

Tax & Corporate law Bulletin

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January 2014

From the Editor's Desk...

Dear Readers,

Greetings for the season,

At the outset, I wish you a professionally promising and prosperous New Year. Some of the significant developments for the past month are as ... Transfer Pricing- Safe Harbor Rules- Report on details of Form 3CEFA, Amendment in Rule 114 regarding application for allotment of PAN, and read many more...

We eagerly await your feedback on the bulletin.

Yours truly,

Rajput Jain & Associates

Chartered Accountants



Your partners
for success

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GLOSSARY

“Adapting swiftly to the global business environment”



DIRECT TAX

Notifications and Circulars

➤ Issue of Intimation u/s. 143(1) beyond time

The CBDT *vide* Instruction no 18/2013 dated December 17th, 2013, relaxes the time frame prescribed in second proviso to section 143(1) of the Act in those cases where the return of income was filed by the assessee in accordance with section 139/142 of the act, but due to technical or some other reason not attributable to such assessee. The date of sending intimation u/s. 143(1) has lapsed before April 1st, 2013. In such cases, the CBDT directs that such returns shall be processed and intimation of processing of such returns shall be sent to the assessee concerned by the AO in accordance with section 143 of the Act, notwithstanding the time limit prescribed in second proviso to section 143(1) of the Act.

The CBDT further clarified that the Instruction shall apply only to those cases where valid return of income was filed with refund claim but the same remained pending beyond the prescribed date due to reason not attributable to the assessee. Furthermore, the relaxation shall not be applicable to those cases where either demand is shown as payable in the return of income or as a result of processing beyond a date as prescribed under second proviso to the section 143(1), demand is determined as payable.

➤ Rajiv Gandhi Equity Saving Scheme, 2013

The Central Government *vide* Notification No. 94/2013 dated December 18th, 2013 has notified the scheme which may be called as Rajiv Gandhi Equity Saving Scheme, 2013 ("RGES Scheme").

The RGES Scheme is a tax-saving option available to first-time equity investors. The RGES Scheme shall apply for claiming deduction in the computation of total income of the assessment year relevant to the previous year beginning on or after April 4th, 2013 on account of investment in eligible securities u/s 80CCG(1) of the Act.

Quick Facts about RGESS

Who can invest: New equity investors with an annual income less than ₹ 10 Lakh

Investment amount: ₹ 50,000 (maximum amount one can invest under the scheme)

Deduction available on: ₹ 25,000 (50% of Rs. 50000)

Maximum benefit: ₹ 5000 (investors with an annual income of ₹ 10 lakh fall under the 20% income tax slab)

Lock in period: 3 years (to get a tax deduction over and above Section 80C)

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➤ Transfer Pricing- Safe Harbor Rules– Report on details of Form 3CEFA

The CBDT has issued the letter F No. 500/139/2012-FTD-1, dated December 20th, 2013 with a view to appraise the CCIT (CCAs) about the provision of Safe Harbour Rules as notified by the Board *vide* so. No. 2810(E) on September 18, 2013. The CBDT chairperson, on a video conference with CCIT (CCAs) New Delhi, Mumbai, Kolkata, Bangalore, Ahmadabad, Hyderabad, Chennai, Pune, Chandigarh and DGIT (International Taxation) on 17th December directed that the issues and directions of the chairperson, CBDT may be brought to the notice of all concerned officers in their respective regions. All the AO's are required to ascertain and identify all Safe Harbour options filed with them in Form 3CEFA and furnish a certificate to this effect to concerned CIT.

➤ Amendment In Rule 114 regarding application for allotment of PAN-substitution of Form Nos. 49A and 49AA

The CBDT *vide* Notification No. 96/2013 dated 23rd December, 2013, with due amendment in Rule 114, has issued the Income Tax (19th Amendment) Rules 2013. The substitution (4) of rule 114 is substituted. The Form No. 49A and 49AA is also newly substituted. The major amendment is in relation to documentation requirement for proof of identify and proof of address. In case of individual who is a Citizen of India, the additional documentation requirement of proof of date of birth is introduced. In case of entities outside India, a new attestation authority has been introduced being authorised

officials of overseas branches of schedule banks registered in India.

Recent Judgments



Vodafone Tax Dispute

- Stayed over a new income tax demand of Rs. 3,000 crore on Vodafone India Services (the Assessee) in an alleged transfer-pricing case from 2010-11.

The new case pertains to the transfer of shares by the Assessee to its parent company in FY11. The Assessee is also in talks to resolve a capital gains tax demand from the government, even after it won the case in the Supreme Court. The case arose from the Assessee's purchase of Hong Kong-based Hutchison Whampoa's stake in Hutchison Essar for over \$11 billion in 2007.

According to the Income Tax Department, the British telecom company did not deduct capital gains tax from the seller. Hearing the plea, a bench headed by Chief Justice Mohit Shah granted an interim stay till March 7th, 2014, on the demand made by the Department in an order. The Court also ordered status quo on the new income tax order and asked the assessment officer not to take any steps until further orders.

