2023 |

1. Service tax liability confirmed on remuneration, bonuses, and allowances disbursed to employees seconded from foreign entities, in accordance with the decision of the Supreme Court, as upheld by the Customs, Excise and Service Tax Appellate Tribunal (CESTAT).

Summary:

- The CESTAT Chennai bench has affirmed the obligation of service tax on salaries paid to foreign-based expatriate employees who were seconded from a foreign entity. The basis for this ruling is that such remuneration is regarded as compensation for the manpower services procured from the foreign entity. The CESTAT drew heavily from the influential judgment of the Supreme Court (SC) in the case of Northern Operating System Private Limited (NOS decision). It noted that the circumstances in the present case are akin to those in the NOS decision.
- According to the CESTAT's observation, the agreement between the parties distinctly stipulated that the appellant was responsible for remunerating the secondees employed by them in India, encompassing aspects like salaries, bonuses, and allowances. In this context, the term 'consideration' encompasses any sum payable for the provision or intended provision of taxable services. Thus, the CESTAT concluded that the payments made by the appellant for salaries, bonuses, allowances, etc., effectively represented the expenditure for the manpower services rendered to them.
- While the CESTAT validated the demand for the regular period, accompanied by interest, it invalidated the demand for the extended period. This decision was grounded in the notion that the case lacked any attempt to hide or manipulate facts, rendering it a revenue-neutral circumstance.

Background:

- Renault Nissan Automotive India Pvt. Ltd., referred to as the appellant, was actively engaged in rendering business auxiliary services.
- The appellant had entered into an agreement with Nissan Motor Company Ltd (NMC) to employ expatriate foreign workers through a secondment arrangement. In tandem, the appellant had separately concluded employment contracts with the foreign expatriates.
- Treating the secondees as their own staff, the appellant deducted Tax Deducted at Source (TDS) from their salaries and furnished Form 16. The appellant also accounted for expenses in their financial statements under personnel costs.
- The salary disbursed to these seconded employees operated on a split formula: a portion was covered by the appellant, while another part was facilitated by NMC in the form of social security obligations and retirement benefits. The portion covered by NMC was subsequently reimbursed by the appellant.
- The adjudicating authority issued Show Cause Notices (SCNs) to demand service tax under the Reverse Charge Mechanism (RCM) for the transaction categorized as manpower supply services for the financial years 2008-09 to 2013-14.
- The appellant argued that due to the employment visa, an employer-employee relationship existed between them and the seconded employees.
- The appellant acknowledged the service tax liability related to reimbursed social security charges under the RCM.
- The commissioner sustained the service tax demand, inclusive of interest, based on the assertion that the amounts paid for expat salaries and perks should be recognized as a component of the consideration for the provision of manpower services, thereby becoming part of the assessable value.

- In response, the appellant lodged an appeal before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) to contest this decision.

Issue before CESTAT

- The question at hand is whether the salary and additional benefits furnished to the secondees by the appellant should be considered as components of the assessable value in accordance with the definition outlined in Section 67 of the Finance Act.

Arguments Presented by the Appellant

- **Documentation Supporting Employment:** The appellant put forth evidence such as employment visas, Tax Deducted at Source (TDS) certificates, and provident fund registration, demonstrating that the foreign workers were formally on the appellant's payroll. This contrasts with the situation in the NOS decision.
- **Control and Supervision:** The appellant argued that the expatriate workers carried out their assigned tasks based on the appellant's directives, even though they followed the instructions from Nissan Motor Company Ltd (NMC). The appellant maintained a comprehensive control over the secondees throughout their secondment duration.
- **Dual Employment Perspective:** The appellant contended that even if a part of the demand order was accepted, the arrangement between NMC and the appellant would lead to a scenario of dual employment. This implies that both entities would function as joint employers for the expatriates, and thus the cost of these employees would be shared by both. Consequently, the appellant asserted that no service provider-recipient relationship existed between the appellant and NMC.
- **Limited Payments to NMC:** Except for reimbursing social security amounts, the appellant asserted that it didn't make any other payments to NMC. The demand for such reimbursements contradicted the decision in the case of M/s. Intercontinental Consultants and Technocrats Private Limited, which deemed reimbursements not taxable prior to the amendment in the definition of 'consideration.'
- **Transparent Disclosure:** The appellant revealed the amounts disbursed to the secondees as salaries under the category 'salaries, wages, and bonus.' This, the appellant argued, negates the existence of a service provider-service recipient relationship between the appellant and NMC.
- **Compliance with NOS Decision:** The appellant emphasized its adherence to the principle outlined in the NOS decision by fulfilling the service tax obligation on the reimbursement of social security charges under the Reverse Charge Mechanism (RCM). Consequently, the appellant asserted that the essence of the NOS judgment favored their position.

