

RNM ALERT



ISSUE NO.61
JANUARY, 2014

Thinking of the Bottom Line – Think of Us

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U.N. Marwah

Dear Readers,

The Indian economy during FY 2014 is looking at 4.9% GDP growth, even while the Interim Union Budget was presented on the floor of the Parliament recently with better than expected Current Account Deficit (CAD) of 4.6%. The Consumer Price Index (CPI) which is an inflation indicator was also lower at 9.1% while Wholesale Price Inflation (WPI) was down at 5.6%. India is doing better than most of the other Emerging Markets (EM's) eventhough it continues to find a place in the list of 'Fragile Five' countries. A separate *Special Issue of RNM Alert* was issued on the Interim Union Budget. The economists are hopeful that in the second half of the year the Indian economy should see better performance.

The M&A process in India has now become more time consuming and cumbersome with a prior 'No Objection' to be now obtained from the Income Tax Authority as well as other concerned sectoral Regulators prior to any order in a matter of Amalgamation, Demerger or other Scheme of Arrangement.

The Central Council of the ICAI has recently increased the Maximum Number of Tax Audits for a Practising Chartered Accountant as an Individual or a Partner in firm to 60 audits from 45 audits from Assessment Year 2014-15 and onwards. This should assist consolidation efforts of Firms in the Accountancy fraternity.

We would like to take this opportunity to wish all our readers a very happy and colorful 'Holi', the Indian festival of colors which is around the corner.

Regards,
CA U.N. Marwah
For and behalf of the RNM Alert Editorial Board



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DIRECT TAX

➤ Case Laws

Definition of Capital Assets

Sec 2(14) - If a land is adjacent to a municipality and is urban land covered under section 2(14), though municipality and land fall in different States, land will continue to be urban land

[Source: CIT v. Smt. Anjana Sehgal [2013] 40 taxmann.com 485 (Punjab & Haryana)]

Deemed Dividend

Sec 2(22)(e) - Deemed dividend provisions cannot be invoked merely because shareholders are common in both companies.

[Source: CIT v. AR Magnetics (P.) Ltd. (2013) 40 taxmann.com 392 (Delhi)]

Sec 2(22)(e) - Where assessee-company received share application money from another company, in view of fact that assessee was not a registered shareholder of said company, amount in question could not be taxed as deemed dividend in its hands.

[Source: CIT v. Suram Holding (P.) Ltd (2014) 41 taxmann.com 32 (Rajasthan)]

Sec 2(22)(e) - Deposit received by assessee from a company cannot be considered as deemed dividend when assessee is not a shareholder of said company.

[Source: CIT v. Daisy Packers (P.) Ltd. (2013) 40 taxmann.com 480 (Gujarat)]

Definition of Transfer

Sec 2(47) - Whereas per sale and joint development agreement, assessee was to handover vacant possession of property with title deeds before 31-3-2003 and further assessee also gave power of attorney to promoter on 30-12-2002 empowering promoter to sell flats on behalf of assessee, there was a transfer within meaning of section 2(47) in respect of property in assessment year 2003-04.

[Source: Smt. Sowcar Janaki v. ITO (2013) 40 taxmann.com 131 (Chennai - Trib.)]

Sec 2(47) - A development agreement by which possession is transferred to developer is not a “transfer” for capital gains purposes if developer’s willingness to perform his part of the contract is not ascertainable with certainty

[Source: Fibars Infratech Pvt. Ltd vs. ITO (ITAT Hyderabad) ITA No. 77/Hyd/2013]

Sec 2(47) - Mere execution of a development agreement is not a “transfer” if possession as per s. 53A of the Transfer of Property Act is not given

[Source: CIT vs. Sadia Shaikh (Bombay High Court At Goa) TXA Nos.11 & 12/2013]

Residential Status

Sec 6 - For the purpose of determining the residential status in India under Sec. 6, the term 'Going abroad for the purpose of employment' means going abroad to take up any employment or for any business carried outside India. It is not necessary to establish employer-employee relationship to prove travelling abroad for employment, it may be for other vocation including, self employment.

[Source: **K. Sambasiva Rao v. ITO [2014] 42 taxmann.com 115 (Hyderabad - Trib.)**]

Income deemed to accrue or arise in India

Sec 9(1)(vi) - Payments for Multiple purchases of software, sans transfer of license to buyer-assessee is not royalty under DTAA.

[Source: **Infotech Enterprises Ltd. v. ACIT [2014] 41 taxmann.com 364 (Hyderabad - Trib.)**]

Expenditure incurred in relation to exempt income

Sec 14A/ Rule 8D(2)(ii) - Interest expenditure on loans taken for taxable business purposes has to be excluded.

