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The news has been retrieved from major online publications.

Investors From 21 Nations Exempted From Angel Tax

India exempted investments by non-resident entities such as sovereign wealth funds and pension funds from 21 countries from the so-called 'angel tax', leaving out Mauritius, Singapore, and Luxembourg among others that account for significant equity inflow into the country.

Private equity and venture capital investment into closely held companies routed through jurisdictions not mentioned will have to undergo scrutiny under the angel tax provisions for valuation, as per a notification by the Central Board of Direct Taxes on Thursday.

Tax experts said this will restrict the benefit of the exemption to a select pool of investors as the country receives most of its foreign investment from jurisdictions left out of the list.

The Central Board of Direct Taxes (CBDT) issued the notification Thursday exempting foreign central banks, pension funds, sovereign wealth funds and endowment funds from 21 countries from the levy.

The 21 countries are Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Iceland, Israel, Italy, Japan, South Korea, New Zealand, Norway, Russia, Spain, Sweden, the UK and the US.

Mauritius has the highest share in cumulative foreign direct equity investment since April 2000 at 26%, followed by Singapore with 23%

The share of the 21 approved jurisdictions is 29.1%, led by the US with 9.4%.

Investments by non-resident investors including multilateral entities, foreign banks and insurers, foreign portfolio investors and entities registered with the Securities and Exchange Board of India (Sebi) will not face the angel tax.

Broad-based pooled investment vehicles or funds where the number of investors is more than 50, barring hedge funds, have also been excluded from the tax purview, according to the notification.

The exemption will also be available to foreign investments in startups registered with the Department of Promotion of Industry and Internal Trade (DPIIT) but no changes have been made to the eligibility conditions to register.

Mixed Bag

Several FPIs are incorporated in excluded countries such as Mauritius, Luxembourg and Singapore.

“Such investors would still need to comply with the valuation guidelines provided under the Income Tax Act, 1961,” said Riaz Thingna, partner, Grant Thornton.

Tax experts say it would have been better if a “negative” list of countries had been notified, such as that of the Financial Action Task Force (FATF), given the legitimate concerns about entities registered there.

“Curiously, in this ‘positive’ list, even well-governed jurisdictions like Luxembourg and Singapore are excluded which means endowment and pension funds and all other pooled investment vehicles from these jurisdictions will not be afforded exemption form the valuation rules,” said Sudhir Kapadia, partner, tax and regulatory services, EY.

Fine print

In this year’s budget, the government amended the angel tax provision or Section 56(2) (viib) of the Income Tax Act, bringing foreign investment under its ambit. Before the amendment, the provision applied only to investments by Indian residents and funds not registered as alternative investment funds (AIFs).

Under Section 56(2)(vii)(b) of the Income Tax Act, if a closely held company issues shares at a price exceeding fair market value (FMV), computed in accordance with the prescribed methodology, the difference is to be taxed as income from other sources.

The tax impacts angel investment the most and therefore is popularly called the angel tax.

Investments by entities that have not been given a blanket exemption will have to provide valuation details to the tax authorities. The CBDT will soon issue the final notification on valuation.

Under the income tax law, FMV is decided using a discounted cash flow (DCF) method or net asset value (NAV) method. Since startups do not have much assets, they follow the DCF method that uses multiple assumptions, which usually leads to disputes.

The CBDT in the draft notification has proposed five methodologies for valuation and will accept valuation by a merchant banker.

Experts also said the move was in line with the government's intent to prevent the circulation of unaccounted money.

“Therefore, exempting investments from regulated entities resident in countries with stringent and effective regulatory frameworks serves a logical purpose,” said Rakesh Nangia, chairman, Nangia Andersen India.

Reliance Consumer Products Partners With General Mills To Launch Alan's Bugles In India

Reliance Consumer Products Limited (RCPL), the FMCG arm and a wholly-owned subsidiary of Reliance Retail Ventures Limited (RRVL), today announced its foray into the western snacks category with the launch of Alan's Bugles in India.

"For the first time ever, snackers in India can enjoy Bugles, the international corn chips snacks brand with more than 50 years of heritage, owned by General Mills and available across major global markets including the UK, US and the Middle East," the company said in a statement.

Speaking on the launch, an RCPL spokesperson said, "With the launch of Alan's, we want to ensure that the aspirational Indian consumer gets to taste and enjoy rich and premium offerings to satiate their snacking needs. We intend to actively participate in the growing western snacks market with greater focus on taste profile and overall experience. We are excited to launch range of Alan's snacks starting with Bugles, which is yet another step towards expanding our footprint in the FMCG market."