Observations and Ruling by Chennai CESTAT:

- **Consideration for Services Received:** The tribunal noted that the term 'consideration' within the context of Section 67 of the Finance Act encompasses any amount payable for taxable services rendered or to be rendered. According to the agreement's stipulations, the CESTAT observed that the appellant was obligated to disburse salaries, bonuses, allowances, etc., to the secondees employed by them in India. In this context, the compensation provided by the appellant was essentially the cost of the manpower services acquired by them. As such, these payments are to be regarded as 'consideration' for the purpose of imposing service tax under the Reverse Charge Mechanism (RCM).

- **Levying Service Tax on Seconded Employees' Services:** The CESTAT referenced the Supreme Court's ruling in the NOS case and found that the terms, conditions, and scope of the secondment agreement in the present case were analogous to those in the aforementioned case. Consequently, the tribunal held that the appellant was liable to pay the relevant service tax as per applicable regulations.
- In summary, the CESTAT ruled that the payments made by the appellant to the seconded employees should indeed be treated as 'consideration' for the purposes of service tax, in line with the agreement's terms. The decision of the Supreme Court in the NOS case was referenced to substantiate the requirement for service tax on services provided by seconded employees.

Inclusion of 'Recruitment' and 'Supply' in Manpower Agency Terms: The tribunal made reference to the Supreme Court's decision in the case of International Merchandising Company, LLC. The SC's judgment established that the terms 'manpower recruitment' or 'supply agency' are comprehensive enough to encompass both 'recruitment' and 'supply' of manpower. The term 'supply' holds a broader connotation than 'recruitment.'

Citing Pragathi Concrete Products Case: The tribunal pointed to the Supreme Court's verdict in the case of Pragathi Concrete Products. This decision held that when a taxpayer's unit had undergone multiple audits and physical inspections by the department over a certain period, any possibility of suppression was eliminated. The tribunal agreed that this constituted a revenue-neutral context. It concluded that attempting to suppress such known information would not have granted the appellant/ assessee any advantageous outcome. The CESTAT's reference to the Pragathi Concrete Products case supported its earlier stance that the situation in the present case was characterized by a lack of suppression and a revenue-neutral condition, thereby underscoring the rationale behind its decision.

Department's Awareness and Lack of Suppression: The tribunal reiterated that the entirety of the activities in question was already known to the Revenue and the department's officials. Given this comprehensive awareness, there was no ground for asserting any suppression of facts. Consequently, the tribunal concluded that the demand associated with the extended limitation period lacked a valid basis.

2. Modern Insecticides Ltd vs. Commissioner, CGST & Anr.

Tax deposited during search cannot be retained by department, till adjudication of notice.

FACTS

The respondent conducted a search at the petitioner's premises, detaining their Chartered Accountant and Director, during the second search. They were released upon depositing Rs. 2.15 crores, with Rs. 34.04 lakhs from the Electronic Credit Ledger and Rs. 5.10 lakhs from the Electronic Cash Ledger. However, essential documents and gadgets required for filing returns were not provided. A petition was subsequently filed seeking a refund of the deposited amount of Rs. 2.54 crores.

Ruling

Drawing on the Vallabh Textile's case judgment, it's crucial to emphasize that the amount deposited during the search cannot be construed as a voluntary act on the part of the petitioner. This is a significant legal distinction because voluntary payments typically indicate acknowledgment of liability, whereas deposits made during a search are often made under duress or pressure. Therefore, the reliance on the Vallabh Textile's case sets a precedent that such deposits should not be automatically treated as admissions of guilt or liabilities.

Furthermore, it's important to note that as of the present date, no proceedings under Section 74(1) of the CGST Act have been initiated against the petitioner. This is significant because according to Rule 142(1A) of the CGST Rules, the department is not authorized to issue Form GST DRC-01A, which is used to demand payment of tax, interest, and penalties, until such proceedings have been formally initiated. In essence, the absence of formal proceedings means that the department lacks the legal basis to demand payment from the petitioner.

In addition, the passage of two years without the issuance of any formal notice or initiation of proceedings raises concerns about the undue retention of the tax deposit by the department. The principle of justice and fairness dictates that the department should not indefinitely withhold these funds pending future adjudication, which could potentially take even more time. This situation creates financial and operational uncertainties for the pet

Consequently, the respondents have been requested to promptly return the deposited amount of Rs. 2.54 crores to the petitioner(s), coupled with simple interest at the rate of 6% per annum. This interest is meant to compensate the petitioner for the opportunity cost and any financial losses incurred due to the prolonged retention of their funds by the tax authorities until the payment is made. The request for interest underscores the importance of timely and fair resolution in taxation matters, ensuring that taxpayers are not unduly burdened by delays and uncertainties in the adjudication process.

3. Returning the Input Tax Credit (ITC) by the recipient who has received a credit note- is the adjustment of previously claimed Input Tax Credit (ITC) by a recipient in response to a credit note issued by the supplier for corrections in the original transaction.

In accordance with Section 34 of the CGST Act, the issuance of credit notes is covered, along with the specific situations and conditions that warrant their issuance. An evaluation of this statutory provision unmistakably indicates that credit notes may be mandated for the following objectives:

The need for issuing a credit note arises for several reasons, as outlined in Section 34 of the CGST Act, including:

- When the taxable value or tax charged in the tax invoice exceeds the taxable value or tax payable for the supply.
- When the recipient returns the goods supplied.
- When there are deficiencies found in the goods or services provided.

