# RNM ALERT

*ISSUE NO.26*
*December, 2010*

www.rnm.in


U.N. Marwah

Dear Readers,

I would like to begin by wishing all our readers a very happy and prosperous 2011. I am pleased to announce that RNM is celebrating its 65th Diamond Centenary Year in 2011.

We are living in a very dynamic market environment where the importance of India on the world stage is increasing progressively. All fellow professionals, businessmen and entreprenurs would agree that this is the beginning of the golden age for India with increasing economic growth. This growth however, is with many road bumps on the way with some persons being less fortunate that us. We therefore urge all our readers to devote some time towards voluntary work and charities to be able to "Be the Change".

During the period April-November 2010, net direct tax collections stood at Rs.2,16,628crore, up from Rs.1,83,822 crore during the same period last fiscal, registering a growth of 17.85 percent and crossing 50 percent of the BE target of Rs.4,30,000 crore for fiscal 2010-11.

Price inflation fears may lead to the Reserve Bank of India to hike rates in the forthcoming Monetary policy Review at the end of January 2011.

The RNM Team would like to wish all its readers a very Happy 62nd Republic Day of India.

Regards,

**U.N. Marwah**

For and behalf of the RNM Alert Editorial Board

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**[Source:ICAI v. DIT (EXEMPTION) [2010] 8 TAXMANN.COM 50 (DELHI – ITAT)]**

**Sec80IB Deduction –** Manufacture of Potato Chips – Conditions precedent for allowability of deduction under section 80IB are to be examined in the initial year of the claim and if they are found to be satisfied the Assessing Officer cannot ignore that finding in the assessment of a subsequent year and take a different view. The Tribunal held that the CIT(A), was not justified in disallowing deduction under section 80IB on the ground that the manufacture and sale of dehydrated onion flakes and potato chips is not manufacture or production of article or thing to be eligible to deduction under section 80IB.

**[Source: Janak Dehydration (P) Ltd. vs. ACIT (2010) 134 TTJ 1 (Ahd.)(UO)]**

### *Profits & Gains from Business & Professions*

**Sec37(1) Capital or Revenue Expenditure – Termination of Agreement**

Assessee entered into an agreement for purchase of property for infrastructural facilities for business, assessee terminated the agreement and paid compensation, payment to be treated as capital in nature and not allowable as revenue expenditure.

**[Source: Sap Labs India Pvt. Ltd. vs. ACIT (2010) 6 ITR 81 (Bang.)(Trib.)]**

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**[Source: Godrej Agrovet Ltd vs. ACIT (ITAT Mumbai)ITA No. 1629/Mum/09]**

**Sec40(a)(ia)Business Expenditure – Disallowance – Tax Deduction at Source – Interest – Application in Form No. 13, 15G - (S. 194A)**

Disallowance under section 40(a)(ia) of interest payments on which no TDS was deducted was sustainable, as merely filing of Form No. 13 by payee

to their respective Assessing Officers cannot be construed as an authorization to the assessee not to deduct tax for the interest due to them. No copies of Form No. 15G were forthcoming to justify the assessee's stand.

**[Source: Rajendra Kumar vs. Dy. CIT (2010) 46 DTR 363 (Bang.)(Trib.)]**

**Sec40(a)(ia)Business Expenditure–Payment to Goods – Freight Charges – (S. 194C)**

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**[Source: CIT vs. Bhagwati Steels (2010) 47 DTR 75 (P&H)]**

**Sec41(1)Remission or Cession of Trading Liability – Loan waived – [S. 28(iv)]**

Where capital assets are acquired by obtaining a loan and subsequently, loan amount is waived by other party, principal amount of loan waived by other party cannot be brought to tax under section 28(iv) or under section 41(1).

**[Source: Dy. CIT vs. Logitronics (P) Ltd. (2010) 127 ITD 16 (Delhi)**]

**Sec37(1)-** Whether provision made by assessee for current year, on basis of past year's figures, towards warranty liability to be discharged in future was an accrued liability and not contingent in nature and, therefore, was allowable as deduction in computing profits and gains of business – Held, yes.

**[Source: CIT v. Woodward Governor India Ltd. [Delhi HC][2010] 195 TAXMAN 328]**

**Sec37(1)-** Assessee Indian company 100 % subsidiary company of German company 'Adidas' under which it was provided technical know-how and was allowed to manufacture and sell products under brand name 'Adidas' in India, Nepal and Bhutan on payment of royalty @ 5 % of sales. During relevant assessment year, assessee incurred certain expenditure on advertisement to popularize products of 'Adidas' in Indian market were disallowed on the ground that advertisement expenditure was not incurred wholly and exclusively for purpose of its business inasmuch as it was to promote brand name of licensor company. On appeal, Tribunal allowed said expenditure on the ground that it was a commercial practice and commercial expediency of assessee. Delhi HC upheld the view of Tribunal.

**[Source: CIT, Delhi-I v. Adidas India Marketing (p) Ltd. (Delhi HC) [2010] 195 TAXMANN 256]**

**Question of Sec40A(2) not examined as exercise is "revenue-neutral". Transfer**

**Pricing Provisions should be extended to domestic transactions to "reduce litigation"**

Whether in order to reduce litigation, section 40A(2) and section 80–IA(10) need to be amended to empower Assessing Officer to make adjustments to income declared by assessee, having regard to FMV of transactions between related parties by applying any of generally accepted methods of determination of arm's length price, including methods provided under Transfer Pricing Regulations – Held, yes. Whether law should also be amended to make it compulsory for taxpayers to maintain books of account and other documents on lines prescribed under rule 10D in respect of such domestic transactions and taxpayers should obtain an audit report from their chartered accountants so that taxpayers maintain proper documents and requisite books of account reflecting transactions between related entities at arm's length price, based on generally accepted methods specified under – Transfer Pricing Regulation – Held, yes. Though normally the Supreme Court normally does not make recommendations or suggestions, in order to reduce litigation occurring in complicated matters, the question of extending Transfer Pricing regulations to domestic transactions require expeditious consideration by the Ministry of Finance and the CBDT may also consider issuing appropriate instructions in that regard.

