



RNM ALERT
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EDITORIAL

Dear Readers

During the month of September 2024 our CEO, Mr. Raghu Marwah visited Bangalore office twice and Mumbai office also on client meetings. Team RNM is also pleased to share that RNM Capital along with its Co-Sponsor Albatross Capital is expanding its service offerings to include Asset Management services and has received in-principal approval for a Fund Management Entity license at the 18th Unit Approval Committee (UAC) of IFSCA, Gift City, Gandhinagar, Gujrat.

On the direct tax front, the Central Board of Direct Taxes decided to extend the Tax Audit due date from September 30 to October 7.

On the Indirect tax front, the 54th meeting of the GST council made two major recommendations namely, New Compliance for the metal scrap industry and Applicability of RCM in case of payment of rent for a commercial building to an unregistered person by a registered person.

I also wanted to talk a bit about the impact of AI in our profession and the need for careful use of such powerful tools like Chat GPT. A Canadian court has recently ruled that 'AI made a mistake' is not a defence. As a result an airline had to honour a refund that its AI-powered chatbot erroneously promised a customer. Legal cases have been thrown out of court because lawyers based their arguments on made-up case histories that generative AI presented as truth in New York in June 2023. But ignoring AI is not an option either and like all new technologies due care is required in its adoption.

We would like to take this opportunity of wishing all our readers a happy Dussehra on 12th October. On this day when we commemorate the victory of Lord Rama over King Ravana signifying that no matter how powerful evil may seem, goodness will always prevail.

U N Marwah
Chairman - RNM India

Direct Tax





1. CBDT issues new guidelines to handle applications for condonation of delay in filing ITR with refund/losses

The CBDT vide Circular No. 11/2024 dated 1st Oct, 2024 has issued a new circular under Section 119(2)(b) of the Income-tax Act, 1961. This circular provides comprehensive guidelines for handling applications for condonation of delay in filing returns claiming refunds and carry forward of losses, detailing conditions and procedures for such cases.

2. NOTIFICATION NO. G.S.R. 584(E) [NO. 104/2024, F. NO. 370142/16/2024-TPL], DATED 20-9-2024

The CBDT notifies Direct Tax Vivad se Vishwas Rules, 2024 and issued some Forms Under The Direct Tax Vivad Se Vishwas Scheme, 2024 effective from October 1, 2024

Important Judicial Precedents

1. Reassessment notices issued under new provisions within time limit extended by TOLA are valid: SC

[2024] 167 taxmann.com 70 (SC) Union of India vs. Rajeev Bansal

TOLA extended deadlines for actions under specified Acts during the COVID-19 outbreak. The use of "any" in Section 3(1) of TOLA means the relaxation applies to all actions due between March 20, 2020, and March 31, 2021. Accordingly, any amendments or substitutions to provisions of the Income-tax Act do not affect TOLA's application as long as the action falls within this period. Thus, reassessment notices issued under new provisions within the time limit extended by TOLA are valid.

2. Notice issued without obtaining prior approval of specified authority was to be quashed; SLP dismissed

[2024] 167 taxmann.com 56 (SC) Income-tax Officer vs. Tia Enterprises (P.) Ltd

Section 148 of the Income-tax Act, 1961 - Income Escaping Assessment - Issue of notice for (Approval for PCIT) - Assessment year 2011-12 - Assessee challenged notice under section 148 and order disposing objections issued by Assessing Officer on ground that reassessment proceedings were commenced without approval of specified authority - High Court by impugned order held that since statutory scheme encapsulated in Act provides that reassessment proceedings cannot be triggered till Assessing Officer places before the specified authority reasons to believe that income has escaped assessment for grant of approval, however, in instant case Assessing Officer did not obtain prior approval of specified authority, impugned notice and order were liable to be quashed - Whether special leave petition filed against said order of High Court was to be dismissed - Held, yes [Para 2] [In favour of assessee]

3. Reassessment notice issued after 4 years with sanction obtained from JCIT instead of PCIT quashed: HC

[2024] 166 taxmann.com 536 (Delhi-HC) Abhinav Jindal HUF vs. ITO

TOLA would not alter or amend structure for approval and sanction which stands erected by virtue of section 151; where notice for reopening of assessment was issued four years after end of relevant assessment year, approval granted by JCIT for reopening of assessment would not be compliant with scheme of section 151 and was liable to be quashed.