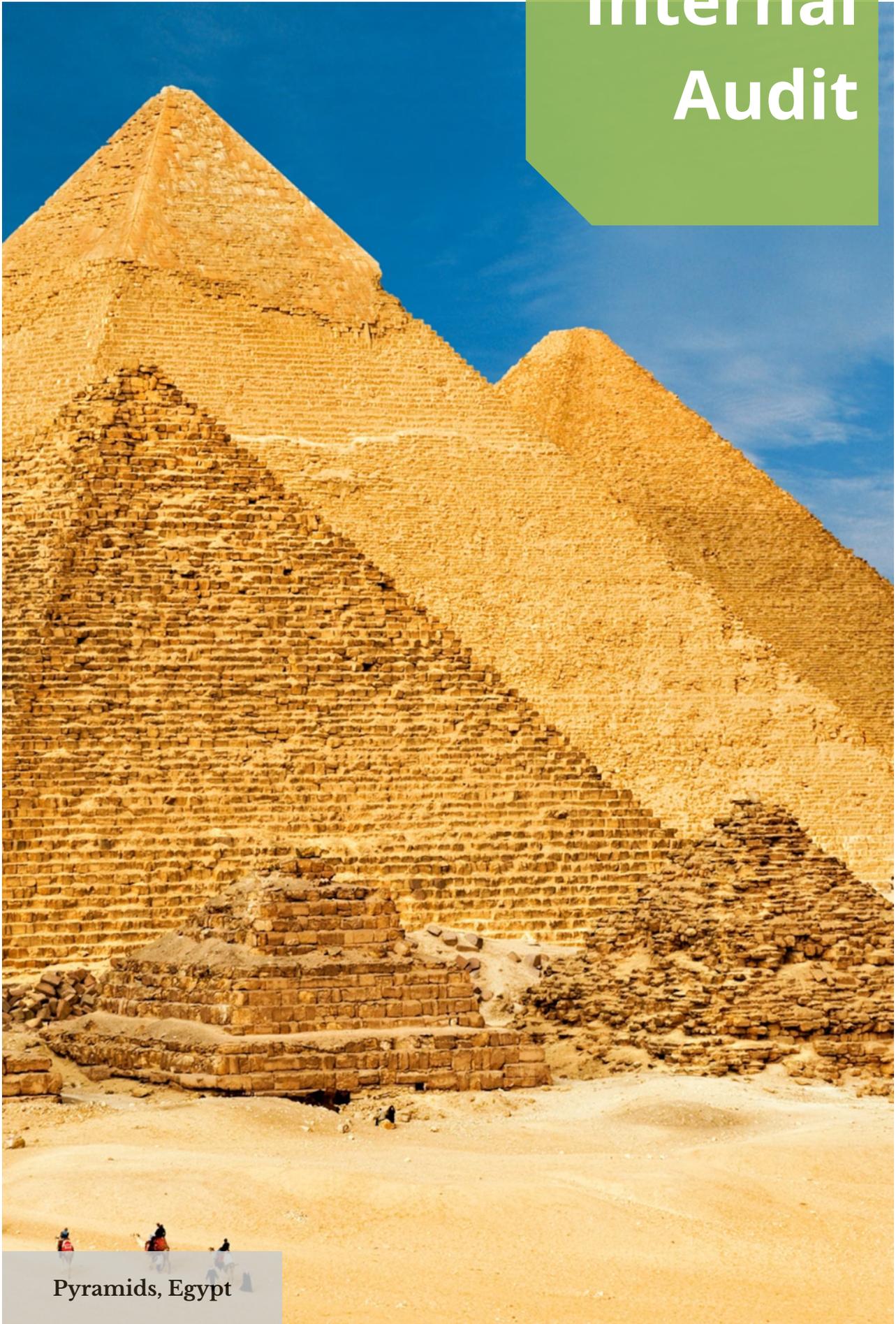
An instances that require issuing a credit note is rooted in Section 15(3), which pertains to determining the value of a supply when a supplier offers a discount. According to this section, the discount amount should not be included in the value of the supply if, after the supply has been made, such a discount has been granted:

- a) This situation arises when, in accordance with an agreement made either at or before the time of such supply and specifically tied to the relevant invoices.
- b) The Input Tax Credit (ITC) related to the discount, has been reversed by the recipient of the supply, following the issuance of a credit note by the supplier.

The requirement specified in (b) above is unique and not found in relation to other situations outlined in Section 34 for the issuance of a credit note. Nevertheless, it has come to our attention that tax authorities have been insisting on obtaining confirmation or a declaration from the recipient of the supply regarding the reversal of Input Tax Credit (ITC) by them. Failure to provide such confirmation has led to the issuance of demand notices by the authorities. These requirements may be viewed as additional and unnecessary, especially in situations where credit notes are issued for reasons other than post-supply discounts.