Alan's Bugles will offer a top-notch snacking experience to Indian consumers and will be available at pocket-friendly price points starting from ₹10 in flavours such as Original (Salted), Tomato and Cheese. The launch is in line with RCPL's vision of offering quality products to Indian consumers at affordable price points.

Mr. Sheshadri Savalgi, Finance Director at General Mills India, said, "General Mills is thrilled to have one of its most globally loved brands – Bugles in India. Bugles are iconic cone-shaped corn chips with a light and airy crunch. What started in 1964 as the first delicious horn-shaped corn chip, has expanded across the globe. We look forward to seeing snack lovers across India enjoy Bugles that is loved by consumers globally!"

RCPL's launch of Alan's Bugles will start from Kerala and will be gradually expanded across India. With the launch, RCPL further strengthens its versatile FMCG portfolio comprising a wide beverage range under Campa, Sosyo and Raskik, daily essentials under Independence, confectionery under Toffeeman, biscuits under Maliban and home and personal care range under Glimmer and Dozo, among others.

Vodafone Idea Records Rs 6,419 Crore Loss, ARPU At Rs 135

Vodafone Idea has managed to reduce its losses in the quarter ended March, despite facing muted growth in revenue. Vodafone Idea announced its fourth-quarter results on Thursday, revealing a narrowed consolidated net loss of Rs 6,419 crore, compared to Rs 6,563 crore in the same period last year and Rs 7,988 crore in the previous quarter.

While revenue from operations saw a modest increase of nearly 3% year-on-year, reaching Rs 10,532 crore, the loss for the full fiscal year FY23 widened to Rs 29,301 crore from Rs 28,245 crore in the previous year. Revenue from operations for the fiscal year showed a growth of nearly 10%, amounting to Rs 42,177 crore.

Increase in 4G subscribers

Vodafone Idea also noted an increase in its 4G subscriber base, which reached 122.6 million during the March quarter, up from 121.6 million in the previous quarter. Furthermore, the company reported a marginal improvement in its operating profit, with earnings before interest, taxes, depreciation, and amortization (EBITDA) rising to Rs 4,210 crore from Rs 4,181 crore in the previous quarter. The operating margin also saw a slight increase, standing at 40% compared to 39.4% in the previous quarter.

Vodafone Idea attributed its continued network capacity expansion to spectrum refarming and network upgrades. The company has also reduced its interest costs, which decreased to Rs 4,908 crore from Rs 6,285 crore in the previous quarter.

Commenting on the results, Akshaya Moondra, CEO of Vodafone Idea, expressed satisfaction with the annual revenue growth achieved for the first time post-merger, emphasizing the company's improving performance over the past several quarters. Moondra further stated that Vodafone Idea remains engaged with lenders for additional debt fund raising and is exploring options for equity or equity-linked fund raising to support network expansion, including the rollout of 5G technology.

Vodafone Idea ARPU

The average revenue per user (ARPU) also showed improvement, increasing to Rs 135 from Rs 124 in the previous year, primarily due to subscribers migrating to higher ARPU plans, according to the company.

Go First Unlikely To Restart Operations For A Month

Cash-strapped Go First is unlikely to restart operations within a month as Directorate General of Civil Aviation (DGCA) on May 25 granted 30 days to the airline to submit a restructuring or revival plan, including fleet, pilots, maintenance plans.

The order came after Go First submitted their response to **DGCA's show cause notice** issued on May 8.

"Go First has requested that they be allowed to use the moratorium period to prepare a comprehensive restructuring plan for restarting operations and present the same to DGCA for the requisite regulatory approvals before restarting operations," said DGCA official.

The revival plan, once submitted by Go First, will be reviewed by DGCA for further appropriate action in the matter, the official added.

Go First had stopped flying from May 3, after it filed for bankruptcy citing that it has plunged into a financial crisis.

On May 8, the Indian aviation regulator had issued a show cause notice to the airline questioning why its licence should not be cancelled in view of its failure to operate flights.

It had also has asked Go First to stop selling any more air tickets with immediate effect until further orders.

The DGCA had given Go First till May 24 to respond after which a decision will be taken by the regulator on Go First's Air Operator Certificate.

Meanwhile, the airline had on May 24 informed its employees that the **salary for the month of April would be fully paid** to them before the carrier restarts its operations.