**[Source: CIT v. GLAXO SMITHKLINE ASIA (P.) LTD. [2010] 195 TAXMAN 35 (SC)]**

**If NPV of future sales-tax liability is paid, there is no "remission" for s. 41(1)**

Assessee availed of **sales-tax deferral schemes** of 1983 & 1988 offered by the Maharashtra State Govt. under which the sales-tax collected by the assessee could be paid after 12 years. The total sales-tax collected by the assessee was Rs. 7,52,01,378 which was deemed to have been paid and deduction was allowed u/s 43B. In 2002, the State issued a circular permitting **premature repayment of the deferred sales-tax liability at its Net Present Value (NPV)**. The NPV of the deferred sales-tax liability was computed at Rs. 3,37,13,393, which the assessee paid and was discharged of the liability to pay Rs. 7,52,01,378. **The difference between the deferred sales-tax and its NPV amounting to Rs. 4,14,87,795 was treated by the assessee as a capital receipt**. The AO took the view that as a deduction for the sales-tax liability had been allowed u/s 43B, **the "remission" from that liability was taxable u/s 41(1)**. On appeal ITAT Mumbai Special Bench held that **(i)** The first requirement of s. 41(1) that the **assessee should have**

**obtained an allowance or deduction** in respect of loss, expenditure or trading liability is **not satisfied** because **the benefit of deduction was allowed for the purpose of s. 43B only and not under any other provisions of the Act**. **(ii)** The second requirement of s. 41(1) is also not satisfied because as the sum of Rs. 3,37,13,393 is the NPV of the future sum of Rs.7,52,01,378 and its payment discharges the full liability, there is no remission or cessation of liability by the State Govt.

**[Source:Sulzer India Ltd vs. JCIT (ITAT Mumbai Special Bench) I.T.A. No.2944/MUM/2007]**

**Sec40A(3), 40(a)(ia), 133(6)**

Whether where the payment for purchases were made in cash as confirmed by the third parties and the assessee did not explain the reason for the same, the disallowance u/s 40A(3) is rightly made - Whether where no deduction of tax at source was made, the disallowance is rightly made on the whole amount and not only the amount payable on the last day of the financial year and even if the deductees are not having PAN, the assessee is liable for deduction of tax at source. - **Assessee's appeal dismissed**.

**[Source: M/s Marc Signage Vs ITO, Kolkata (Dated: November 3, 2010) KOLKATA ITAT]**

Payment made by assessee to its principal for supply of technology and improvement of its existing products is allowable as revenue expenditure and not as capital expenditure.

**[Source: CIT v. DENSO INDIA PVT. LTD. [2010] 8 TAXMANN.COM 48 (DELHI)]**

## *Capital Gain*

**Sec49-** Company 'A' acquired a property from DDA in 1996 which was sold in 1999 – During search operations conducted in residential premises of assessees who were directors in that company, a document entitled as 'family arrangement' was recovered. Assessees explained that by virtue of said family arrangement, half of company's said property came to them and other half went to share of another family group – Assessing Officer assessed capital gains in hands of assesses on basis of seized document. Since asset in question was not property of a HUF but it was owned by said company and there was no distribution of its assets because there was no liquidation of company, section 49(1) would not apply – Since said property was sold by company, any money received by assesses in their capacity as directors would be for and on behalf of company and, therefore, question of capital gains ought to have been examined in assessment of company and not in hands of assesses.

**[Source: CIT v. ShashiCharla [2010] 195 TAXMAN 148 (DELHI)]**

**Sec50C applies to transfer of development rights in property**

The assessee a co-owner of inherited property entered into an agreement with the developer for development of the property for a consideration of Rs. 63 lakhs and offered his share of the consideration to capital gains. The Stamp

Valuing Authority valued the property at Rs.4.73 crores though the DVO valued it at Rs. 1.81 crores. The AO invoked s. 50C and adopted the DVO's valuation as the consideration.

ITAT Mumbai held that the argument that transfer of development rights does not amount to transfer of land or building and therefore s. 50C is not applicable is not acceptable because **u/s 2(47)(v) the giving of possession in part performance of a contract as per s. 53A of the Transfer of property Act is deemed to be a "transfer"**. When the assessee received the sale consideration and handed over possession of the property vide the development agreement, the condition prescribed in s. 53A of the Transfer of Property Act was satisfied and u/s 2 (47) (v) the transaction of transfer was completed. The fact that the assessee's name stands in the municipal records does not change the nature of the transaction.

**[Source:ArifAkhatarHussain vs. ITO (ITAT Mumbai)ITA No. 706/Mum/2010]**

**Sec2(29A)**r.w.s. 54

Assessee was allotted a flat under scheme of DDA on 27-2-1982. Possession took place on 15-5-1986. Assessee sold said flat on 6-1-1989. He claimed that capital gain arising on sale of flat was a long-term capital gain but according to revenue authorities, flat was allotted on 15-5-1986 and, therefore, capital gain was short- term capital gain. **Under self-financing scheme, an allottee gets title to property on issuance of an allotment letter and payment of instalments is only a consequential action upon which possession takes place**& therefore right of assessee in the said property begins from 27-2-1982 and therefore, capital gain arising on sale of said flat is long term capital gain.

**[Source: Vinod Kumar Jain v. CIT, LUDHIANA [2010] 195 TAXMAN 174 (PUNJ. & HAR.)]**

**Sec54 Capital Gains – Exemption – Sale of house or land – Land appurtenant to the building: (S. 54)**

Assessee is entitled to exemption under section 54 in respect of capital gains on sale of the land appurtenant to the building. Such land is sold separately, after dismantling the existing building. What is sold is only land and hence, exemption under section 54 will not be allowable.

**[Source: SubhashChandKapoor vs. ITO (2010) 46 DTR 314 (Agra)(Trib.)]**

## *Undisclosed Income*

**Sec69read with sec91and 92 of the Evidence Act, 1872**

There was a sale deed executed by uncles of assessee in his favour whereby certain ancestral land was transferred to him – Sale deed reflected amount of sale consideration and was duly registered with registering authority – Assessee, however, claimed that, in fact, no consideration was paid on personal grounds, and sale consideration was mentioned in sale consideration as unexplained investments and added same to income of assessee. **Whether in view of settled principle that no oral evidence is admissible once**

**documents contain all terms and conditions, sale consideration disclosed in sale deed in instant case was to be accepted and no oral evidence could have been adduced to contradict such sale consideration – Held, yes**. – Whether, thus, view taken by Assessing Officer as also confirmed by Tribunal was correct – Held, yes.