Internal Audit



Pyramids, Egypt

GREEN FINANCE

Introduction:

Green Finance is a sustainable or responsible finance that effectively finances projects with environmental benefits, such as reducing greenhouse gas emissions, improving energy efficiency, or enhancing the circular economy.

In simple words “Green Finance” is a loan or investment that promotes environmentally-positive activities, such as the purchase of ecologically-friendly goods and services or the construction of green infrastructure

Key aspects of Green Finance include:

- a) ESG (Environmental, Social, and Governance) Integration: ESG criteria are used to assess the environmental and social impact of investments. Companies and investors analyze factors like a company's carbon footprint, labor practices, and corporate governance when making investment decisions.
- b) Green Technology and Innovation: Green finance can also support the development and commercialization of new technologies that address environmental challenges, such as clean energy technologies, electric vehicles, and sustainable agriculture practices.
- c) Corporate Sustainability Reporting: Companies are under pressure to disclose their environmental and social performance. This transparency helps investors and stakeholders evaluate a company's sustainability efforts.
- d) Sustainable Banking: Sustainable banks and financial institutions integrate environmental and social considerations into their lending and investment decisions. They may offer green loans, eco-friendly mortgages, and incentives for sustainable businesses.
- e) Green Investments: This involves directing capital towards environmentally friendly projects and companies. It includes investments in renewable energy, energy efficiency, clean transportation, sustainable agriculture, and other green sectors.
- f) Green Bonds: Green bonds are debt securities issued by governments, corporations, or other entities to finance environmentally beneficial projects. The proceeds from these bonds are earmarked for specific green initiatives, such as renewable energy projects or carbon reduction efforts.
- g) Green Funds: These are mutual funds or exchange-traded funds (ETFs) that specifically focus on investing in environmentally responsible companies and projects. Investors can diversify their portfolios while supporting sustainability.
- h) Impact Investing: Impact investors seek to generate positive social and environmental impacts alongside financial returns. They invest in businesses and projects that have a clear and measurable positive effect on society and the environment.

Conclusion:

Green Finance refers to financial activities and investments that prioritize environmental sustainability and social responsibility. Its primary goal is to support projects, businesses, and initiatives that have a positive impact on the environment and promote sustainable development. Green finance encompasses a range of financial instruments, strategies and practices aimed at addressing environmental challenges and transitioning towards a more sustainable economy.

Green finance plays a crucial role in addressing global environmental challenges, such as climate change and biodiversity loss, by redirecting financial resources toward sustainable and environmentally responsible projects and practices. It also aligns with the broader goal of achieving a more sustainable and equitable global economy.



Corporate Finance



Stonehenge, England

KKR Pours \$250 Mn More Into Reliance Retail At \$100-Bn Valuation

Private equity firm KKR has poured INR 2,069.5 crore (about \$250 million) as additional capital into Reliance Retail Ventures Ltd, a unit of the oil-to-telecom conglomerate Reliance Industries Ltd, at a valuation of around \$100 billion. The investment increases KKR's stake in Reliance Retail Ventures to 1.42% from 1.17%. KKR previously invested INR 5,550 crore in Reliance Retail in 2020. Its fresh investment comes primarily from its Asian Fund IV. The latest deal comes less than three weeks after Qatar Investment Authority, the Gulf nation's sovereign wealth fund, invested INR 8,278 crore in Reliance. The two transactions are part of Reliance Retail's reported plan to raise as much as \$3.5 billion from private investors before it potentially floats an initial public offering.

Private Equity

Kedaara To Infuse \$229 Mn Into SaaS Firm Perfios

Homegrown private equity firm Kedaara Capital will be investing \$229 million (around INR 1,900 crore) in fintech-focussed software-as-a-service (SaaS) company Perfios Software Solutions. The transaction is a mix of a primary issue and a secondary stake sale.

(Source: VC Circle, 11th September 2023)

Ola Electric Raising \$140 Mn In Temasek-Led Round

Ola Electric Mobility Pvt. Ltd has signed an agreement to raise \$140 million from existing investors including Temasek Holdings. Singapore state investor Temasek is pumping in around \$90 million. Others—mostly family offices—will contribute the remaining sum. The company has been valued at \$5.4-5.5 billion, or at a premium to Ola Electric's last round of around \$5 billion.

(Source: VC Circle, 7th September 2023)

Motilal Oswal Alternates Injects Fresh Capital Into Electronics Maker

MO Alternate Investment Advisors Pvt Ltd has made a fresh investment in a Gurugram-based engineering and contract manufacturing company and telecom gear maker, its second follow-on bet on the company this year. A group of co-investors and affiliates of MO Alts, the alternative investment arm of Mumbai-based Motilal Oswal Group, made an additional investment of INR 250 crore (about \$30 million) in VVDN Technologies.

(Source: VC Circle, 5th September 2023)

WestBridge Capital Bets On TSS Consultancy At \$108 Mn Valuation

Regulatory and compliance technology company TSS Consultancy has secured an undisclosed amount in its maiden funding round from private equity firm WestBridge Capital. The Mumbai-based company raised the funding at a valuation of \$108 million (INR 900 crore).