4. Common Area Maintenance charges paid to mall owner is liable to TDS u/s 194C and not u/s 194-I: ITAT

[2024] 167 taxmann.com 76 (Delhi - Trib.) Benetton India (P.) Ltd. vs. JCIT

Where assessee-company had taken a shop in a mall on rent and it had paid Common Area Maintenance (CAM) charges to payee, since CAM charges paid were for separate and distinguishable services and could not be said to be for use of building, CAM charges paid were not covered by section 194-I and only TDS provision that could be applied was section 194C.

5. Reassessment notice issued by JAO outside faceless mechanism to be stayed till final decision of SC in Hexaware

[2024] 166 taxmann.com 321 (Bombay-HC) JD Printers (P.) Ltd. vs. ITO

INCOME TAX : Where impugned notice under section 148 was issued by JAO and same was outside faceless mechanism as provided under section 144B read with section 151A and 'scheme' notified by Central Government under section 151A, reopening notice and any other proceedings arising out of said proceedings were to be stayed till final decision of Supreme Court in proceedings initiated by revenue against order in Hexaware Technologies Ltd. v. Asstt. CIT [2024] 162 taxmann.com 225/464 ITR 430 (Bombay).



Indirect Tax



**GST Calendar –Compliances for the month of
October'2024.**


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



Key Outcomes from the 54th GST Council Meeting

Below are the major decisions taken by the GST Council:

- The Council has proposed the gradual implementation of e-invoicing for B2C transactions. Currently, e-invoicing is applicable to B2B transactions for registered individuals with a turnover exceeding Rs. 5 crore, aimed at curbing fake invoicing.
 - The Council also introduced the Invoice Management System, the Reverse Charge Mechanism (RCM) ledger, and the Input Tax Credit Reclaim ledger in the GST portal to enhance the existing return filing system. Taxpayers have been advised to declare their opening balances for these ledgers by 31st October 2024.
 - Reports from the Group of Ministers (GoM) formed on rate rationalization and real estate were submitted as scheduled, and further deliberations on these topics will be taken up in the forthcoming Council meetings.
 - No changes have been made to the GST rate for online gaming. As resolved during the 50th GST Council Meeting held in October 2023, a GST rate of 28% continues to apply to casinos, online games, and racecourses. It was agreed that this rate would be reviewed after six months of implementation. The revenue from online gaming surged by 412% within six months, rising from Rs. 1,349 crores to Rs. 6,909 crores. For casinos, revenue increased by 30%, from Rs. 164 crores to Rs. 214 crores.
 - In June of the previous year, the central government extended the compensation cess on luxury and demerit goods until March 2026. The Union Minister announced that by January 2026, they plan to repay the back-to-back loans and associated interest. As of March 2025, the total cess collection (both actual and projected) stands at Rs. 8,66,706 crores, with Rs. 6,64,203 crores already disbursed as compensation, Rs. 2,69,208 crores as loans repayable, and Rs. 51,561 crores in interest. A GoM will be established to assess these figures and devise a strategy moving forward.
 - A Committee of Secretaries, chaired by the Additional Secretary of Revenue, will be formed to review and address the issue of the negative balance in the IGST. They will examine how to recover excess IGST credited to certain states, with a report expected by the end of October 2024.
 - Funds provided for research to state-affiliated universities, research centres created under state or central laws, or institutions with income tax exemptions under Section 35 of the Income Tax Act will be exempt from GST. These institutions can receive research funding from both public and private sources.
 - The GST Council recommended enacting Sections 118 and 150 of the Finance Act, 2024. This will amend CGST Sections 16 (5) and (6) retrospectively from 1st July 2017, addressing eligibility criteria for input tax credit (ITC) and correcting wrong claims of ITC. A special procedure will be introduced under CGST Section 148 for taxpayers who received demand notices under Sections 73, 74, 107, or 108 for incorrect ITC claimed under CGST Section 16(4) and did not appeal. These taxpayers can now rectify their claims if the ITC is permitted under the newly added CGST Section 16(5) or (6).
 - New guidelines and procedures will be introduced under CGST Rule 164 to waive interest, penalties, or both for tax demands raised under Section 73 of the CGST Act for the financial years 2017-18, 2018-19, and 2019-20. Taxpayers can avail of this waiver by making the necessary payments by 31st March 2025, as specified under Section 128A. The waiver process will be clarified in a circular, and the relevant provisions will be effective from 1st November 2024.
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The following transactions will be taxed under the reverse charge mechanism:

- Sale of metal scrap from unregistered to registered persons
- Leasing of commercial property from unregistered to registered persons

Ration Decindi

UNO MINDA LIMITED Vs. THE JOINT COMMISSIONER OF GST AND CENTRAL EXCISE.