[Source: **ITO vs. Narain Prasad Dalmia (ITAT Kolkata) I.T.A No. 1180/Kol/2011**]

Profit & Gain from Business & Profession

Sec 36(1)(iii) - Where assessee had advanced money to its sister concern not from borrowed capital but from its own funds and moreover Department failed to establish any nexus between monies borrowed and advance made, disallowance of interest was not justified.

[Source: **CIT v. Vijayawada Bottling Co. Ltd (2013) 40 taxmann.com 121 (Andhra Pradesh)**]

Sec 43(5) - Share trading business on own behalf is "jobbing"; Jobbing is not speculative in view of proviso(c) to section 43(5)

[Source: **CIT v. Ram Kishan Gupta [2014] 41 taxmann.com 363 (Allahabad)**]

Sec 43B - Employees' PF/ ESI Contribution is also covered by s. 43B & allowable as a deduction u/s 36(1)(va) if paid by the "due date" for filing ROI.

[Source: **CIT vs. Jaipur Vidyut Vitran Nigam Ltd (Rajasthan High Court) ITA No. 278/2011**]

Sec 43B - Employees' PF/ ESI Contribution is not covered by S. 43B & is only allowable as a deduction u/s 36(1)(va) if paid by the "due date" prescribed therein.

[Source: **CIT vs. Gujarat State Road Transport Corp (Gujarat High Court) ITA NO. 637/2013**]

Capital Gain

Sec 45(4) - Where retiring Partner took cash towards value of his share in partnership firm and there was no distribution of capital assets among Partners, there was no transfer of capital asset and, therefore, no profits or gains chargeable to tax under section 45(4) arose in hands of assessee-firm.

[Source: CIT v. Dynamic Enterprises (2013) 40 taxmann.com 318 (Karnataka) (FB)]

Sec 50C - Unless property transferred has been registered by sale deed and for that purpose value has been assessed and stamp duty has been paid by parties, section 50C cannot come into operation.

[Source: Smt. Sowcar Janakiv. ITO (2013) 40 taxmann.com 131 (Chennai - Trib.)]

Sec 54 - If assessee chooses to purchase a house and incurred bona fide expenditure on improvement for making it habitable it would be eligible as investment in new asset for purpose of section 54.

[Source: Meher R Surti v. ITO (2013) 40 taxmann.com 138 (Mumbai-Trib)]

Sec 54F - Where assessee was not owner of property but held mere tenancy rights in respect of property, exemption under section 54 was not allowable.

[Source: Meher R Surti v. ITO (2013) 40 taxmann.com 138 (Mumbai-Trib)]

Sec 54F - Exemption under section 54F could not be denied on ground of purchase of more than one house.

[Source: Meher R Surti v. ITO (2013) 40 taxmann.com 138 (Mumbai-Trib)]

Cash Credit

Sec 68 - A bank, NBFC etc. is not required to give conclusive proof of the identity, credit worthiness etc. of the depositor. Practical view has to be taken of deficiencies in KYC norms, absence of PAN card etc.

[Source: DCIT vs. Sahara India Financial Corpn. Ltd (ITAT Delhi) [2014] 41 taxmann.com 251 (Delhi - Trib.)]

Introduction to subordinate authorities

Sec 119(2)(b) - Revised return of income to be considered as application for condonation which consequently results in refund of legitimate taxes.

[Source: Devdas Rama Mangalore v. CIT -26 [2014] 41 taxmann.com 508 (Bombay)]

Procedure for assessment

Sec 147 - Failure to compute capital gains u/s 50C does not lead to escapement of income

[Source: ITO vs. Haresh Chand Agarwal HUF (ITAT Agra) ITA No.282/Agra/2013]

Sec 153A - Gifts already disclosed by assessee in returns of income, which had attained finality, could not be disturbed in assessment proceedings under section 153A.

[Source: Vishal Demblav DCIT (2013) 40 taxmann.com 134 (Jodhpur - Trib.)]

Computation of undisclosed income of the block period

Sec 158BB - Addition of undisclosed income not on basis of searched material but on basis of balance sheet, should be deleted.

[Source: CIT v. Purushottam Jhawar (2013) 40 taxmann.com 533 (Andhra Pradesh)]

Collection & Recovery of Taxes

Sec 234B - Where assessee claimed exemption under section 80-IA under a bona fide belief that claim of deduction under section 80-IA was available but said exemption was nullified by an amendment that came into force under Finance Act, 2007 with retrospective effect, assessee though would be liable to pay tax in view of retrospective amendment but it could not be held liable to pay interest under section 234B.

[Source: CIT v. SAB Industries, Chandigarh (2013) 40 taxmann.com 175 (Punjab & Haryana)]

Sec 234E - High Court grants interim stay on levy of fee for failure to file TDS statement

[Source: Narath Mapila LP School vs. UOI (Kerala High Court) WP(C) No. 31498/2013]

Advance Ruling

Sec 245R(2) - SC relied on ratio of *Mitsubishi* that 'filing of return doesn't attracts bar on advance ruling'; sets aside two orders.