(Source: VC Circle, 11th September 2023)

Convergent Finance Invests More In FMCG Contract Manufacturer

Convergent Finance, a private equity firm has upped its investment in a four-year old bet. The firm – also a backer of companies such as regional airline Fly91, food chemical manufacturer Camlin Fine Science and food supply chain player JI Foods among others – is investing \$19 million (INR 160 crore) through preferential allotment of warrants in the listed contract manufacturing firm Hindustan Foods.

(Source: VC Circle, 25th September 2023)

Venture Capital

SBI Investment, Evolvence Co-Lead \$20 Mn Round In Captain Fresh

Business-to-business fish and seafood company Captain Fresh has raised \$20 million (around INR 166 crore) in an extended Series C funding round co-led by SBI Investment and Evolvence Capital. A few of the existing investors of the company, including Accel, Matrix Partners India, Prosus Ventures and Tiger Global, also participated in the funding mop-up. Captain Fresh, which is owned and operated by Infifresh Foods Pvt Ltd, also counts Ankur Capital and Incubate Fund as its investors.

(Source: VC Circle, 5th September 2023)

Ergos Snags \$10 Mn As Abler Nordic Joins Cap Table

Agritech startup Ergos has raised \$10 million (Rs 82.8 crore) in a Series B funding through a mix of equity and debt rounds. While the equity investment was of \$7 million, the debt was \$3 million. The fundraise saw Oslo-based Abler Nordic (formerly Nordic Microfinance Initiative) joining the captable along with existing investors Aavishkar Capital, Chiratae Ventures and Trifecta Venture Debt Fund, who doubled down on their agritech investments.

(Source: VC Circle, 22nd September 2023)

Ellipsol Gets \$300K In Seed Funding

Ellipsol secured \$300,668 (INR 2.5 crore) in a seed funding round led by early- Stage venture capital firm Capital A. The round also saw participation from Anicut Capital's Grand Anicut Fund along with other undisclosed investors.

(Source: VC Circle, 6th September 2023)

Kuku FM Rakes In \$25 Mn From The Fundamentum Partnership, Others

Audio content platform Kuku FM, operated by Mebigio Labs Pvt Ltd has raised \$25 million (around INR 208 crore) in a Series C funding round co-led by its existing investor The Fundamentum Partnership and the World Bank Group's private sector investment arm the International Finance Corporation (IFC). Vertex Ventures, another existing backer of Kuku FM, also doubled down on its investments with the latest round.

(Source: VC Circle, 20th September 2023)

Courtside Ventures, Griffin Co-Lead \$22 Mn Round In Eloelo

Live entertainment and social gaming platform has raised \$22 million (around INR 183 crore) as a part of its pre-Series B funding round co-led by Courtside Ventures and Griffin Gaming Partners. Mixi Inc, which recently set up its \$50 million India-focused corporate venture capital firm, also participated in the round, marking its first investment from the new vehicle. Existing backers Waterbridge Ventures, Lumikai Fund, Kalaari Capital, Convivialite Ventures and Rocket Capital also participated in the funding mop-up.

(Source: VC Circle, 20th September 2023)

Mergers & Acquisitions

Reliance Retail Acquires Majority Stake In Alia Bhatt's Ed-A-Mamma

Reliance Retail Ventures Ltd. (RRVL), the retail arm of oil-to-telecom conglomerate Reliance Industries, on Wednesday, said that it has signed an agreement to acquire a 51% stake in Ed-a-Mamma, a kids clothing and maternity-wear brand owned by actor Alia Bhatt and family. The company did not disclose the financial details of the deal.

(Source: VC Circle, 6th September 2023)

Mordor Picks Up 51% Stake In Global Market Insights

Hyderabad-based market research firm Mordor Intelligence has bought 51% stake in its Pune-based peer Global Market Insights in a move to grow and strengthen its workforce. Mordor further plans to increase this stake by another 25% by the end of the financial year. Deal financials are undisclosed.

(Source: VC Circle, 14th September 2023)

ADIA-Backed Mindspace REIT Takes Full Control Of Chennai Office Project

Mindspace Business Parks REIT has acquired the 22% ownership interest it didn't already own in a commercial real estate project in Chennai for INR 181.6 crore (about \$22 million). The Mumbai-listed real estate investment trust, which is sponsored by Indian developer K Raheja Corp and counts Singapore sovereign wealth fund GIC as well as Abu Dhabi Investment Authority as its investors, it bought about 240,000 square feet of leasable area at Commerzone Porur.

(Source: VC Circle, 4th September 2023)

Temasek-Backed Manipal Health Buys Controlling Stake In AMRI Hospitals

Temasek-backed Manipal Health Enterprises Ltd has acquired an 84% stake in Emami Group's AMRI Hospitals for around INR 2,300 crore. As part of the deal, Manipal will pick up an equity stake as well as assume a portion of AMRI's debt.