Issue:

The petitioner, UNO Minda Limited, challenged a show cause notice issued under Section 74 of the CGST Act, 2017, for the misclassification of two-wheeler seats under Customs Tariff Heading (CTH) 9401 instead of CTH 8714. This alleged misclassification resulted in a GST short payment of 18% instead of 28% for the period from July 2017 to October 2023. The key contention was whether the show cause notice invoking the extended period of limitation was valid, given that the petitioner claimed there was no willful misstatement.

Facts:

- The petitioner classified its two-wheeler seats under CTH 9401, which attracted an 18% GST, instead of CTH 8714, which attracts 28%.
- The authorities demanded the differential tax for the period from July 2017 to October 2023, resulting in a GST shortfall of ₹124.74 crores, which the petitioner deposited under protest.
- The petitioner sought to avail the Amnesty Scheme for tax disputes but faced an obstacle due to the bunching of show cause notices for multiple assessment years.

M/S SUPERNOVA ENGINEERS LIMITED V. JOINT COMMISSIONER (APPEALS) & ORS

Issue:

Whether the refund application for unutilized Input Tax Credit (ITC) filed by M/s Supernova Engineers Limited is time-barred under Section 54(3) of the CGST Act, 2017, considering the extended limitation period due to COVID-19-related notifications?

Facts:

M/s Supernova Engineers Limited is engaged in the manufacture and supply of DG sets and panels. In March 2018, they supplied these goods to a Special Economic Zone (SEZ) unit of M/s Newfound Properties & Leasing Pvt. Ltd. under a zero-rated supply as per Section 16 of the IGST Act, 2017.

As the supply was zero-rated, the petitioner was eligible for a refund of unutilized ITC under Section 54(3) of the CGST Act, 2017. The claim was related to supplies made in March 2018, and as per law, the refund application had to be filed within two years from the end of the financial year, i.e., by 31.03.2020.

The petitioner filed the refund application on 27.05.2020, beyond the two-year limit. The adjudicating authority rejected the claim, stating it was time-barred. The petitioner then appealed to the Joint Commissioner (Appeals), who upheld the rejection on 29.01.2021, concluding that the refund application was filed after the limitation period.

During the pendency of the case, the Government of India issued Notification No. 13/2022-Central Tax dated 05.07.2022, which excluded the period from 01.03.2020 to 28.02.2022 for calculating the limitation period for filing refund applications, due to the COVID-19 pandemic.



Ruling:

The relevant date for filing the refund application is defined as two years from the due date of furnishing GSTR-3B returns. In this case, the relevant date for filing the refund application for March 2018 was 20.04.2020.

The court noted that the period from 01.03.2020 to 28.02.2022 was excluded from the calculation of the limitation period for refund applications under Notification No. 13/2022-Central Tax. Therefore, the refund application filed on 27.05.2020 was within the limitation period when taking into account the excluded timeframe.

The Gujarat High Court held that the petitioner's refund application was not time-barred and directed the competent authority to reconsider the refund claim in light of the applicable laws and the exclusion of the COVID-19 period. The court disposed of the petition with these directions.



Internal Audit



MSME Vendor Payment Requirements for Audit: A Comprehensive Guide

In India, Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in the country's economic growth. With millions of businesses classified under MSMEs, they form the backbone of manufacturing, services, and export sectors. Timely payment to MSME vendors has become a significant compliance requirement, especially in light of stringent regulations set forth under various laws, including the MSMED Act, 2006.

For organizations engaging MSME vendors, ensuring compliance with payment regulations is not just a legal obligation but also vital for maintaining healthy business relationships and fostering sustainability. During audits, MSME vendor payment requirements are scrutinized meticulously. This article outlines key aspects of MSME vendor payment requirements that auditors typically focus on and the necessary steps businesses must take to ensure compliance.

Understanding the MSMED Act, 2006

The Micro, Small, and Medium Enterprises Development (MSMED) Act, 2006 was enacted to promote, facilitate, and develop the MSME sector. One of the crucial elements of this act pertains to the timely payment of dues to MSMEs. The law mandates that payments for goods or services to MSME vendors must be made within at maximum 45 days from the day of acceptance or deemed acceptance of the goods or services.