[Source: Sin Oceanic Shipping ASA Norway v. Authority for Advance Rulings [2014] 41 taxmann.com 444 (SC)]

Penalties

Sec 271(1)(c) - In absence of any finding of concealment or furnishing of inaccurate particulars of income, mere rejection of assessee's claims under sections 36(1)(vii) and 37(1) relating to bad debts and prior period expenses would not lead to levy of penalty under section 271(1)(c).

[Source: CIT v. Kevin Process Technologies (P.) Ltd. (2013) 40 taxmann.com 249 (Gujarat)]

Sec 271(1)(c) - Where High Court admitted substantial question of law on addition in respect of which penalty was levied, impugned order of penalty was to be deleted.

[Source: Advaita Estate Development (P.) Ltd. v. ITO (2013) 40 taxmann.com 142 (Mumbai - Trib.)]

Sec 271AAA - In his order imposing penalty, AO must also state the "reasons" for his 'satisfaction' that penalty is attracted.

[Source: Crossings Infrastructure (P.) Ltd. v. CIT (Central) [2014] 41 taxmann.com 474 (Allahabad)]

Sec 272B - Penalty on deductor for wrong/ non-stating of PAN in TDS return is not applicable if information is not furnished by deductee. Penalty is Rs. 10,000 per deductor and not per wrong PAN.

[Source: CIT vs. DHTC Logistics Ltd (Delhi High Court) ITA 314/2013]

➤ **Circulars**

The Central Board of Direct Taxes (CBDT) has decided in exercise of powers u/s 119 of the Act that wherever the terms of the agreement/ contract between the payer and the payee, the service tax component comprised in the amount is indicated separately, tax shall be deducted at source under Chapter XVII-B of the Act on the amount paid/payable without including such service tax component.

[Source: Circular No. 1 of 2014 dt. 13.01.2014]

INDIRECT TAX

Service Tax

➤ Case Law

Application seeking rectification of pre-order deposit order passed by one bench can be heard by a different bench

Application for rectification in pre-deposit order passed by one bench may be heard by another bench; Rule 31A of CESTAT (Procedure) Rules, 1982 mandating hearing by same bench applies only when appeal had been disposed by an order of Tribunal and not when an application has been disposed off.

[Source: *Globe Private Detective Bureau vs. Comm. of Cent. Ex. & Ser. Tax, Lucknow*, [2014] 41 taxmann.com 61 (Allahabad)]

HC slams Department for directing service recipient to pay ST without issue of notice; sets aside said directives

Where adjudicating authority directed service recipient to pay service tax (with interest and penalty) to service provider without issuing a notice to service recipient, such direction was liable to be set aside being violative of principles of natural justice.

[Source: *Damodar Valley Corpn. Vs Comm. of Cent. Ex. & Ser. Tax*, [2014] 41 taxmann.com 58 (Jharkhand)]

Hiring out broadband network won't be deemed as 'on-line information and database access or retrieval service

Where assessee had only hired out infrastructure of broadband for use of customer and had not provided any data or information to customer, said activity did not amount to 'online information and data base access and/or retrievable services.

[Source: *Gujarat State Petroleum Corporation Limited vs Comm. of Cent. Ex., Ahmedabad-III*, [2014] 41 taxmann.com 291 (Ahmedabad - CESTAT)]

Mere payment of VAT isn't a valid reason to insist on dismissal of Show Cause Notice under Service Tax-High Court

In absence of any adjudication by any authority under VAT Act or service tax law that assessee was liable to pay Value Added Tax and/or Service Tax, show-cause notice proposing levy of service tax on leasing activity cannot be set aside in writ merely because assessee was Value-added tax.

[Source: *Inox Air Products Limited vs Union of India*, [2014] 41 taxmann.com 133 (Gujarat)]

No extended period to recover duty if no discrepancy was found earlier in audited accounts of assessee

When assessee's accounts were audited and checked by Department and no discrepancy was detected, invocation of extended period of limitation may not be justified.

[Source: *Amba Poly Chrome Private Limited vs Comm. of Cent. Ex.*, [2013] 40 taxmann.com 442 (Punjab & Haryana)]

No question of law arises if discretion exercised by Tribunal in pre-deposit cases isn't justified

Where discretion exercised by Tribunal cannot be said to be unjust or irrational, it does not give rise to any substantial question of law especially when assessee has not set up a case of financial hardship.

[Source: **Carrier Air Conditioning & Refrigeration Limited vs Comm. of Cent. Ex.**, [2013] 40 taxmann.com 410 (Punjab & Haryana)]

Order of adjudicating authority to levy Service Tax Penalty after considering period of strike not to be interfered

Where adjudicating authority has exercised discretion to levy penalty under sections 76 and 77 of Finance Act, 1994 in reasonable manner and not levied penalty for period when there was strike/unrest, such order cannot be altered by Tribunal.