(Source: VC Circle, 21st September 2023)

Abu Dhabi's IHC To Sell Stake In Adani Units

Abu Dhabi conglomerate International Holding Company (IHC) would sell its stake in India's Adani Green Energy and Adani Energy Solutions as part of its portfolio rebalancing strategy. It did not disclose the name of the buyer or the extent of the investment it was selling.

(Source: VC Circle, 28th September 2023)



Transaction & Regulatory Advisory Services



Great mosque of
Djenne, Mali

In this edition we have tried to bring you notice the latest amendment that followed in the month of September, 2023 issued by MCA, RBI, SEBI, IBBI and others.

MCA

Clarification on holding of Annual General Meeting (AGM) and EGM through video Confercnce (VC) or other Audio visual means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act,2013

It has been decided to allow companies whose AGMs are due in the Year 2023 or 2024, to conduct their AGMs through VC or OAVM on or before 30th September, 2024

To Read More: <https://www.mca.gov.in/bin/dms/getdocument?mids=HaKq8Y72SkO5wIQe05fjLQ%253D%253D&type=open>

SEBI

Redressal of investor grievances through the SEBI Complaint Redressal (SCORES) Platform and linking it to Online Dispute Resolution platform

In order to strengthen the existing investor grievance handling mechanism through SCORES by making the entire redressal process of grievances in the securities market comprehensive by providing a solution that makes the process more efficient by reducing timelines and by introducing auto-routing and auto-escalation of complaint, SEBI notified the Securities and Exchange Board of India (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023.

To Read More: https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform_77159.html

Draft Master Direction on Treatment of Wilful Defaulters and Large Defaulters

The instructions on willful defaulters have been revised after a review of the extant instructions and consideration of various judgments/ orders from the Hon'ble Supreme Court and Hon'ble High Courts, as well as representations/ suggestions received from banks and other stakeholders. The draft Master Direction expands the scope for Regulated Entities which can classify borrowers as wilful defaulters, broadens the definition of wilful default, refines the identification process and mandates a review and finalization on wilful default aspects within six months of an account being classified as a non-performing asset.

To Read More: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56407

RBI

Extension till 7th October for the exchange of 2000 denomination Banknotes

As the period specified for the withdrawal has come to an end, and based on a review, it has been decided to extend the current arrangement for deposit / exchange of 2000 banknotes until October 07, 2023. With effect from October 8, 2023, banks shall stop accepting 2000 banknotes for credit to accounts or exchange to other denomination banknotes.

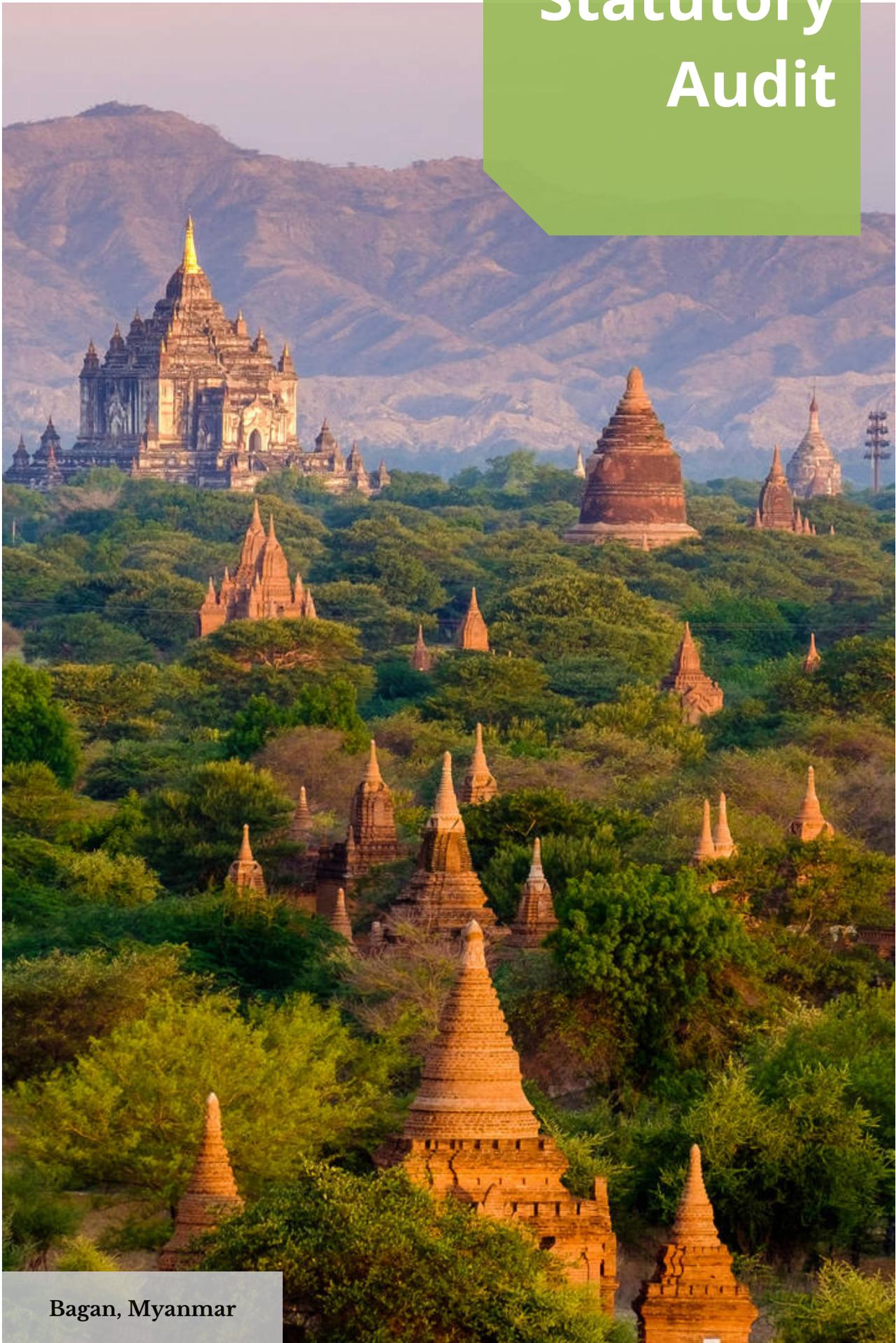
To Read More: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12540&Mode=0>