**[Source: Paramjit Singh v. ITO [Punjab and Haryana HC] [2010] 195 TAXMAN 273]**

**Sec69Income from Undisclosed Source – Addition – Alleged bogus purchase – Non filing of confirmation – Certificate from Bank – (S. 145)**

Assessing Officer was not justified in making the disallowance of purchases made by the assessee merely due to non filing of confirmation from suppliers especially when assessee has filed certificate from the bank indicating the facts that cheques issued by it were cleared and no defects in the books of account was pointed out.

**[Source: YFC Projects (P) Ltd. vs. Dy. CIT (2010) 46 DTR 496 (Delhi)(Trib.)]**

## *Set-Off & Carry Forward Of Losses*

**Sec71-** Loss – Set off of loss – Year of Allowability

Stock stored in State warehousing corporation was destroyed by fire in the year 1978. Suit was filed to reimbursement of loss. Suit was dismissed in the year 1982. Loss was allowable in the year 1983-84.

**[Source: New Diwan Oil Mills vs. CIT (2010) 328 ITR 432 (P&H)]**

**Sec74 Capital Gains – Capital Loss – Carried Forward and set off-Non-resident**

Claim of carry forward of capital loss brought from earlier years by the assessee, a company, tax resident of Mauritius, could not be rejected by the Assessing Officer while making assessment of subsequent year on the ground that since the assessee company was not liable to tax on the capital gains under Art. 13 of DTAA between India and Mauritius, such capital loss was also exempt.

**[Source: Flagship Indian Investment Co. (Mauritius) Ltd. vs. ADIT (2010) 133 TTJ 792 / 46 DTR 166 (Mum.)(Trib.)]**

## *Transfer Pricing &International Taxation*

**Sec92CTransfer Pricing – Arm's Length Price – International Taxation– Custom Valuation – Chapter X**

Data for comparison to be data relating to year in whichinternational transaction entered into.Exclusion of reimbursement of advertisement expenditure for determining profit level indicator not proper. Advertisement expenditure of comparables operating profits to be adjusted to bring it at par with tested party.

**[Source: Panasonic India Pvt. Ltd. vs. ITO (2010) 6 ITR 502 / 46 DTR 433 (Delhi)(Trib.)**]

**Sec92C Transfer Pricing – Computation – Arm's Length Price -Payments to personnel deputed by AE and Royalty**

As there was no reason for the TPO to hold that expenditure on the deputation of technical adviser ought to be incurred by AE and not by the assessee, and the fees paid for technology agreement was recovered by assessee from the AE, as part of sale price, such fee paid became revenue neutral, transaction were at ALP hence no addition was called for. On the facts the CIT(A) has rightly deleted the addition of Rs 43,68,838 made by the Assessing Officer, being the difference in the ALP on account of royalty and payments to personnel deputed by AE.

**[Source: ACIT vs. SonaOkegawa Precision Forgings Ltd. (2010) 47 DTR 187 (Delhi)(Trib.)]**

**Sec90, 42 and 44BB & Article 7 od DTAA between India & USA**

Whether when there was no element of profit in amount received, assessee could not be taxed in terms of article 7 of DTAA between India and USA – Held, yes. Whether once assessee was to be assessed under provisions of DTAA between India and USA, section 44BB had no application and fact that in some of earlier years, assessee had offered to pay tax u/s 44BB could not operate as an estoppel against it – Held, yes.

**[Source: CIT v. Enron Expat Services Inc. [Uttarakhand HC] [2010] 195 Taxman 342]**

**INDO- ITALY DTAA:** Offshore supply transaction is not taxable in India. No tax shall be levied on the revenue earned by the assessee from off-shore supply of equipment to IOCL in India, even though such revenue had neither accrued nor arisen in India, nor was it attributable to the activities of the assessee'sproject office in India.

**[Source: TECNIP ITALY SPA v. ADDL. CIT. [2010] 8 TAXMANN.COM (DELHI – ITAT)]**

<u>High Court's judgment on transfer pricing of trademarks & brands licensing nullified</u>

SC held that "In this case, High Court has not merely set aside the original show-cause notice but it has made certain observations on the merits of the case and has given directions to the TPO, which virtually concludes the matter. In the circumstances, on that limited issue, we hereby direct the TPO to proceed with the matter in accordance with law uninfluenced by the observations/directions given by the High Court".

**[Source: Maruti Suzuki India vs. ACIT (Supreme Court)CIVIL APPEAL NO. 8457 OF 201]**

## *Minimum Alternate Tax*

**Sec115JAA-** MAT credit to be set off before computing advance-tax shortfall and liability for sec234B/C interest.

**[Source: CIT vs. Tulsyan NEC (Supreme Court) CIVIL APPEAL NOs.10677-79 OF 2010]**

## *Tax Assessment, Search & Seizure*

**Sec132(4) Disclosure of Income at mid night – Search and Seizure – Addition on the basis of Statement – Retraction – (S. 132)**

Statement made at odd hours cannot be considered as voluntary statement. Addition made on the basis of statement was deleted. Assessee retracted the same by giving proper explanation.

**[Source: KailashbenManharilalChokshi vs. CIT (2010) 328 ITR 411 (Guj.)]**

**Sec133A Survey–Addition on the basis of Statement was deleted – Discrepancy in Stock and Cash**

Statement made under section 133A is not conclusive proof. Assessee was able to explain discrepancy in stock by production of relevant record. Addition was deleted.

**[Source: CIT vs. Dhingra Metal Works (2010) 328 ITR 384 (Delhi)]**

**Sec133ASurvey–Addition on the basis of Statement – Cross Examination – (S. 131)**

Addition on the basis of admission during the survey without any supportive material not sustainable, further there was no substantive evidence on record except statement of assessee and third party in support of addition of Rs.25 lakhs and Rs.2.55 crores made by Assessing Officer for the Asst. Year 2007-08 and 2008-09 respectively. Non providing of cross examination of witness clearly constitutes infraction of the right conferred on the assesseeand that vitiated the order of the assessment made against the assessee.

**[Source: B. Ramakrishnaiah vs. ITO (2010) 46 DTR 406 (Hyd.)(Trib.)]**

**Sec143(3)Assessment–Order Sheet–Notice received after statutory time limit–Limitation**

Order sheet is a very important record. As the Assessing Officer not recorded in the order sheet and the Assessing Officer is not able to show that the notice dt. 08-06-2006, was issued and served, it was to be held received after statutory time limit under section 143(2) and was clearly time barred.