[Source: **Comm. of Ser. Tax, Bangalore vs First Flight Couriers Limited**, [2013] 40 taxmann.com 389 (Karnataka)]

Speed Post isn't a valid mode of serving order under Central Excise Act, rules High Court

Method of serving order by Speed Post is not one contemplated by section 37C of Central Excise Act, 1944, which requires communication of order by registered post with acknowledgement due.

[Source: **Comm. of Cent. Ex., Ludhiana vs Best Dyeing**, [2014] 41 taxmann.com 416 (Punjab & Haryana)]

Tractor-trailer is 'goods carriage' and not tractor for Service Tax purposes

Though 'tractor-trailer' cannot carry any goods as such but, since it is adapted for carrying goods as counter-weight when trailer is carried, it became a 'goods carriage' for taxation purposes; more so, as it was registered under RTO as 'goods carriage' and taxation authorities cannot go behind registration certificate.

[Source: **Nabros Transport Private Limited vs State of Gujarat**, [2014] 41 taxmann.com 289 (Gujarat)]

CENVAT Credit available for fuel used by one unit to generate power for consumption by two manufacturing units

Fuel used for generation of electricity, a part of which is also supplied to another unit of same manufacturer, is eligible for credit as input; assessee is not required to have two separate power facilities for two different units.

[Source: **Comm. of Customs & Central Excise, Noida, U.P. vs Jindal Polyester**, [2014] 41 taxmann.com 173 (Allahabad)]

Insurance of capital goods and inventories are eligible for input service credit

Insurance services in relation to insurance cover of plant and machinery (viz. capital goods) and inventories are eligible for input service credit.

[Source: **Grasim Industries Limited vs Comm. of Cent. Ex., Indore** [2014] 41 taxmann.com 294 (New Delhi – CESTAT)]

Panel board and PVC cables used for electrical purposes are eligible for credit as capital goods

PVC cables and panel boards used to provide electric connection in factory establishment are eligible for credit as 'capital goods'.

[Source: **Comm. of Cent. Ex., Bhopal vs Bhopal Sugar Industries Limited**, [2014] 41 taxmann.com 66 (Madhya Pradesh)]

Delhi Value Added Tax

➤ *Notifications*

Extension of date of Delhi Tax Compliance Achievement Scheme

The DVAT Department to promote the Compliance Scheme and to encourage and to benefit more tax payers to pay tax interest and penalty free has extended the deadline of the Compliance Scheme from 31st January, 2014 to 18th February, 2014 and further has also inserted certain amendments to the said scheme.

[Source: Notification No. F.3(24)/Fin(Rev-I)/2013-14 dated 30th January, 2014]

Extension of date of filing DVAT- Tax Audit Report

The Department has further extended the deadline of submission of audit report in Form AR-I for the year 2012-2013 of the dealers having turnover of Rs. 10 Crore or more in 2011-2012 or 2012-2013 from 31st January, 2014 to 28th February, 2014.

[Source: Notification No. F.3(384)/Policy/VAT/2013/1258-1270 dated 29th January, 2014]



COMPANY LAW UPDATES

➤ Circular/Notification/Guidance

Report u/s 394A of the Companies Act, 1956-Taking account of comments/inputs from Income Tax Department and other sectoral Regulators while filing report by RD's

The Ministry of Corporate Affairs (MCA) has decided that while responding to the notices on behalf of the Central Government under Section 394A, the Regional Director (RD) concerned shall invite specific comments from Income Tax Department within 15 days of the receipt of the notice before filing his response to the Court. If no response from the Income Tax Department is forthcoming, it may be presumed that Income Tax Department has no objection to the action proposed under Section 391 or 394 as the case may be. The RD must also see if in particular case feedback from any other sectoral Regulator is to be obtained and if it appears necessary for him to obtain such feedback, it will also be dealt in a like manner.

It is also emphasized that it is not for the RD to decide the correctness or otherwise of the objections/views of the Income Tax Department or other regulators and that he must make a reference to the MCA for taking up the matter to the Ministry concerned before filing the representation u/s 394A.

[Source: General Circular No. 1/2014 dated 15th January, 2014]

The Indian Stamp (Haryana Amendment) Act, 2013 - Increase in Stamp Duty on Share Certificates and Other Instruments by State of Haryana

The Haryana State Government has amended the Article 19 of Schedule 1A (as applicable to Haryana) of the Indian Stamp Act, 1899 (“Act”) in exercise of the power under Article 246 (3) read with Entry 63 of List II of Seventh Schedule of Constitution of India, and increased the stamp duty levied on the share certificates evidencing the right or title of the holder thereof, or any other person, to the shares in such certificates, equivalent to the stamp duty levied on such share certificates in the National Capital Territory of Delhi.