Failure to comply with this provision leads to serious legal and financial consequences, including:

- Interest at three times the bank rate notified by the Reserve Bank of India (RBI) on the delayed payment.
- Disclosure of the amount of unpaid dues in financial statements.

Key Points to Review in an MSME Vendor Payment Audit

During an audit, the following areas related to MSME vendor payments are typically examined:

a) Vendor Classification

Auditors verify whether the vendors have been correctly classified as MSMEs. It is crucial for the organization to:

- Obtain a valid Udyam Registration Certificate from vendors, which serves as proof of MSME status.
- Update records periodically to ensure the vendor's MSME status hasn't changed over time.

b) Payment Terms

The audit will review the payment terms agreed upon with MSME vendors. These terms should be in compliance with the MSMED Act, ensuring that Payment is made within 45 days of the acceptance of goods or services. Contracts or purchase orders with longer payment terms must be scrutinized, as these cannot override the provisions of the MSMED Act.

c) Recording of Payment Deadlines

The organization should maintain a proper tracking mechanism for monitoring payment deadlines. This includes:

- Accurately recording the date of receipt of goods or services.
- Maintaining an auditable trail that distinguishes between date of delivery and date of acceptance (or deemed acceptance) of goods.

d) Return of MSME

Every company that has obtained services or goods from an MSME supplier and has outstanding payment for more than 45 days must disclose it to the ROC by filing the MSME-1 return. The MSME-1 is a half-yearly return that the specified companies need to file regarding their outstanding payments to the MSME.

Further, it is important to note that the Vendor to be reported should be a Micro / Small vendor that too other than those registered as a trader.

e) Disallowance Under Section 43B of the Income Tax Act for Delayed Payments

Section 43B of the Income Tax Act, 1961 has been a crucial compliance measure to ensure timely payments to MSMEs. Under this section, any sum payable by an assessee to an MSME vendor, for which payment is not made within the stipulated 45 days as per the MSMED Act, 2006, may be disallowed as a deduction while computing the taxable income of the payer.

The expense will only be allowed as a deduction in the year in which the actual payment is made to the MSME.

f) Interest on Delayed Payments

If payments are delayed beyond the stipulated period, the organization is liable to pay interest as per the provisions of the MSMED Act. The auditor will verify if:

- Interest has been calculated and paid as required.
- Necessary provisions have been made in the financial statements for any outstanding interest liability.

g) Financial Statement Disclosure

The Companies (Accounting Standards) Rules, 2016 mandate specific disclosures related to MSME dues in financial statements. Auditors will check whether:

- The amount due to MSME vendors is accurately disclosed.
- Interest paid or payable under the MSMED Act is separately disclosed in the financial statements.

h) Reconciliation of Vendor Balances

Reconciliation of MSME vendor balances is crucial to ensure the accuracy of accounts. Auditors may request vendor confirmations to cross-check outstanding dues, payment history, and adherence to terms.

Conclusion

MSME vendor payments are a critical area of compliance for businesses operating in India. By adhering to the provisions of the MSMED Act and maintaining clear records and processes, businesses can ensure timely payments, avoid penalties, and foster strong relationships with their MSME partners. Regular audits and proactive compliance measures will not only safeguard a company from legal repercussions but also promote goodwill and sustainable partnerships with vendors.



Corporate Finance





KKR's India Highways InvIT Gets \$797 Mn Contract

An infrastructure investment trust (InvIT) established by private equity firm KKR & Co. has secured a government contract for a 252 km segment of highways, emerging as the highest bidder with a bid of \$797 million (around INR 6,661 crores). This contract pertains to a section of the Hyderabad-Nagpur corridor in the southern state of Telangana. The concession period for the toll-operate-transfer project is 20 years. The contract was awarded through the toll-operate-transfer(TOT) mode as part of the Indian government's efforts to encourage private participation in the highway sector. The InvIT successfully outbid several prominent competitors in the Indian highway sector, including Adani Road Transport, IRB Infrastructure, and Cube Highways, which is backed by I Squared Capital.