**[Source: Dy. CIT vs. Mayawati (2010) 42 SOT 59 (Delhi)**]

**Sec147Reassessment– Full and True Disclosure – Notice after expiry of four years – (S. 148)**

There is no mention in recorded reasons that the escapement of chargeable income was due to omission or failure on the part of the assessee to disclose fully and truly all material facts necessary for the assessment and therefore notices under section 148 are wholly without jurisdiction and they are liable to be quashed.

**[Source: Sri SakthiTextles Ltd. vs. Jt. CIT (2010) 46 DTR 191 (Mad.)]**

**Sec147-** Whether in order to challenge a reassessment on

ground of limitation of 4 years provided under proviso to section 147, it is for assessee to prove that it has furnished all material facts necessary for completion of original assessment – Held, yes – Whether if an assessee who is required to maintain books of account, returns income on estimation basis, it cannot claim that it has fully and truly disclosed all material facts required for assessment – Held, yes.

**[Source: CIT v. Mangalam Publications [2010] [Kerala HC]195 TAXMAN 309]**

**Sec158BD**-Proceedings without recording written satisfaction is void. Statement recorded in search cannot form sole basis for section 158BD addition.

**[Source: CIT vs. Raj Pal Bhatia (Delhi High Court) ITA 276 of 200]**

## *Tax Administration*

**Sec246 and 263**-Whether an appeal would not lie against revised assessment u/s 263 **only in respect of so much of additions made in assessment which are based on findings of Commissioner in order issued u/s 263** – Held, yes. Whether when an open remand is made by Commissioner u/s 263, it is for Assessing Officer to conduct a detailed enquiry after giving an opportunity to assessee and he is free to restore original assessment partly or in full even after order issued u/s 263 – Held, yes. Whether such an order issued by Assessing Officer is again liable to be revised if revised order is again prejudicial to revenue and if assessee has any grievance, it is open to assessee to maintain an appeal against revised assessment order before first appellate authority – Held, yes.

**[Source: Azhimala Beach Resorts (P.) Ltd v. CIT, Trivandrum [Kerala HC] [2010] 195 TAXMAN 259]**

Stay Application in Tribunal maintainable despite non-filing of stay petition before lower authorities,It is not mandatory on the part of the assessee to move application before the Revenue Authorities for granting of stay of outstanding demand**.** Seeking stay before the lower authorities is directory and not mandatory**.**

**[Source:DHL Express (India) P Ltd vs. ACIT (ITAT Mumbai) ITA No. 7360/Mum/2010]**

## *Penalty*

**Sec271(1)(c) Penalty – Concealment – Search and Seizure – Return filed amount disclosed in the course of Search – (S. 132(4), 153A)**

Assessee had made disclosure with reference to all the items of jewellery in a statement under section 132(4) of the Act, and any variation in the value could be accepted as a continuation of statement under section 132(4). As two views are possible. Penalty levied by the Assessing Officer was cancelled.

**[Source: Dy. CIT vs. Avinash CH. Gupta (2010) 6 ITR 173 (Kol.)(Trib.)]**

**Sec271(1)(c)**-Assessee filed its return claiming deduction u/s 80-IA. Assessing Officer noticed that it was a firm and as only companies were entitled to deduction u/s 80-IA, he asked assessee to show cause as to why deduction claimed u/s 80-IA should not be disallowed. Prior to issue of said notice, assessee filed a revised return wherein no claim u/s 80-IA was made. Assessing Officer ignoring revised return imposed penalty on assessee

u/s 271(1)(c). As assessee made a bonafide claim for deduction u/s 80–IA, which later on withdrawn by filing a revised return, there was no concealment of income or furnishing of inaccurate particulars of income, therefore the penalty imposed was set aside.
**[Source: CIT v. BACKBONE ENTERPRISES [2010] 195 TAXMAN 200 (GUJ.)]**

**Sec271(1)(c)-** Assessee, a HUF,completed construction of a 3 storied building & disclosed its cost of construction at Rs. 12.50 lakhs on basis of registered valuer's report. Government valuer's estimated cost of construction at Rs. 41.10 lakhs, assessee voluntarily accepts a valuation of Rs. 23.22 lakhs as per **second report** of valuer. Assessing Officer accepts cost at Rs. 41 lakhs. Commissioner (Appeals) reduced cost to Rs. 32.05 lakhs which was accepted by assessee. On basis of order of CIT(A), Assessing Officer imposed penalty u/s 271(1)(c). **Since it was clear from material on record that there was a deliberate attempt on part of assessee to suppress true facts from assessing authority & it did not avail of opportunity to support its explanations by any acceptable evidence, at least by producing accounts which it had maintained while construction was going on, penalty imposed was justified.**
**[Source: J. Sumermal (HUF) v. ACIT, Circle V(1), Bangalore [2010] 195 TAXMAN 210 (KAR.)]**

**Sec271(1)(c)-** Where assessee was a partner in a partnership firm engaged in business of real estate and was also a major shareholder of a private limited company, the ground that he was not aware of provisions of sec. 2(22)(e) could not be regarded as sufficient, in itself, to order deletion of penalty.
**[Source: CIT v. Alkesh K. Patel (Bombay HC) [2010] 195 TAXMAN 338]**

**Section 271D -**Contribution towards share application money received in cash in the sum of Rs. 3 lacs does not come within the scope and ambit of the expression 'Deposit' appearing in the provisions of Section 269SS in order to justify levy of penalty.
**[Source: ITO v. Avadh Rubber LTD. [2010] 8 TAXMAN.COM 57 (KOL.-ITAT)]**

## *Miscellaneous*

Multiple orders for purchase / sale of shares may constitute one transaction

Assessee offered short term capital gain of Rs. 1.07 crores on sale of shares. AO held the assessee to be a trader in shares & assessed the gains as business profits on the ground that (a) there was high frequency of 127 purchase & 83 sale transactions, (b) there were instances where delivery was not taken and shares were sold within a short period, (c) 88% of the shares sold were purchased during the year. ITAT held that (i) AO had not correctly calculated the number of transactions because sometimes a single transaction is split by the computers trading of the stock exchanges into many smaller transactions but that does not mean that assessee has carried so many transactions. (ii) At the end of the year, the assessee was holding shares worth Rs. 11.56 crores with a market value of Rs.17.69 crores. If assessee was a trader, he would have definitely realized the huge profit of almost Rs. 6 crores

immediately and not carried out the stock to the next year. (iii) The transactions in which no delivery was taken and it was settled in the same day appear to be cases where the particulars were wrongly carried out on behalf of the assessee by the broker& that's why assessee got them settled on the same day.