Further a new clause (d) to Article 5 has been inserted according to which the agreement giving power or authority to a promoter or a developer, by whatever name called, for construction on, development or, sale or transfer (in any manner whatsoever) of, any immovable property, shall also attract equivalent Stamp Duty as applicable to conveyance under Article 23 of the Schedule 1-A. In addition the Government has also increased the rate of stamp duty on the instruments issued and falling under Article 27 i.e. issue of Debentures, equivalent to the duty in the National Capital Territory of Delhi and under Article 48 i.e. on the power of attorney given in favour of other person to act on behalf of the first person.

[Source: Notification No. Leg 20/2013 dated 1st October 2013]



RBI UPDATES

➤ Circular/Notification/Guidance

Overseas Direct Investments – Rollover of Guarantees

It has been decided not to treat / reckon the renewal / rollover of an existing / original guarantee, which is part of the total financial commitment of the Indian party in terms of Regulation 6 of the Notification *ibid*, as a fresh financial commitment, provided that :

- (a) the existing / original guarantee was issued in terms of the then extant / prevailing FEMA guidelines.
- (b) there is no change in the end use of the guarantee, i.e. the facilities availed by the JV / WOS / Step Down Subsidiary;
- (c) there is no change in any of the terms & conditions, including the amount of the guarantee except the validity period;
- (d) the reporting of the rolled over guarantee would be done as a fresh financial commitment in Part II of Form ODI, as hitherto; and
- (e) if the Indian party is under investigation by any investigation / enforcement agency or regulatory body, the concerned agency / body shall be kept informed about the same.

In case, however, the above conditions are not met, the Indian party shall obtain prior approval of the Reserve Bank for rollover / renewal of the existing guarantee through the designated AD bank.

[Source: RBI/2013-14/427 A.P. (DIR Series) Circular No.83 dated 3rd January, 2014]

Issue of Non- convertible/ redeemable bonus preference shares or debentures - Clarifications

In terms of Regulation (2ii) and Regulation 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No.FEMA.20/2000 - RB dated May 3, 2000, as amended from time to time, equity shares, compulsorily and mandatorily convertible preference shares and compulsorily and mandatorily convertible debentures are treated as a part of share capital for the purpose of Foreign Direct Investment.

On a review and with a view to rationalizing and simplifying the procedures, it has been decided that an Indian company may issue non-convertible/redeemable preference shares or debentures to non-resident shareholders, including the depositories that act as trustees for the ADR/GDR holders, by way of distribution as bonus from its general reserves under a Scheme of Arrangement approved by a Court in India under the provisions of the Companies Act, as applicable, subject to no-objection from the Income Tax Authorities.

The above general permission to Indian companies is only for issue of non-convertible/ redeemable preference shares or debentures to non-resident shareholders by way of distribution as bonus from the general reserves.

The issue of preference shares(excluding non-convertible/redeemable preference shares) and convertible debentures (excluding optionally convertible/partially convertible debentures) under the FDI scheme would continue to be subject to A.P. (DIR Series) Circular Nos.73 and 74 dated June 8, 2007 as hitherto.

[Source: RBI/2013-14/428 A.P. (DIR Series) Circular No.84 dated 06th January, 2014]

External Commercial Borrowings (ECB) Policy – Liberalisation of definition of Infrastructure Sector

On a review of the definition of the infrastructure sector for the purposes of raising ECB, it has now been decided that, 'Maintenance, Repairs and Overhaul' (MRO) will also be treated as a part of airport infrastructure. Accordingly, MRO, as distinct from the related services which are other than infrastructure, will be considered as part of the sub-sector of Airport in the Transport Sector of Infrastructure.

[Source: RBI/2013-14/429 A.P. (DIR Series) Circular No.85 dated 06th January, 2014]

Clarification- Establishment of Liaison Office/ Branch Office/ Project Office in India by Foreign Entities- General Permission

In terms of Regulation 4 of Notification No.FEMA.22/2000-RB dated May 3, 2000, no entity or person, being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, Iran or China shall establish in India, a branch office or a liaison office or a project office or any other place of business by whatever name called, without the prior permission of the Reserve Bank.

It is clarified that the provisions of Regulation 4 of Notification No. FEMA 22/2000-RB dated 3rd May 2000, *ibid*, along with their specified conditions apply for entities from Hong Kong and Macau also. Accordingly, applications from entities registered in / resident of Hong Kong and Macau, for establishment of Liaison/ Branch/ Project Offices or any other place of business by whatever name called shall require prior approval from Reserve Bank of India.

[Source: RBI/2013-14/447 A.P. (DIR Series) Circular No.93 dated 15th January, 2014]

Conversion of External Commercial Borrowing and Lumpsum Fee/Royalty into Equity

In terms of A.P. (DIR Series) Circular No. 15 dated October 1, 2004 an Indian company can issue equity shares against External Commercial Borrowings (ECB) subject to conditions mentioned therein and pricing guidelines as prescribed by the Reserve Bank from time to time regarding value of equity shares to be issued.