"The CEO has assured that the salary for the month of April will be credited to your account before the commencement of operations. Furthermore, from the coming month, the salary will be paid in the 1st week of every month," said Captain Rajit Ranjan, Go First Vice President-Flight Operations, in an email sent to the employees.

In the email, Ranjan suggested to the employees that Go First is on track to resume its operations, as he pointed towards the recent **NCLT order that admitted its insolvency plea** despite the objections raised by the aircraft lessors.

Zee - Sony Merger: NCLAT Sets Aside NCLT Order Directing Stock Exchange To Reassess Approvals

The National Company Law Appellate Tribunal (NCLAT) Friday set aside an order passed by National Company Law Tribunal (NCLT) at Mumbai directing stock exchanges to reassess their initial approvals granted for the merger of Zee Entertainment Enterprises Ltd (Zee) with Culver Max Entertainment (earlier known as Sony Pictures Networks India).

On May 11, the NCLT had directed the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to issue updated no-objection certificates before June 16, 2023.
ZEE moved NCLAT against this order of May 11.

Zee contended that it was not provided adequate opportunity to present its side of the argument, a
It also submitted that NCLT doesn't have jurisdiction over issues like non-compete fees.
A coram of judicial member **Justice Rakesh Kumar** and technical member **Dr Alok Srivastava** set aside the NCLT order today.

Copy of the order of awaited.

Culver Max and ZEE entered into a non-binding term sheet in September 2021.
This was to bring together their digital assets, linear network, production operations and programme libraries.
The scheme of arrangement of the merger is that Sony Group will indirectly hold 50.86% of the combined company.

ZEE founder will own around 4%, while the rest will be distributed amongst the shareholders of ZEE.
Sony group will also pay ₹1,100 crore to Essel Group promoters as a 'non-compete' fee.
Reportedly, the merged entity will together own over 70 TV channels, two video streaming services (ZEE5 and Sony LIV) and two film studios (Zee Studios and Sony Pictures Films India) making it the largest entertainment network in India.
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Amazon India Delays College Hires Due To ‘Challenging Economic Conditions’, Stays Committed To University Recruiting

Amazon has decided to delay sending out employment offer letters to campus recruits from renowned Indian institutions, including the Indian Institutes of Technology (IITs) and the National Institutes of Technology (NITs), as per recent reports. Now, Amazon India has released a statement on the issue and blamed “challenging economic conditions" for the same.

“In light of the challenging economic conditions, we're delaying the start dates for some of our college hires by up to six months. We're offering assistance to help address any financial impact. Amazon remains committed to university recruiting and developing the next generation of leaders and builders," the statement says.

The deferral of offer letters has had a wide-reaching impact on students from various Indian Institutes of Technology (IITs), according to a graduate who has been affected by the situation. The graduate has revealed that this issue is prevalent across multiple IIT campuses, and they have also come across fellow interns from different campuses who have faced similar deferrals.

Expressing concerns over the prolonged six-month waiting period, the affected IIT graduate has taken proactive measures to explore alternative job opportunities, Business Today reported. They aim to safeguard their professional prospects by avoiding any potential negative implications caused by the delay.

Despite acknowledging the challenges posed by the current job market, the graduate has actively engaged in networking with alumni and exploring other avenues for employment.
In March, Amazon CEO Andy Jassy made a public announcement regarding the company's decision to terminate an additional 9,000 employees. This latest round of layoffs represents the largest reduction in workforce undertaken by Amazon thus far, following the previous dismissal of approximately 18,000 employees.

Meanwhile, reports have surfaced suggesting that several Silicon Valley companies, which have already undergone significant downsizing, may be considering further workforce reductions. Noteworthy firms involved in this practice include Google, Meta, Amazon, Zoom, Salesforce, Microsoft, and Palantir.

NCLAT Dismisses Renaissance Indus Infra Promoter's Plea Against Insolvency

The National Company Law Appellate Tribunal has dismissed a petition filed by the suspended promoter and director of real estate and construction company Renaissance Indus Infra against the bankruptcy court's ruling to admit the company under the corporate insolvency resolution process (CIRP) following a plea by its financial creditor Catalyst Trusteeship.

The lender had moved the bankruptcy court after the company defaulted on its dues worth nearly Rs 444 crore.

The promoter, in its appeal against the order, submitted that the application filed by the lender was not maintainable and could have been filed only by the debenture trustee.

The debenture trustee document along with inter-creditor agreement provides that it is only the debenture trustee—Vistra ITCL (India)— which is legally entitled to take any action or declare default against the company either by itself or jointly with the debenture holder, the appeal said.