**[Source:Nehal V. Shah vs. ACIT (ITAT Mumbai)ITA. No. 2733/Mum/2009]**

Though main object is to do business in shares, shares can be held as a capital asset & not stock-in-trade

(i) There is no presumption that every acquisition by a dealer in a particular commodity is acquisition for the purpose of his business. A dealer may acquire a commodity as a capital asset. (ii) If shares are shown as a capital asset in the balance sheet from the date of purchase and no objection was taken by the AO in the earlier years, he cannot hold it to be stock-in-trade without there being any change in facts.

**[Source:CIT vs. PNB Finance & Industries (Delhi High Court)ITA No.306/2010]**

Interest on NPA not assessable on "accrual" basisAssessee, a NBFC, advanced Inter Corporate Deposits (ICD) to Shaw Wallace. As the interest was not received by the assessee for more than 6 months in view of the adverse financial position of the borrower, the assessee treated the ICD as a Non Performing Asset (NPA) in terms of the directions of the RBI and did not account for the interest. AO held that as the assessee was following the mercantile system of accounting, the interest had "accrued" even if it was not actually realized. Delhi HC held that u/s 45Q of the RBI Act read with the NBFCs Prudential Norms (Reserve Bank) Directions 1998, **it was mandatory on the part of the assessee not to recognize the interest on the ICD as it had become a NPA.** Further, AS-9 provides that if there are uncertainties as to recognition of revenue, the revenue should not be recognized.

**[Source:CIT vs. VasisthChayVyapar (Delhi High Court) ITA 552 of 2005]**

In absence of "thin capitalization rules", interest paid to shareholders for loans cannot be disallowed despite capital-structure tax-planning.

**[Source: Besix Kier Dabhol SA vs. DDIT (ITAT Mumbai)ITA No.: 4249/Mum/07]**

**Sec 2(22)(e)**

(i) S. 2(22)(e) covers only the amount received during the previous year by way of loans / advances and not amounts received in an earlier year. Further, increase in the outstanding on account of provision for interest is not covered.

(ii) S. 2(22)(ii) excludes loans and advances where (a) the loan or advance was made by

the lending-company in the ordinary course of its business and (ii) lending of money is a "substantial part" of the business of the lending-company.

**[Source: CIT vs. Parle Plastics Ltd (Bombay High Court)ITA NO. 37 of 2002]**

**Sec 4-** Amount received by assessee for affirmative voting on a resolution was not a business receipt, but received as bounty or wind fall for voting affirmatively and supporting a resolution and was a capital receipt. Amount received by Assessee as casual receipt in the nature of windfall and not repetitive in character would not amount to income and therefore, not liable to tax.

**[Source:CIT vs. David Lopes Menezes (2010) 195 Taxman 131 / (2010) Vol. 112 (10) Bom. L. R. 4655]**

**Sec2(14) Agricultural Land – Capital Gains – No Agricultural Income**

Land which was shown as agricultural land in the revenue records and never sought to be used for non agricultural purposes by the assessee till it was sold has to be treated as agricultural land, even though no agricultural income was shown by the assessee from this land, and therefore, no capital gain was taxable on the sale of the said land. **[Source: CIT vs. DebbileAlemao (Smt.) (2010) 46 DTR 341 (Bom.)]**

**Sec4 Capital or Revenue Receipt – Transfer or Assignment of Marketing Rights – Non-compete Fee**

Amount received on account of transfer or assignment of marketing rights in exchange of source of income is a capital receipt. Amount received as non-compete fee is a capital receipt. Capital gains not taxable where cost of acquisition not determined.

**[Source: BASF India Ltd. vs. Addl. CIT (2010) 6 ITR 156 (Mum.)(Trib.)]**

**Sec4 Income – Capital Receipt – Receipt for damage of Goodwill – [S. 28(i)]**

If good will of the business is damaged on account of action of supplier of goods and later on some compensation is awarded in lieu of that, it will fall in the same category of loss to the source of income and consequently such a receipt will qualify to be characterized as a capital receipt.

**[Source: Inter Gold (India) (P) Ltd. vs. Jt. CIT (2010) 47 DTR 150 (Mum.)(Trib.)]**

# INDIRECT TAX

## Service Tax

### ➢ Case Laws

### *No interest for delay due to transfer of one account to another*

This appeal is preferred challenging the order passed by the Tribunal setting aside the liability of interest payable by the BSNL, the assessee for belated payment of service tax. The Tribunal relied on an earlier judgment rendered between the same parties where the reason given for the delay was due to delay in transfer of one account to another not attributable to the assessee. From the faces it is not in dispute after the receipt of money from the customer, service tax was deposited in yet another account of the Government. After the issue of a circular setting out how these amounts have to be credited, the amount had been credited under the specific head of account. In the process, there is no delay.

**[Source: Commissioner of C. Ex., Mysore V. Bharat Sanchar Nigam Ltd., 2010 (20) STR 762(Kar.)]**

### *Taxable Value*

Voluntary disclosure of income before Income Tax authority- Allegation that photography services provided clandestinely- Tribunal in 2009(13) STR 422 (Tribunal) held that income voluntarily disclosed not to be added in taxable value unless there is sufficient evidence- Absence of evidence showing income disclosed forms part of taxable service-

**[Source: Commissioner of C. Ex., Ludhiana V. Ramesh Studio & Color Lab, 2010 (20) STR 817(Tri-Del)]**

### *Export of Service*

Commission in foreign exchange received for procuring purchase orders in India for foreign suppliers- Service Tax paid under protest and refund claimed on ground of exemption under Export of Service Rules, 2005-Service held as delivered outside India but used in India and refund denied-Activity falling under Business Auxiliary Service-Rendering of service complete when purchase orders received by foreign companies-purchase orders received abroad in present case and acted upon by foreign companies-Benefit of service accrued to foreign companies outside India-Relevant conditions satisfied-Refund admissible.

**[Source: EM Jay Engineers v. Commissioner of C. Ex., Mumbai, 2010 (20) STR 821(Tri-Mumbai)]**

### *Commercial Concern*

Commercial Training or Coaching service- Commercial concern- Memorandum of Association and other aspects of activities considered in detail in impugned order- Finance required for running institute raised from fees, donations, government grants, subscriptions, membership fees and course fees and finding thereto not contested by Revenue- Respondent is a non-profit organization under Companies Act, 1956 and exemption granted under Income Tax Act, 1961-The Tribunal held that the

respondent as not liable to service tax.