(Source: VC Circle, 23rd September 2024)

Private Equity

Drip Capital Raises \$113 Mn In A Mix of Equity And Debt

Drip Capital provides collateral-free working capital to small and medium-sized businesses engaged in cross-border trade. It works with over 9,000 sellers and buyers across over 100 countries. The company has raised \$23 million (around INR 190 crores) in a recent equity funding round, along with \$90 million (around INR 747 crores) in debt financing. This capital infusion will enable Drip Capital to expand its services and develop new products tailored to meet customer needs.

(Source: VC Circle, 05th September 2024)

Insurtech Startup Onsurity Raises \$45 Mn In Series-B Round

Founded in 2020, Onsurity Technologies offers employee healthcare benefits to small and medium-sized enterprises, startups, and larger corporations through its insurtech platform. The company has successfully completed its Series B funding round and raised \$45 million (around INR 373 crores), led by private equity firm Creaeigis. The funds will be used to launch new digital offerings and product lines, with the goal of enhancing the ecosystem of financial solutions available to small and medium-sized enterprises.

(Source: VC Circle, 16th September 2024)

Edtech Unicorn Physics Wallah raises \$210 Mn

Edtech unicorn Physics Wallah Pvt Ltd has raised \$210 million (around INR 1,754 crores) in its Series B funding round, led by Hornbill Capital with significant participation from Lightspeed Venture Partners and existing investors GSV and WestBridge. This funding boosts the company's post-money valuation to an impressive \$2.8 billion, marking a more than 2.5x increase from its previous valuation of \$1.1 billion achieved in June 2022 during its Series A round. The investment will be used to expand the company's reach, enhance its technological capabilities, and strengthen cash reserves to support future growth initiatives.

(Source: VC Circle, 20th September 2024)

EQT To Acquire Brookfield-Controlled IndoStar's Housing Finance Unit

Private equity firm EQT has entered into an agreement to acquire a 100% stake in IndoStar Home Finance, an affordable housing finance company, for \$209 million (approximately INR 1,750 crores) from its parent company, IndoStar Capital Finance. IndoStar Capital anticipates that this divestment will facilitate accelerated growth and enhance value within its core business areas of vehicle finance and small business loans.

(Source: VC Circle, 20th September 2024)



Financial Services Startup Kaleidofin Bags \$14 Mn In Fresh Round

Founded in 2017, Kaleidofin is a Chennai-based financial services company that empowers lenders to provide financing to low-income customers in the informal economy by leveraging credit health assessments, middleware rails, and risk management dashboards. The company offers a range of financial solutions, including lending as a service, credit assessments, and customer engagement. Recently, Kaleidofin secured \$13.8 million (around INR 114 crores) in an equity funding round from various investors and anticipates an additional \$10 million (around INR 83 crores) later this financial year. This investment will enable Kaleidofin to scale its lending portfolio and enhance its credit scoring, middleware, and risk services through strategic partnerships.

(Source: VC Circle, 18th September 2024)

Venture Capital

Belgium's Verlinvest Invests \$35 Mn In Coffee Retailer Blue Tokai

Verlinvest, the Belgian investment firm focused on consumer themes, has invested \$35 million (around INR 293 crores) in Indian specialty coffee retailer Blue Tokai Coffee Roasters. This funding round values Blue Tokai at around \$180 million (around INR 1,500 crores). Blue Tokai offers specialty artisanal coffees through its standalone cafes, in addition to providing cold brew cans, easy-pour sachets, and biodegradable coffee capsules. The company plans to utilize the new capital to expand its presence in metropolitan areas as well as Tier I and Tier II cities across India, with a goal of increasing its store count to 350 over the next three years.

(Source: VC Circle, 02nd September 2024)

Theater secures \$1.5 Mn in Pre-Series A Round

Theater, a Western fashion brand, has successfully raised \$1.5 million (around INR 12 crores) in a pre-series A funding round. This round was led by Prath Ventures, with participation from existing angel investors. The new capital will enable Theater to establish a strong presence in the design-driven, mass-premium fashion segment, focusing on women's footwear, stockings, perfumes, and bags.

(Source: VC Circle, 03rd September 2024)

Nutrabay Retail raises \$5 Mn in Series-A Funding Round

Founded in 2017, Nutrabay operates as a direct-to-consumer (D2C) multi-brand retail store, featuring over 100 brands alongside its own private label products under the Nutrabay name. Nutrabay Retail has secured \$5 million (around INR 41 crores) in its maiden funding round, led by RPSG Capital Ventures, with participation from Kotak Alternate Asset Managers Limited. The investment will be utilized for omni-channel expansion and to enhance product innovation.