PM Vishwakarma Scheme

Government of India (GoI) has introduced the 'PM Vishwakarma Scheme' which aims to provide support to artisans and craftspeople to enable them to move up the value chain in their respective trades. The Scheme envisages, among other measures, credit support to the beneficiaries at concessional interest rate, with interest subvention support by GoI.

To Read More: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12536&Mode=0>

Statutory Audit



Bagan, Myanmar

Companies to Maintain Daily backup of Books of Accounts: MCA

Rule 3 of Companies (Accounts) Rules states about, Manner of Books of Account to be Kept in Electronic Mode

The books of account and other relevant books and papers maintained in electronic mode shall remain accessible in India, at all times so as to be usable for subsequent reference.

There shall be a proper system for storage, retrieval, display or printout of the electronic records as the Audit Committee, if any, or the Board may deem appropriate and such records shall not be disposed of or rendered unusable, unless permitted by law.

The Ministry of Corporate Affairs (MCA) in India has introduced new rules that impact how companies, especially multinational corporations operating in the country, manage their accounting records. According to the latest changes under Indian company law, companies must now facilitate real-time access to their electronic books of accounts for government authorities, even if the servers hosting this data are located outside India.

The key requirement is the Daily backup of accounts, which must be stored on servers physically located within India. This implies that, irrespective of the global location of the servers hosting electronic books of accounts, companies must maintain a daily copy of this data within the country's borders. The move represents a significant tightening of regulations surrounding the electronic maintenance of accounting records.

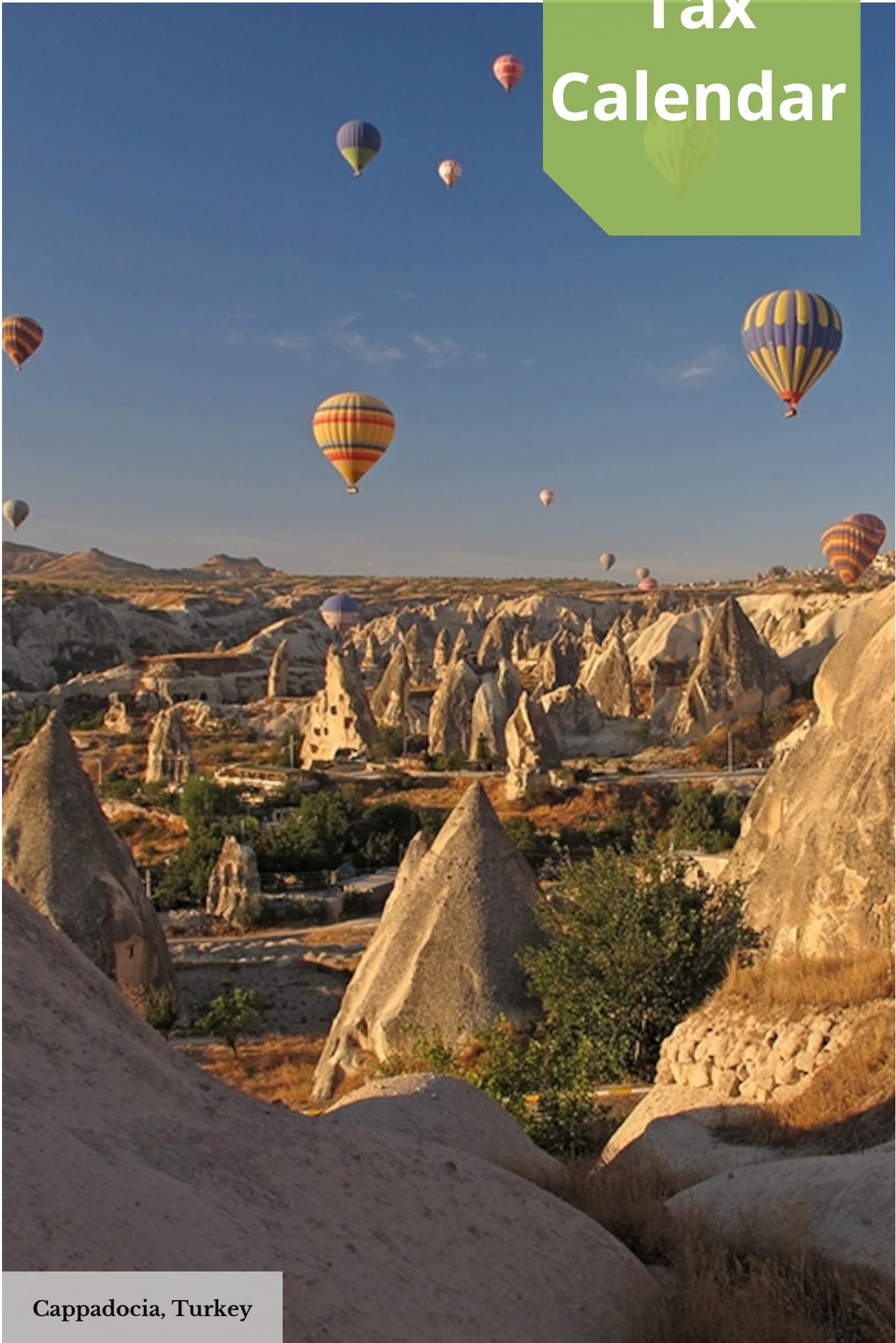
The company shall intimate to the Registrar on an annual basis at the time of filing of financial statement-