**[Source: C.C., C.E. & S.T., Hyderabad v. Institute of Insurance & Risk MGMT., 2010(20) STR 836 (Tri-Bang.)]**

## ➢ Latest Notification/ Circulars

### *Supply of Electric Meter exempt for Service Tax*

It has been clarified that it is a general practice among electricity transmission(TRANSCO) / distribution companies (DISCOM) to install electricity meters at the premises of the consumers, to measure the amount of electricity consumed by them and 'hire charges' are collected periodically. Supply of electricity meters for hire to the consumers being an essential activity having direct and close nexus with transmission and distribution of electricity, the same is covered by the exemption for transmission and distribution of electricity, extended under the relevant notifications.

**[Source: Circular No. 131/ 13/ 2010 – ST, 7thDec 2010]**

### *Notification No. 02/2010-ST Rescinded*

The central Government videNotification No. 51/2010 - Service Taxdated 21st December, 2010, has rescinded the notification No. 02/2010- Service Tax, dated 27th February, 2010, which was related to exemption to imported packaged or canned software, intended for single use.

**[Source: Notification No. 51/2010 - Service Tax, 21st Dec, 2010]**

### *Notification No. 17/2010-ST, Rescinded*

The Central Government videNotification No. 52/2010 – Service Taxdated21st December, 2010 has rescinded the notification No. 17/2010- Service Tax, dated 27th February, 2010, which was related to Exemption to (domestically) manufactured packaged or canned software, intended for single use.

**[Source: Notification No. 52/2010 – Service Tax,21st Dec, 2010]**

### *Service Tax Exempted to Packaged or Canned Software*

The Central Government vide Notification No. 53/2010 - Service Tax dated the 21st December, 2010 has exempted the taxable service referred to in item (v) of sub-clause (zzzze) of clause (105) of section 65 of the said Finance Act (hereinafter referred to as 'such service'), for packaged or canned software (hereinafter referred to as 'said goods') from the whole of service tax, subject to some conditions.

**[Source: Notification No. 53/2010 - Service Tax, 21st Dec, 2010]**

### *Exemption From Service Tax to Maintenance Repair of Roads, Bridges, Tunnelsetc.*

The Central Government videNotification No. 54/2010 - Service Tax dated21st December, 2010 made the following amendment in the notification No. 24/2009-Service Tax, dated 24/07/2009:- In the said notification, for the words "management, maintenance or repair of roads", the words "management, maintenance or repair of roads, bridges,

tunnels, dams, airports, railways and transport terminals" shall be substituted.
**[Source: Notification No. 54/2010 - Service Tax, 21st Dec, 2010]**

## *Effective Date of Notification No.07/2010-ST Extended*

The Central Government videNotification No.55/2010-Service Tax dated 21st December, 2010 has extended the effective date of the notification No.07/2010-Service Tax, dated the 27th February, 2010 to April 2011, which Seeks to rescind Notification No. 33/2009 dated 01.09.2009. Notification No. 33/2009 exempts the taxable service provided to any person in relation to transport of goods by rail.
**[Source: Notification No.55/2010-Service Tax, 21st Dec, 2010]**

## *Effective Date of Notification No.08/2010-ST*

The Central Government videNotification No.56/2010-Service Tax dated 21st December, 2010 has extended the effective date of the notification No.08/2010-Service Tax, dated 27th February, 2010 to April 2011 which Seeks to exempt from taxable service provided in relation to transport of specified goods by rail.
**[Source: Notification No.56/2010-Service Tax,21st Dec, 2010]**

## *Effective Date of Notification No.09/2010-ST Extended*

The Central Government videNotification No.57/2010-Service Taxdated21st December, 2010 had extended the effective date of the notification No.09/2010-Service Tax, dated 27th February, 2010 to April 2011, which seeks to amend Notification No. 01/2006 dated 01.03.2006 to provide abatement for transport of goods by rail.
**[Source: Notification No. 57/2010-Service tax, 21st Dec,2010]**

## *Exemption to Taxable Services Relating to General Insurance Business*

The Central Government vide Notification No.58/2010-Service Tax dated 21st December, 2010. has exempted the taxable services in relation to general insurance business provided under the Weather Based Crop Insurance Scheme or the Modified national Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture, from the whole of service tax.
**[Source: Notification No.58/2010-Service Tax, 21st Dec, 2010]**

# COMPANYLAWUPDATES

## ➢ Latest Notification/ News

***MCA updates Easy Exit Scheme, 2011***

In response to the huge demands from corporate sector, the Ministry has decided to re-launch the Scheme as, "Easy Exit Scheme, 2011" under Section 560 of the Companies Act, 1956. The Scheme shall come into force on the 1st January, 2011 and shall remain in force up to 31st January, 2011.

**[Source: MCA Circular no. F. No. 2/7/2010-CL V Government of India Ministry of Corporate Affairs dated the 3rd December, 2010]**

# SEBI UPDATES AND MISCELLANEOUS LAW UPDATES

## ➢ Latest Notification/ News

### *Views solicited on Report of the Committee on 'Review of Ownership and Governance of Market Infrastructure Institutions'*

SEBI has placed a Report of the Committee on 'Review of ownership and governance of Market Infrastructure Institutions' on its website for public comments.

**Link:**
**http://www.sebi.gov.in/commreport/ownershipreport.pdf**

### *Amendments to the Equity Listing Agreement*

**(I) Amendments to Clause 35 – Disclosure relating to shareholding pattern**

**(a) Disclosure of shareholding pattern prior to listing of securities**

Entities which seek listing of their securities post-IPO shall mandatorily submit their shareholding pattern as per Clause 35 of the LA one day prior to the date of listing, in order to ensure public dissemination of updated shareholding pattern. The stock exchanges shall upload the same on their websites before commencement of trading in the said securities.

**(b) Disclosure of shareholding pattern of listed entities pursuant to material changes in the capital structure**

With a view to ensure public dissemination of the shareholding pattern pursuant tocapital restructuring in listed entities, it has been decided that in all caseswherein the change in capital structure due to such restructuring exceeds +/- 2% of the paid up share capital of the entities, the listed entities shall file a revised shareholding pattern with the stock exchanges within 10 days from the date of allotment of shares pursuant to such change in the capital structure, as per the format specified in clause 35 of the LA alongwith a footnote on what necessitated the filing of the revised shareholding pattern. The stock exchanges shall upload the same on their websites immediately.