(Source: VC Circle, 02nd September 2024)

Invest4Edu raises \$3 Mn in Seed Funding Round

Invest4Edu, a platform that provides education planning, savings, and investment services to school and college students, has raised \$3 million (around INR 24 crores) in seed funding from various family offices. The company stated that these funds will be utilized to accelerate growth and expand its impact in the areas of early education planning and financial support. Its goal is to broaden its reach and enhance its services.

(Source: VC Circle, 04th September 2024)

BASIC Home Loan Snags \$10.6 Mn In Series B Round

Fintech platform BASIC Home Loan has secured \$10.6 million (around INR 87 crores) in a Series B funding round led by Bertelsmann India Investments. The round also included participation from other investors such as Gruhas, Let's Venture, 9 Unicorns, Venture Catalysts, and CE-Ventures. The home loan company plans to utilize the newly acquired funds to expand its market presence, develop its own lending portfolio, and enhance its technological capabilities. Founded in 2020, this tech-driven mortgage marketplace aims to simplify the home loan process for borrowers in tier-II and III cities and has developed a proprietary technology stack for effectively matching lenders with borrowers.

(Source: VC Circle, 30th September 2024)

Mergers & Acquisitions

Yatra Acquires Corporate Travel Player Globe Travels For \$15 Mn

Yatra Online, a NASDAQ-listed travel agency, has reached an agreement to acquire corporate travel services provider Globe Travels for a cash consideration of \$15 million (around INR 128 crores). The payment will be made through its subsidiary, Yatra Online Limited, which is listed on Indian exchanges. Yatra offers information, pricing, availability, and booking services for air travel, hotel accommodations, and holiday packages, among other offerings. This acquisition will enable Yatra to access Globe Travels' nearly 360 corporate clients and an annual gross booking volume of approximately \$90 million (around INR 768 crores), complementing Yatra's existing base of around 850 corporate customers in India.

(Source: VC Circle, 3rd September 2024)

ChrysCap-Backed Centre For Sight Strikes Another Acquisition In Bid To Expand

Centre For Sight, an ophthalmology chain supported by domestic private equity firm Chrys Capital, has acquired a majority stake in a Mumbai-based hospital chain with over four decades of history as part of its expansion strategy. The company has purchased a 51% stake in Laxmi Eye Hospital, an eye care provider operating in Maharashtra. Centre For Sight plans to invest an additional \$37.5 million to \$62.5 million (around INR 300-500 crores) over the next two to three years to further its expansion across India. This acquisition will enable Centre For Sight to broaden its operations to nine centers in Maharashtra, including four located in Navi Mumbai. Laxmi Eye Hospital, founded in 1981 by Suhas Haldipurkar, offers super specialty and comprehensive eye care services.

(Source: VC Circle, 4th September 2024)

Caspian Debt To Merge With BlackSoil Capital Via Share Swap

Alternative credit providers BlackSoil Capital and Caspian Impact Investments (Debt) have received approval from their boards of directors to merge through a share swap agreement. With a combined asset base exceeding \$240 million (around INR 2000 crores), this strategic merger will establish BlackSoil as a leading player in the alternative credit sector. The merger is expected to expand the company's client base, enhance its market presence, and strengthen its competitive advantage. Additionally, the newly formed entity will have a geographical reach across major metropolitan areas, including Mumbai, Hyderabad, Delhi, and Bengaluru.

(Source: VC Circle, 4th September 2024)



GMR Airports Raises Stake In Delhi Airport To 74% As Germany's Fraport Exits

GMR Airports Infrastructure has increased its stake in New Delhi's primary airport to 74% by acquiring a 10% interest from Frankfurt Airport operator Fraport for \$126 million (around INR 1,045 crores). The Airports Authority of India (AAI) will retain its 26% stake in Delhi International Airport Ltd (DIAL), one of India's largest and busiest airports. GMR, which also holds stakes in Hyderabad's Rajiv Gandhi International Airport and Goa's Manohar International Airport, stated that this acquisition is part of its strategy to strengthen its presence in key assets.

(Source: VC Circle, 09th September 2024)

SoftBank-Backed Oyo To Buy US Motel Chain From Blackstone For \$525 Mn

Oravel Stays Ltd, the parent company of Indian travel-tech startup Oyo, has reached an agreement to acquire G6 Hospitality, which operates the well-known Motel 6 and Studio 6 brands in the U. S., from Blackstone Real Estate for \$525 million (around INR 4,357 crores) in an all-cash deal. Oyo plans to utilize its technology suite, global distribution network, and marketing expertise to enhance the two brands and drive financial growth, as stated in a press release. This acquisition is expected to bolster Oyo's international presence.