- The name of the service provider;
- The internet protocol address of service provider;
- The location of the service provider (wherever applicable);
- Where the books of account and other books and papers are maintained on cloud, such address as provided by the service provider.
- Where the service provider is located outside India, the name and address of the person in control of the books of account and other books and papers in India

The motivation behind these changes is to ensure that books of accounts and related documents, when stored electronically, are constantly accessible to Indian authorities. The emphasis is on maintaining the ability for local law enforcement agencies to utilize this information for reference whenever necessary. This measure is a response to the increasing use of cloud infrastructure and servers located abroad, making it imperative for companies to comply with the stipulated daily backup requirement on servers within India.



Tax Calendar



Cappadocia, Turkey

October 2023 - Tax Calendar

| | |
|---------------------|--|
| 7TH OCTOBER | Due date for deposit of Tax deducted/collected for the month of September, 2023 |
| 7TH OCTOBER | Due date for deposit of TDS for the period July 2023 to September 2023 when Assessing Officer has permitted quarterly deposit of TDS under section 192 , 194A , 194D or 194H |
| 15TH OCTOBER | Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of September, 2023 has been paid without the production of a challan |
| 15TH OCTOBER | Due date for issue of TDS Certificate for tax deducted under section 194-IB , 194-IA, 194M, and 194S in the month of August, 2023 |
| 15TH OCTOBER | Quarterly statement of TCS deposited for the quarter ending September 30, 2023 |
| 15TH OCTOBER | Upload declarations received from recipients in Form No. 15G/15H during the quarter ending September, 2023 |
| 15TH OCTOBER | Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2023 |
| 15TH OCTOBER | Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending June 30, 2023 |
| 30TH OCTOBER | Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA , 194-IB, 194M, 194S in the month of September, 2023. |
| 30TH OCTOBER | Quarterly TCS certificate (in respect of tax collected by any person) for the quarter ending September 30, 2023 |
| 31ST OCTOBER | Intimation by a designated constituent entity, resident in India, of an international group in Form no. 3CEAB for the accounting year 2022-23 |
| 31ST OCTOBER | Quarterly statement of TDS deposited for the quarter ending September, 2023 |
| 31ST OCTOBER | Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending September, 2023 |
| 31ST OCTOBER | <p>Due date for filing of return of income for the AY 2023-24 if the assessee (not having any international or specified domestic transaction) is</p> <p>(a) corporate-assessee or</p> <p>(b) non-corporate assessee (whose books of account are required to be audited) or</p> <p>(c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A apply.</p> <p>Note: The due date of furnishing of Return of Income in Form ITR-7 in the case of assessee referred to in clause (a) of Explanation 2 to section 139(1) has been extended from October 31, 2023 to November 30, 2023, vide Circular no. 16/2023, dated 18-09-2023</p> |
| 31ST OCTOBER | Audit report under section 44AB for the AY 2023-24 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under section 92E |
| 31ST OCTOBER | Report to be furnished in Form 3CEB in respect of international transaction and specified domestic transaction. |
| 31ST OCTOBER | Furnishing of Audit report in Form no. 10B/10BB by a fund or trust or institution or any university or other educational institution or any hospital or other medical institution. Note: the due date for furnishing the Audit report in Form no. 10B/10BB has been extended from September 30, 2023 to October 31, 2023 vide Circular no. 16/2023, dated 18-09-2023 |



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