**(c) Disclosure in respect of Depository Receipts**

In the case of listed entities which have issued Depository Receipts (DRs) overseas, in order to ensure a holistic and true picture of the promoter/promoter group holding in such entities, it has been decided that details of 'shares held by custodians and against which DRs have been issued' which are presently required to be disclosed in Table (I) (a) of Clause 35 shall be further segregated as those pertaining to the 'promoter/promoter group' and to the'public'.

**(II) Amendments to Clause 40A – Minimum public shareholding**

Department of Economic Affairs, Ministry of Finance vide its notification dated June 4, 2010 and August 9, 2010 amended the Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957

("the Rules"), which requires a company which has issued shares under Rule 19 (2) (b) (ii) of the Rules to raise its public shareholding to the specified minimum in the manner specified by SEBI. In order to align the requirements in the LA with the amended Rules and to specify the manner in which public shareholding may be raised to the prescribed minimum, it has been decided to amend the LA to provide that:-

(i) the company agrees to comply with the requirements specified in Rule 19(2) and Rule 19A of the Rules,

(ii) Where the company is required to achieve the level of public shareholding as specified in Rule 19(2) and/or 19A of the Rules,, it shall adopt any of the following methods to raise the public shareholding to the required level:

(a) issuance of shares to public through prospectus; or

(b) offer for sale of shares held by promoters to public through prospectus; or

(c) sale of shares held by promoters through the secondary market.

For adopting methods as specified at point (c) the company agrees totake prior approval of the Specified Stock Exchange, which may impose such conditions as it may deem fit.

**(III) Amendments to Clause 5A - Uniform procedure for dealing with unclaimed shares**

While the existing clause 5A in the equity listing agreement addresses and resolves the practical difficulties of companies which have issued shares in electronic mode; it does not address the difficulties faced by companies which had in the past issued shares in physical mode. These share certificates may have remained unclaimed by the shareholders due to insufficient/incorrect information or for any other reason. Thus it has been decided to amend the clause to provide for the aforesaid procedure.

**(IV) Amendment to Clause 20 & 22- Corporate Announcement**

In order to enable investors to manage their cash/securities flows efficiently and to enhance process transparency, it has been decided to mandate companies to have a pre-announced fixed pay date for payment of dividends and for credit of bonus shares.

**(V) Amendment to Clause 21 - Notice Period**

Consequent to amendment in clause 20 & 22, as above, it has been decided to amend the Clause 21 by removing references to dividend payments.

**(VI) Insertion of Clause 53 - Disclosures regarding agreements with the media companies In order to ensure public dissemination of details of agreements entered**

into by corporates with media companies, it has been decided that the listed entities shall disclose details of such agreements on their websites and also notify the stock exchange of the same for public dissemination.

**(VII) Insertion of Clause 54 – Maintenance of a website**

In order to ensure/enhance public dissemination of all basic information about the listed entity, it has been decided to mandate that the listed entities maintain a functional website that contains certain basic information about them, duly updated for all statutory filings, including agreements entered

into with media companies, if any.

**[Source: CIR/CFD/DIL/10/2010 dated December 16, 2010]**

## *Notification under Regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007*

As per said notification the following category of associated persons, i.e., persons associated with aregistered stock-broker/trading member/clearing member in recognised stock exchanges, who are involved in, or deal with, any of the following, namely(a) assets or funds of investors or clients,(b) redressal of investor grievances, (c) internal control or risk management, and (d) activities having a bearing on operational risk, **shall be required to have a valid certification from** the National Institute of Securities Markets (NISM) by passing the NISM-Series-VII: Securities Operations and Risk Management Certification Examination as mentioned in the NISM communiqué/Press Release NISM/Certification/Series-VII: SORM/2010/01 dated November 11, 2010, read with Annexures-I and II thereto.

Provided the stock-broker/trading member/clearing member shall ensure that all persons associated with it and carrying on any activity specified in this paragraph as on the date of this notification obtain valid certification within two years from the said date of notification.

Provided further that a stock-broker/trading member/clearing member whoemploys any associated persons specified in this paragraph after the date of this notification shall ensure that the said associated persons obtain valid certification within one year from the date of their employment.

**[Source: SEBI Notification No. LAD-NRO/GN/2010-11/21/29390 dated 10.12.2010]**

## *Modifications to client code post trade execution*

Stock Exchanges can permit modifications to client code post trade execution only in case of genuine error or wrong data entry made by trading members. This facility has been provided for the smooth functioning of the system and is expected to be used more as an exception rather than routine. Accordingly, Stock Exchanges are advised to:

- Set objective parameters for identification of client code modifications arising asa result of genuine error or wrong data entry. These objective parameters should be approved by the Governing Board of the Exchange and disclosed to the trading members.
- Impose monetary penalty in addition to disciplinary action against members who do not meet the laid down objective parameters.
- Include verification of client code modification as a reporting item in internalaudit report of the trading members.

**[Source: SEBI circular no. CIR/DNPD/01/2011 dated January 3, 2011]**

## *SEBI Master Circulars*

**The SEBI has issued the following master circulars:**

| S. N. | Master Circular | Circular no. |
|---|---|---|
| 1. | Master circular on Matters Relating to Exchange Traded Derivatives | CIR/DNPD/7/2010 dated December 31, 2010 |
| 2. | Master Circular for Depositories | CIR/MRD/DP/ 41 /2010 dated December 31, 2010 |
| 3. | Master Circular For Stock Exchange - Cash Market | CIR/MRD/DP/42/2010 dated December 31, 2010 |
| 4. | Master Circular For Stock Exchanges And Depositories | CIR/MRD/DMS/40/2010datedDecember 31, 2010 |
| 5. | Master Circular on Administration of Stock Exchanges, Arbitration in recognised Stock Exchanges and Stock Exchanges / trading platform for Small & Medium Enterprises including guidelines for Market Makers. | CIR/MRD/DSA/SE/43/2010 dated December 31, 2010 |
| 6. | Master Circular on AML/CFT | CIR/ISD/AML/3/2010 dated December 31, 2010 |

# FOREIGN EXCHANGE MANAGEMENT ACT & RBI REGULATIONS

## ➢ Latest Notification/ News

### *Credit to NRE account through RTGS / NEFT / NECS / ECS-- Issuance of Foreign Inward Remittance Certificate (FIRC)*

On receiving references from member banks on issuance of FIRC to the beneficiaries for inward remittance to NRE accounts received through credit push systems like RTGS, NEFT, NECS and ECS, RBI has examined and the following is clarified:

***In terms of para 3.A.6 of Exchange Control Manual read with AD (MA series) circular No. 11 dated May 16, 2000, FIRC should not be issued against remittance for credit to NRE account.***

2. Further, if the proceeds of inward remittance received are remitted in foreign currency itself to the beneficiary's banker, then FIRC is to be issued by the bank which has received the proceeds in foreign exchange, i.e., the bank which converts the foreign currency into rupees is required to issue FIRC.