(Source: VC Circle, 21st September 2024)



Transaction & Regulatory Advisory Services





In this edition we have tried to bring to your notice the latest amendments that followed in the month of September, 2024 issued by MCA and SEBI.

MCA UPDATE

IEPFA upgrades Call Centre and IVRS Support With New Toll-Free Number — 14453

This new toll-free number replaces the old toll-free number 1800 114 667 and is designed to provide users 24/7 with access to an upgraded, multi-language Interactive Voice Response System (IVRS) and an enhanced Call Centre Operating from 9:30 AM to 5:30 PM, Monday to Friday.

To read more:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2051063>

Launching Company ADJ form on V3 portal

Form ADJ on V2 portal will be disabled from 12th September 2024.

To read more:

<https://www.mca.gov.in/content/mca/global/en/home.html>

Clarification on holding of Annual General Meeting (AGM) and EGM through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with Rules made thereunder;

It has been decided to allow companies whose AGMs are due in the Year 2024 or 2025, to conduct their AGMs through VC or OAVM on or before 30th September, 2025.

To read more:

<https://www.mca.gov.in/bin/dms/getdocument?mds=4C8ofg1qraQ0Blj5Bx1lJw%253D%253D&type>

The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2024

As per newly amended Rule 9B, a producer company shall issue the securities only in dematerialised form and facilitate dematerialisation of all its securities, in accordance with provisions of the Depositories Act, 1996 and regulations made thereunder and shall comply with the provision within a period of five years of closure of such financial year.

To read more:

[https://egazette.gov.in/\(S\(udocmspd2yw5rbet2jduvdyd\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(udocmspd2yw5rbet2jduvdyd))/ViewPDF.aspx)

The Companies (Accounts) Amendment Rules, 2024 (September 24, 2024)

Filing of Form CSR-2 for financial year 2023-2024 has to be done separately on or before 31st December, 2024 after filing Form No. AOC-4/ Form No. AOC-4-NBFC (Ind AS)/ Form No. AOC-4 XBRL.

To read more:

[https://egazette.gov.in/\(S\(xzfwyajyraf1ab5bmzbcadq\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(xzfwyajyraf1ab5bmzbcadq))/ViewPDF.aspx)



SEBI UPDATE

Capital Market and Securities Laws

SEBI has notified the SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2024, which shall come into force on the date of their publication in the Official Gazette. Provided that the provisions of these regulations shall be applicable to such delisting offers whose initial public announcement is made on or after the date of coming into force of these regulations. Further provided that an acquirer may make the delisting offer in terms of the provisions of the SEBI (Delisting of Equity Shares) Regulations, 2021 as they existed before the coming into force of these regulations till the sixtieth day from the date of publication of these regulations in the official gazette.

To read more:

[https://egazette.gov.in/\(S\(znqby3ksikxlnuokdsr54gjk\)\)/default.aspx](https://egazette.gov.in/(S(znqby3ksikxlnuokdsr54gjk))/default.aspx)

FEMA UPDATE

Department of Economic Affairs notifies Foreign Exchange (Compounding Proceedings) Rules, 2024 in pursuance of Union Budget 2024-25

These Rules supersede the Foreign Exchange (Compounding Proceedings) Rules, 2000. New amendments will simplify and update the provisions towards 'ease of investment' and 'ease of doing business'. In pursuance of the Union Budget 2024-25 announcement by Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman to simplify rules and regulations for Foreign Investments, the Department of Economic Affairs (DEA), Ministry of Finance, has today notified the Foreign Exchange (Compounding Proceedings) Rules, 2024 under powers given under section 46 read with section 15 of the Foreign Exchange Management Act (FEMA), 1999. The amended Rules will supersede the existing Foreign Exchange (Compounding Proceedings) Rules, which were issued in 2000. As part of a broader initiative to streamline and rationalize existing rules and regulations to further facilitate ease of doing business, the compounding proceeding rules were comprehensively reviewed in consultation with the Reserve Bank of India. The emphasis has been on enabling provisions to expedite and streamline the processing of compounding applications, introduction of digital payment options for application fees and compounding amounts, and a focus on simplification and rationalization of the provisions to eliminate ambiguity and clarify the process. These amendments indicate commitment of the Government towards promoting 'ease of investment' for investors and 'ease of doing business' for businesses.