Reserve Bank has now clarified that where the liability sought to be converted by the company is denominated in foreign currency as in case of ECB, import of capital goods, etc. it will be in order to apply the exchange rate prevailing on the date of the agreement between the parties concerned for such conversion. Reserve Bank will have no objection if the borrower company wishes to issue equity shares for a rupee amount less than that arrived at as mentioned above by a mutual agreement with the ECB lender. It may be noted that the fair value of the equity shares to be issued shall be worked out with reference to the date of conversion only.

It is further clarified that the principle of calculation of INR equivalent for a liability denominated in foreign currency as aforesaid shall apply, *mutatis mutandis*, to all cases where any payables/liability by an Indian company such as, lump sum fees/royalties, etc. are permitted to be converted to equity shares or other securities to be issued to a non-resident subject to the conditions stipulated under the respective Regulations.

[Source: RBI/2013-14/449 A.P. (DIR Series) Circular No.94 dated 16th January, 2014]

CORPORATE FINANCE

➤ Latest News

Private Equity

WestBridge Capital takes big bite of 'Crax' maker DFM Foods for over \$10M

WestBridge Capital Partners has picked up nearly 25 per cent stake in DFM Foods, the maker of salted snacks under the 'Crax' brand from its promoters for Rs 64.5 crore or a little over \$10 million. The public markets focused investment firm bought nearly 2.5 million shares from Mohit Jain, the vice chairman and managing director of the company and another family member. The promoter holding has shrunk to around 45 per cent stake after the transaction.

[Source: VCCircle, January 30, 2014]

Carlyle in advanced talks to pick stake in men's apparel brand Mufti for \$30M

Private equity firm Carlyle is close to picking a minority stake in Mumbai-based men's apparel firm Credo Brands Marketing Pvt Ltd, which is behind the brand Mufti, through a secondary deal.

[Source: VCCircle, January 30, 2014]

Oman India Joint Investment Fund picks additional 5.3% stake in NCDEX for \$8M

Oman India Joint Investment Fund (OIJIF), a private equity fund sponsored by Oman's sovereign wealth fund State General Reserve Fund and India's largest lender State Bank of India, has picked up another 5.3 per cent stake in India's largest agri-commodity derivatives exchange National Commodity & Derivatives Exchange Ltd (NCDEX) from Jaypee Capital Services Ltd for Rs 49.56 crore (\$7.87 million)

[Source: VCCircle, January 29, 2014]

Raj Bagri's investment arm part exits Tecpro with deep haircut after scoring multi-bagger in its IPO

London-based Indian businessman Raj Bagri, who co-invested in material handling company Tecpro Systems along with private equity firm Avigo Capital almost eight years ago, has part exited the firm with a deep haircut

[Source: VCCircle, January 29, 2014]

GTI Capital invests in Brattle Foods

Financial services and investment firm GTI Capital has invested in foods company Brattle Foods. Brattle and its subsidiaries are engaged in the business of contract manufacturing of food products and providing logistics solutions, including cold and ambient temperature storage and transport. The investment will be utilised in expanding Brattle's facilities.

[Source: Economicstimes, January 24, 2014]

Essel Finance's realty fund invests \$12M in Ariisto Realtors' project

The maiden real estate fund of Subhash Chandra-promoted Essel Group called India Asset Growth Fund has invested Rs 75 crore (\$12 million) in a project of Mumbai-based Ariisto Realtors.

[Source: VCCircle, January 24, 2014]

Blackstone's proposed \$160M deal to buy out Mumbai commercial property 247 Park stuck

Private equity major Blackstone's negotiations to buy out commercial real estate asset of Hindustan Construction Company (HCC) called 247 Park has got stuck.

[Source: VCCircle, January 22, 2014]

Creador to pick 11% in Somany Ceramics for \$8M

Private equity firm Creador is closing its third deal in India by picking up over 11 per cent stake in tile manufacturer Somany Ceramics. This could be the firm's first bet in the non-financial space by the investment firm which has previously invested in Repco Home Finance and Cholamandalam Investment & Finance Company Ltd, the Murugappa Group promoted non-banking finance company.

[Source: VCCircle, January 13, 2014]

Nalanda Capital buys into WestBridge Capital-backed Cera Sanitaryware

Singapore-based Nalanda Capital has built up a 2.2 per cent stake in Cera Sanitaryware Ltd (CSL), one of the largest sanitaryware companies in India, over the last two quarters. According to VCCircle estimates, Nalanda Capital has spent Rs 14-15 crore to acquire the stake.