**[Source: RBI Circular No. RBI/2010-11/315 dated December 13, 2010]**

### *Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks*

In the light of developments in the domestic and international financial markets, the extant guidelines on OTC foreign exchange derivatives, commodity price and freight risks have been revised in consultation with the banks, corporates and other stake holders. The Comprehensive Guidelines on Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks are available at http://rbidocs.rbi.org.in/rdocs/notification/PDFs/281210AN_32.pdf. The revised guidelines would be effective from February 01, 2011.

All the guidelines given in the Comprehensive Guidelines on Derivatives issued vide Circular DBOD.No.BP.BC. 86/21.04.157/2006-07 dated April 20, 2007 and subsequent amendments thereto would also apply, mutatis mutandis, to the foreign exchange derivatives.

**[Source: RBI/2010-11/338 A.P. (DIR Series) Circular No. 32 dated December 28, 2010]**

### *Creation of Financial Stability and Development Council (FSDC)*

With a view to establishing a body to institutionalize and strengthen the mechanism for maintaining financial stability, financial sector development and inter-regulatory coordination, the Government in consultation with the financial sector regulators has decided to set up the Financial Stability and Development Council.

The Council shall deal with issues relating to a)Financial stability, b)Financialsector development, c)lnter-regulatory co-ordination,d)Financial literacy, e)Financial inclusion, f)Macro prudential supervision of the economy including the functioning of large financial conglomerates, g)Coordinating lndia's international interface with financial sector bodies like the Financial Action Task Force (FATF), Financial Stability Board (FSB) and any such body as may be decided by the Finance Minister from time to time and h.) Any other matter relating to the financial sector stability and development referred to by a member/Chairperson and considered prudent by the Council/Chairperson.

**[Source: F.No.14/33/2010-EM; 30 December, 2010]**

# CORPORATE FINANCE

## ➢ Latest News

### *Investment Banking*

**Volvo buys Jaico's 30% stake in JV, becomes fully owned**

Volvo Buses India Private Ltd (VBIPL) announced that it had bought out, for an undisclosed amount, the stake held by its JV partner, Jaico Industries of the Azad Group, thus increasing its ownership share from 70% to 100%.

**[Source: The Mint-6/12/ 2010]**

**Spice Buys Thai Mobile Handset Player NewTel**

BK Modi-owned Spice Group, one of the leading mobile hand set makers, has acquired NewTel Corporation - known for the WellcoM Mobile brand, the second largest local branded mobile handset player in Thailand through its Singapore entity Spice i2i Limited at an undisclosed amount.

**[Source: Business Standard-7/12/ 2010]**

**Sahara India Buys Prime London Hotel for Rs 3,300Cr**

Diversified group Sahara India's unit Aamby Valley has purchased London's Grosvenor House hotel from the Royal Bank of Scotland for 470 million pounds (approxRs 3,300 crore).Sahara said in a statement the acquisition would help the group establish its foothold in the international luxury hotel market. It plans to add restaurants, a business centre, a night club and other facilities to the property.

**[Source: The Economic Times-31/12/2010]**

### *Private Equity*

**GVK Energy Ltd raises 698 Cr from Actis and Government of Singapore**

GVK Energy Ltd, a subsidiary of GVK Power & Infrastructure Limited has raised another Rs.698 Cr from Actis and Government of Singapore Investment Corporation (GIC), after raising Rs.800 Cr from 3i last month. With this deal, the total PE investment in GVK Energy has now gone up to Rs.1498 Cr for an overall dilution of 24.97% stake. Both PE firms will invest Rs 349 crore each, of which Rs.218 Cr each will be invested as the first tranche of the deal.

**[Source: The Economic Times-19/12/2010]**

**Russia Buys into MTS India**

MTS India's majority stakeholder, Russian conglomerate Sistema JSFC, announced that, following a new share issue, the Russian government paid about US$600 million for approximately 17% of the Indian CDMA mobile operator's capital, leaving Sistema holding a 57% stake in MTS India. Jointly, Sistema and the Russian government hold a near 74 percent stake in MTS India, just under the threshold allowed by Indian law.The operator has also just signed a $200 million loan deal with Russia's Gazprombank to help fund its expansion plans.

**[Source: The Mint-25/12/2010]**

**iGate to control Patni with 60% stake buy**

NASDAQ-listed iGate Corporation will buy around 60% stake in the company from the founders and private equity investor General Atlantic. The deal is likely to be executed at a price of around Rs. 500 per share.

**[Source: The Economic Times-31/12/2010]**

## *Venture Capital*

**Fashionandyou Raises $8M from Sequoia Capital**

Private shopping site for luxury brands and designer apparel Fashionandyou.com has raised $8 million from Sequoia Capital India.

The fresh deal closely follows quite a few transactions in this space. Only a month ago, Exclusively.in, another invitation-only shopping portal, raised $2.8 million from Helion Ventures and Accel Partners while Germany's multimedia group Axel Springer AG acquired 19.1% stake in BagItToday.com, owned by the India Today Group.

**[Source: The Economic Times-8/12/2010]**

**Intel Capital Invests In Bangalore's Omnesys Technologies**

Intel Capital has invested in Bangalore-based Omnesys Technologies, which provides software for securities trading and order-management systems. Intel Capital plans to help Omnesys connect with potential customers and take its product to securities markets around the world. Terms of the transaction were not disclosed.

**[Source: The Mint-14/12/2010]**

**Groupon Raises $500M at $6.4B-$7.8B Valuation; Investors Cash Out**

Web advertising firm GrouponInc, considered one of the fastest growing Internet companies in history, has raised $500 million by selling an equity stake, a month after reports that it turned down a $6 billion takeover offer from Google Inc.

Groupon, which specializes in local advertising, said in a regulatory filing on Thursday that the bulk of the funds would be used to buy back shares from investors.

**[Source: The Economic Times-31/12/2010]**

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