The lender refuted these submissions by the promoter of the company stating that the debt and default has not been disputed, and the borrower has not replied to demand and enforcement notices. The appointment of debenture trustee, Vistra ITCL (India), does not detract or in any manner prejudice the rights of the debenture holders to take legal action.

Nishit Dhruva, managing partner of law firm MDP & Partners, who appeared for the lender in the tribunal, confirmed the development but refused to divulge the details since the matter is sub judice.

"Other creditor, Clearwater Capital Singapore Fund, having already initiated action under Section 7 (of the IBC), both the creditors are unanimous in taking action against the corporate debtor. The submission of the appellant that there is no majority opinion of the financial creditor to take action under debenture trust document against the corporate debtor loses its significance," said the NCLAT bench comprising chairperson Justice Ashok Bhushan and technical member Barun Mitra.

Renaissance Group through its special purpose vehicle (SPV) project RUIPL and Renaissance India had initially availed funding from Edelweiss Financial Services. As per the debt term sheet signed in 2018, the company was proposing to refinance the amount outstanding with Edelweiss and also avail additional funding for the project development expenses.

As per the debt term sheet executed between Altico Capital India and the company, Altico had agreed to subscribe to the non-convertible debentures (NCDs) amounting to Rs 390 crore and an amount of Rs 280 crore was disbursed.

Accordingly, a debenture trust deed was executed in June 2018 between the company as the issuer and Vista ITCL India as debenture trustee.

In March 2021, Altico, as debenture holder, transferred all its rights under the debentures along with the underlying security interest and rights created by Renaissance Group and the other obligations in connection with these debentures in favour of the financial creditor.

India's January-March GDP Growth Seen Rising To 5.1%: Economists' Poll

India's Gross Domestic Product (GDP) growth is expected to have grown by 5.1 percent in the final quarter of 2022-23, up from 4.4 percent the previous quarter, according to estimates of 15 economists polled by Moneycontrol.

Economists also see growth for the full year ended March matching the statistics ministry's second advance estimate of 7 percent.

The statistics ministry will release GDP data for January-March and the first provisional estimate for 2022-23 GDP at 5:30pm on May 31.

The services sector is likely to have been the key driver of growth in January-March, with S&P Global's Purchasing Managers' Index (PMI) averaging 58.1 in the quarter, against 56.8 in October-December, and 53.6 in January-March 2022.

Further, India's net services exports stood at $41 billion in January-March 2023 – up 6.1 percent from the previous quarter and a massive 45.1 percent higher than in January-March 2022.
According to Aditi Nayar, chief economist at ICRA, growth in gross value added of the services sector may have edged up to 6.4 percent from 6.2 percent in October-December.

Meanwhile, industry growth is expected to have been more subdued, but likely picked up from the last quarter of 2022. Rahul Bajoria, Head of EM Asia (ex-China) Economics Research at Barclays, expects the manufacturing sector to have expanded by 1.5 percent in January-March after contracting by 1.1 percent in October-December and 3.6 percent in July-September.
On the expenditure side, private final consumption expenditure is seen recovering after its collapse in October-December when it posted an increase of a mere 2.1 percent in the key festival period, down from 8.8 percent growth in July-September.

"Urban sector continues to lead the recovery with FMCG (Fast Moving Consumer Goods) urban sales volume rising 5.3 percent in Q4FY23," Gaura Sen Gupta, India economist at IDFC First Bank, said.

However, Sen Gupta noted that other indicators of urban consumption, such as passenger vehicle sales, production of consumer goods, air travel, and petrol consumption painted a mixed picture.

According to QuantEco Research, India's urban consumption ended 2022-23 at a three-and-a-half-year high, with rural consumption also showing signs of consolidating.

Policy impact

A growth rate of 5.1 percent in January-March would mean the statistics ministry's first provisional estimate of the full year's GDP would match its second advance estimate of 7 percent. However, the authorities are increasingly seeing an upside to the 2022-23 growth number.

Speaking at the Confederation of Indian Industry's Annual Session on May 24, Reserve Bank of India (RBI) Governor Shaktikanta Das said he "would not be surprised" if GDP growth was more than 7 percent in 2022-23.

The central bank chief is not the only one who sees things turning out better than previously forecast.

"SBI's ANN (Artificial Neural Network) model, based on 30 high-frequency indicators from key sectors, and tuned to project the GDP numbers, forecasts the quarterly GDP growth for the Q4FY23 at 5.5 percent. At this rate, India's GDP growth for 2022-23 is likely at 7.1 percent," said Soumya Kanti Ghosh, State Bank of India's group chief economic adviser.