[Source: VCCircle, January 10, 2014]

OrbiMed invests in Faridabad-based hospital

Healthcare-focused private equity fund OrbiMed has invested an undisclosed amount in Faridabad-based hospital Asian Institute of Medical Sciences (AIMS), a part of Blue Sapphire Healthcare Private Limited, founded by Dr. N K Pandey.

[Source: VCCircle, January 09, 2014]

Ascent Capital, IDG Ventures pick stake in Newgen; Headland exits with 2x

India-focused technology venture capital fund IDG Ventures India and private equity firm Ascent Capital have together invested \$15.5 million (around Rs 97 crore) for minority stake in Delhi-based Newgen solutions. This deal also marks an exit for Headland Capital with returns of 2x on its six-year-old investment

[Source: Business Standard; VC Circle January 06, 2014]

Future Lifestyle Fashions buys 27.5% stake in Desi Belle

Future Lifestyle Fashions (FLF), the fashion apparel, accessories and associated products arm of Kishore Biyani-led Future Group, has picked up 27.5 per cent stake in Resource World Exim Pvt Ltd, a company engaged in women's fashion apparel business under the brand 'Desi Belle' in India, as per a stock market disclosure. [Source: VCCircle, January 03, 2014]

Multiples Private Equity Fund Buys Into Arvind

Renuka Ramnath led Multiples Private Equity FII bought 3845000 shares of denim maker Arvind Ltd at R149.38 a piece on NSE and 3625000 shares at R149.93 on BSE. The fund shelled out a total of close to R152 Cr to acquire around 3% stake in the company.

[Source: Deal Curry, January 02, 2014]



Merger & Acquisition

Altiux to acquire Bangalore-startup P-Device, focusing on product engineering for smart devices

Bangalore-based startup Altiux Innovations Pvt Ltd, a provider of product engineering and innovation services, is close to acquiring P-Device Systems Pvt Ltd another startup in the city which is into developing converged cloud platform. Earlier, BitChemistry Ventures has invested \$2 million in one-year-old Altiux.

[Source: VCCircle, January 31, 2014]

Aditya Birla Group selling BPO arm to private investors backed by CX Partners for \$260M

Diversified business conglomerate Aditya Birla Group is selling its business and technology outsourcing firm Aditya Birla Minacs Worldwide to a consortium of private investors of Indian origin who are backed by private equity firm CX Partners for an enterprise value of \$260 million (Rs 1,600 crore), subject to working capital adjustments.

[Source: VCCircle, January 31, 2014]

Siemens gets board nod to acquire rail automation unit from parent for \$9M

Siemens Ltd, the public listed Indian arm of the German conglomerate, said its board has approved a proposal to acquire Siemens Rails Automations Pvt Ltd from a group firm for Rs 55 crore (\$9 million). Siemens Rails Automations is in manufacturing, supply, design, installation and commissioning of railway signalling equipment, comprising trackside and on board equipment.

[Source: VCCircle, January 30, 2014]

GVK BIO to buy US-based Aragen Bioscience

Contract research firm GVK Biosciences Pvt Ltd, which operates under the GVK BIO brand, has signed an agreement to acquire Aragen Bioscience, a US-based privately held pre-clinical CRO specialising in biologics services, for an undisclosed amount, according to a press release.

[Source: VCCircle, January 29, 2014]

Japan's ARKRAY to buy IVD business of Span Diagnostics for \$16M

Japanese medical technology major ARKRAY Group is buying the In-Vitro Diagnostic (IVD) business of Gujarat-based Span Diagnostics Ltd (Span), as per a stock market disclosure. The equity value of the deal is around Rs 73.4 crore (\$12 million) while the enterprise value is pegged at around Rs 100 crore (\$16 million).

[Source: VCCircle, January 27, 2014]

Torrent Pharma acquiring Elder's domestic formulation business

Ahmedabad-based drug major Torrent Pharmaceuticals Ltd acquiring domestic formulation business of Mumbai-based pharmaceutical manufacturing and marketing company Elder. Torrent Pharmaceuticals Ltd which clocked revenue of Rs 3,254 crore has got into a definitive binding agreement to acquire Elder Pharmaceuticals' branded domestic formulation business in India and Nepal for Rs 2,004 crore. This deal includes over 30 brands of Elder including its most famous brand Shelcal going to Torrent

[Source: VCCircle, January 20, 2014]

Global Economic Advantage buys engineering solutions firm Samtel Engineering

IT & engineering services company Global Economic Advantage Pvt Ltd has acquired Samtel Engineering and Sourcing Solutions Pvt Ltd, which is engaged in engineering and outsourcing solutions, for an undisclosed amount. The transaction also involves sale of a wholly owned German arm, which was acting as Samtel Engineering's front office to service European clients.