To read more:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2054177>



UK Tax Update



UK Finance Summary | Monthly Economic Review October 2024

With the new UK government's first Budget set for 30th October, UK Finance has explored the public finances they inherited and potential policy directions. The latest figures reveal borrowing is higher than expected, driven by increased spending on public services and benefits. This year's borrowing is the third highest since 1983, and significant overspending in some departments points to difficult tax and borrowing decisions ahead. The Office for Budget Responsibility (OBR) warns public spending is at its highest level since the 1970s, with tax increases anticipated.

Rumours suggest fiscal rule changes could allow more flexibility, especially for capital spending. Consumer sentiment has weakened, with delays in business orders as firms await clarity on government priorities. However, the OBR may provide some optimism by upgrading its 2023 growth forecast to 1.1%, supported by falling inflation and improving interest rate outlooks.

OECD Outlook

A Turn in Global Growth The OECD's autumn report, "Turning a Corner," offers positive signs for the global economy, with resilient growth and moderating inflation. Global GDP is projected to rise by 3.2% in 2023, with UK growth revised up to 1.1%. However, challenges persist in Germany and Japan, and global trade has softened. Geopolitical tensions and trade risks remain concerns for investment and financial stability.

Monetary Policy

Rate Cuts in Motion Central banks are initiating interest rate cuts. The ECB has reduced rates twice, the US Federal Reserve surprised markets with a 50-basis-point cut, and the Bank of England maintained rates at 5%, with expectations for a further cut in November. Inflation is falling, and labour markets are easing, but global uncertainties linger.

China's Economic Slowdown China's economy faces ongoing challenges, with weak domestic demand, rising unemployment, and property sector woes. The People's Bank of China has introduced stimulus measures, including interest rate cuts, but achieving growth targets remains uncertain.

Key Indicators

GDP Q2 2024: 0.6%

CPI Inflation (Aug 2024): 2.2%

Unemployment Rate (Jul 2024): 4.1%

Bank Rate (Sep 2024): 5.0%

Conclusion:

As the UK heads into its first Budget under Labour, there is considerable pressure to address public borrowing while managing economic growth. Global economic forecasts provide some optimism, but the need for fiscal discipline and monetary adjustments remains. The government's upcoming policy decisions will be crucial in shaping both the short and long-term economic trajectory.



Tax Calendar



October 2024 - Tax Calendar

7TH OCT	Due date for deposit of Tax deducted/collected for the month of September, 2024.
7TH OCT	Due date for deposit of TDS for the period July 2024 to September 2024 when Assessing Officer has permitted quarterly deposit of TDS under <u>section 192</u> , <u>194A</u> , <u>194D</u> or <u>194H</u>
7TH OCT [EXTENDED]	Due date for filing of audit report under <u>section 44AB</u> for the assessment year 2024-25 in the case of a corporate-assessee or non-corporate assessee (who is required to submit his/its return of income on October 31, 2024).
7TH OCT [EXTENDED]	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.
15TH OCT	Due date for issue of TDS Certificate for tax deducted under <u>section 194-IA</u> , 194M & 194S in the month of August, 2024
15TH OCT	Quarterly statement of TCS deposited for the quarter ending September 30, 2024
15TH OCT	Upload declarations received from recipients in Form No. 15G/15H during the quarter ending September, 2024
30TH OCT	Due date for furnishing of challan-cum-statement in respect of tax deducted under <u>section 194-IA</u> , 194-IB, 194M & 194S in the month of September, 2024
30TH OCT	Quarterly TCS certificate (in respect of tax collected by any person) for the quarter ending September 30, 2024
31ST OCT	Intimation by a designated constituent entity, resident in India, of an international group in Form no. 3CEAB for the accounting year 2023-24
31ST OCT	Quarterly statement of TDS deposited for the quarter ending September, 2024
31ST OCT	Due date for filing of return of income for the assessment year 2024-25 if the assessee (not having any international or specified domestic transaction) is (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of <u>section 5A</u> apply
31ST OCT	Audit report under <u>section 44AB</u> for the assessment year 2024-25 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under <u>section 92E</u>
31ST OCT	Report to be furnished in Form 3CEB in respect of international transaction and specified domestic transaction



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