The RBI's Monetary Policy Committee (MPC) left the repo rate unchanged in April, citing the need to see the impact of its 250 basis points worth of rate hikes before taking further action, if needed, to cool down inflation.

One basis point is one-hundredth of a percentage point.

However, inflation concerns have eased rapidly in the last two months, with data released after the last monetary policy decision showing Consumer Price Index (CPI) inflation slip to 5.66 percent in March and then to an 18-month low of 4.66 percent in April.

Economists see it falling even further and close to the RBI's medium-term target of 4 percent in May, data for which will be released on June 12 – four days after the MPC announces its next interest rate decision.

"Overall, we think a steady growth trajectory, despite the external headwinds, will likely be of comfort to the RBI in holding rates, even as inflation is expected to fall," noted Bajoria of Barclays.

"The RBI is likely to be on hold for the rest of the fiscal year, in our view, with only a major upside inflation shock likely to stir the bank back into rate action," he added.

CCI Approves Multiples PE Fund And CPPIB Investments In Acko Technology

The Competition Commission of India (CCI) has approved the the acquisition of additional Series E compulsorily convertible preference shares of Acko Technology & Services by Multiples Private Equity Fund III and CPP Investment Board Pvt Holdings (4).

"The proposed combination envisages the acquisition of additional Series E compulsorily convertible preference shares (CCPS) of Acko Technology & Services Private Limited (Acko/Target) by Multiples Private Equity Fund III (Multiples Fund III) and CPP Investment Board Private Holdings (4) Inc. (CPHI-4)," a release said.

CPP Investment Board Private Holdings (4) Inc is a wholly-owned subsidiary of the Canada Pension Plan Investment Board (CPPIB).

— CCI_India (@CCI_India)

Multiples Fund III is a Category II Alternative Investment Fund with the Securities and Exchange Board of India and is being managed by Multiples Alternate Asset Management Pvt Ltd. It belongs to the Multiples group, which, through its affiliates, is directly or indirectly engaged in sectors including film exhibitions, financial services, banking, etc. in India.

CPHI-4 is a Canadian corporation and a wholly owned subsidiary of the Canada Pension Plan Investment Board (CPPIB). CPPIB group, through its affiliates, invests in several sectors such as public equities, private equities, real estate, infrastructure, and fixed income instruments, etc.

Acko is a private company primarily engaged in the business of providing technology and outsourced services, establishing, running, and managing data processing computer centers for the development and implementation of technology products, and data communication systems processes that are enabled by information technology.

In addition, the target provides the following services such as offering all-round damage protection plans for electronic devices such as mobile phones; and facilitating the sale and purchase of new and used vehicles through its platform, ‘Acko Drive’. Additionally, the target (through its affiliates) is also engaged in the business of the provision of general insurance (non-life) services in India.

Adani Wind Energy Kutchh Five Commissions 130 Mw Wind Power Plant

Adani Wind Energy Kutchh Five Ltd, a subsidiary of Gautam Adani-controlled Adani Green Energy, on Friday announced the successful commissioning of a 130 MW Wind Power Plant in Kutchh, Gujarat.

The plant, operated under a 25-year power purchase agreement (PPA) with Solar Energy Corp of India (SECI) at a rate of Rs. 2.83/kWh, marks a significant step for AGEL in expanding its renewable energy portfolio.

“With the successful commissioning of this plant, AGEL’s operational wind generation capacity has increased to 1,101 MW and the total operational renewable generation capacity has increased to 8,216 MW," the company said in a statement, adding that this places AGEL’s total renewable portfolio well on track to reach its target of 45 GW capacity by 2030.

The newly commissioned plant will be managed by the Adani Group’s intelligent ‘Energy Network Operation Centre’ (ENOC) platform, which has continuously demonstrated and aided AGEL in achieving superior operational performance of its entire renewable portfolio spread across diverse locations in India.

“Through its successive projects, AGEL has continued to integrate the objective of sustainability with economic development, creating jobs as well as enabling decarbonization in line with India’s commitment at United Nations Climate Change Conference in Paris and taking it one step closer towards Climate Leadership," the company added.

At 0105pm, Adani Green shares traded at ₹963.55, down 0.75%% previous close, on BSE.

Knowledge is power.
Knowledge shared is power multiplied.

Welcome back, readers
We present Business Insights to catch you up.

Sneak peek from the headlines:
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