[Source: VCCircle, January 16, 2014]

Superior Foods to buy sugar unit from Sir Shadi Lal Enterprises

Sir Shadi Lal Enterprises Ltd, a New Delhi-based sugar manufacturer, has entered into a definitive agreement to sell its sugar unit located at Unn in Shamli district of Uttar Pradesh, for an undisclosed amount to Superior Foods Grains Pvt Ltd, the company said in stock market disclosure. The deal is subject to shareholders' approval by postal ballot and the approval of the Uttar Pradesh government. The transaction will be through a slump sale of all assets and liabilities of Unn Sugar Mill and is expected to be completed by March 31, 2014.

[Source: VCCircle, January 15, 2014]

Singapore's Wilmar may buy up to 25% stake in Shree Renuka Sugars

Singapore-headquartered agribusiness major Wilmar International Ltd is in the final stage of negotiations to buy up to 25 per cent stake in India's largest sugar manufacturer Shree Renuka Sugars, The Economic Times reported citing sources.

[Source: VCCircle, January 14, 2014]

Bharat Forge sells entire 51.85% stake in Chinese JV to local partner for \$28.2M

The world's second-largest forgings company Bharat Forge Ltd, a part of diversified business conglomerate Kalyani group, has offloaded its entire 51.85 equity stake in FAW Bharat Forge (Changchun) Co Ltd to the Chinese joint venture partner for \$28.20 million (Rs 175 crore), according to a stock market disclosure.

[Source: VCCircle, January 13, 2014]

Sequoia Capital-backed Knowlarity acquires cloud telephony startup Unicom

Gurgaon-based cloud telephony firm Knowlarity Communications has acquired Unicom Techlabs Pvt Ltd, a Delhi-based cloud telephony start-up, for an undisclosed amount, the company said on Monday.

The acquisition brings Unicom's 200 plus customers in SMB, e-commerce, real estate, healthcare, education and media segment under Knowlarity. Besides Unicom's IT domain and customers, Knowlarity will get full ownership of intellectual property belonging to the company.

[Source: VCCircle, January 13, 2014]

Facebook acquires Bangalore-based app performance solutions startup Little Eye Labs for around \$15M

Social networking major Facebook has acquired Little Eye Software Labs Pvt Ltd, which offers a performance analysis tool for developers that enables them to measure, analyse and optimise Android apps, the Bangalore-based startup said in a statement. While the transaction details are not officially disclosed, some media reports have pegged the amount at around \$10-15 million.

[Source: VCCircle, January 08, 2014]

Lactalis acquires Tirumala Milk Products; Carlyle exiting at over 3x

Groupe Lactalis SA (Lactalis), the world's largest dairy player, has acquired 100 per cent stake in Tirumala Milk Products Pvt Ltd from its founders and private equity major The Carlyle Group.

The deal, which marks the first significant PE exit in the country in the new year, gives Carlyle a return of over 3x in dollar terms on its original investment in May 2010, implying an IRR of over 35 per cent or one of its best exits in India.

[Source: VCCircle, January 08, 2014]

Four Soft looking to acquire computer peripherals and mobile accessories e-tailer Deals15.com

Four Soft Ltd, a software solutions provider for transportation and logistics industry, is looking to acquire Deals15.com, a computer peripherals and mobile accessories e-tailer, from Hyderabad-based Premium Web Services Pvt Ltd, the company said in a BSE filing. Deals15 provides laptop peripherals, HDMI cables, Apple and Samsung accessories, TV and set-top box remote control devices, with an in-house warranty, as well as a return and refund policy

[Source: VCCircle, January 07, 2014]

Austrian firm buys out welding electrodes maker Maruti Weld

Austria's voestalpine Böhler Welding (formerly Bohler Welding Group) has acquired Delhi-based Maruti Weld Ltd, a small sized manufacturer and exporter of welding electrodes. The Austrian group generates just around 6 per cent of its global revenues from Asia and this deal will help it marginally increase exposure to emerging markets.

[Source: VCCircle, January 07, 2014]

Toshiba to buy 26% stake in IVFA-controlled water management solutions firm UEM

Japanese electrical major Toshiba Corporation is picking 26 per cent stake in UEM India Pvt Ltd, which provides turnkey services in the water and wastewater collection, treatment and disposal. India Value Fund Advisors (IVFA) had picked a controlling stake in UEM few years ago and will continue to hold a majority stake post the strategic investment.

The deal involves primary issue and the PE firm will continue to own majority stake post investment, with an unrealised gain of around 2.7x on its original investment.

[Source: VCCircle, January 07, 2014]

DLF set to sell Aman Resorts to a US firm for close to \$350M

DLF Ltd, the largest realtor in the country according to market capitalisation, is set to sell its luxury hotels business under Aman Resorts and the deal may be signed within the next few weeks. Earlier, DLF had bought the luxury hotel chain for \$400 million few years ago but the depreciation of Indian currency would allow it to exit the venture with an appreciation in value. [Source: VCCircle, January 02, 2014]



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