The Department had issued a show cause notice (SCN) to Assessee on January 17th, asking the company to pay Rs. 3,000 crore as transfer pricing adjustment on the ground that the shares issued to Assessee's parent company had been undervalued.

After getting the SCN, the Assessee moved the Bombay High Court, challenging the transfer pricing adjustment of Rs. 3,000 crore. The Assessee pleaded with the court to stay the demand until the matter was heard on merit. Transfer pricing refers to the rate at which transactions take place between two related parties, usually belonging to the same group.

- In the other transfer pricing case in which the tax department had made a tax demand of Rs. 3,700 crore on Vodafone, the bench decided to hear arguments on February 6th, 2014

The case was fallout of an earlier transfer-pricing order that sought to add Rs. 8,500 crore to the taxable income of the company from the sale of its BPO unit to an offshore entity. Vodafone had challenged the demand before the Appellate Tribunal, which on December 27th, 2013 stayed it for six months or till the final disposal of the plea, whichever is earlier.

The tribunal also directed the Assessee to make an initial deposit of Rs. 200 crore. The first installment of Rs. 100 crore was to be paid by January 15th and the second installment of an equal amount is due by February 15th. The Tribunal also directed the Assessee to provide corporate guarantees for the balance tax amount of Rs. 3,500 crore by February 15th.

The Department, in its petition, said the amount of Rs. 200 crore to be paid by the Assessee is too low. The revenue authorities are of the view that the company should have been asked to deposit at least 25 per cent of the demand.

The Assessee had questioned the jurisdiction of the revenue authorities to add Rs. 8,500 crore to its taxable income after scrutinizing an inter-group call centre deal struck in 2007. The Department claimed the deal was an "undisclosed, international transaction," while Vodafone maintained transfer



pricing provisions did not apply and the deal was not taxable as it involved two domestic entities.

Global Tax Reforms

As revenue authorities become more aggressive and global enforcement reaches an all-time high, the revenue authorities are simultaneously reaching out to taxpayers to engage in discussions and develop better working relationships. With different names in different jurisdiction, horizontal monitoring, the enhanced relationship, or the Compliance Assurance Process (CAP), all are focused on developing a better process for dealing with tax audits of corporate taxpayers and helping the revenue to develop a more effective and cost efficient process.

INDIRECT TAX

SERVICE TAX

Synopsis of Notifications, Circulars & Letters

The Central Government vide Notification No. 17/2013-ST dated December 23rd, 2013, corrigendum



to amendment in Notification No. 6/2013-ST dated April 18th, 2013, has removed the exemption granted to export of meat, cotton, cotton yarn and such other goods as provided in the Notification, from the exemption to the taxable services provided or agreed

to be provided against a Focus Market Scheme duty credit script issued to an exporter by the Regional Authority.

➤ **Central Government vide Notification No. 17/2013-ST dated 26th December, 2013 has**

amended the Notification No. 6/2013-ST dated 18th April, 2013 which grants exemption to the taxable services provided or agreed to be provided against a Focus Market Scheme duty credit script issued to an exporter by the Regional Authority subject to fulfillment in the said Notification CBEC vide Letter F. No. B1/19/2013-TRU (PT.) dated 11th December, 2013 has clarified on various issues related to the Voluntary Compliance Encouragement Scheme (VCES), 2013.

The Scheme only prescribes that the declarant would pay a minimum amount of 50% of the tax dues by 31-12-2013. Rest of the payment may be made by 30/06/2014, without any interest, and any amount remaining unpaid on 30-06-2014 shall be paid by 31-12-2014, with interest for the period of delay beyond 30-6-2014. There is no bar to pay these amounts in installments.

In terms of the Scheme, a declaration of tax dues has to be made in Form VCES-I, which includes an undertaking that the information given in the declaration is correct and complete. Therefore, the Designated Authority should not ask for any other undertaking or declaration from the declarant that he had no unpaid "tax dues" for the remaining period covered by the Scheme where the declarant has "tax dues" only for a part of the period covered by the Scheme.

While the designated authority may cause arithmetical check as regards the correctness of computation of tax dues, the Scheme does not envisage investigation by the designated authority into the veracity of declaration. Only if the Commissioner has reason to believe that the declaration filed by the declarant is substantially false he may, for reasons to be recorded in writing, serve notice on the declarant requiring him to show cause why he should not pay the tax dues not paid or short-paid.

➤ **Clarification regarding issue of Discharge Certificate under VCES and availment of CENVAT credit**

It is clarified that the acknowledgement of discharge in Form VCES-3 shall be issued within a period of 7 working days from the date of furnishing of details of payment of tax dues in full along with interest, if any, by the declarant. The Chief Commissioners are also advised to monitor. As regards the availment of CENVAT credit, it is clarified that the eligibility of CENVAT credit would be governed by the CENVAT Credit Rules, 2004.

(Circular No. 176/2/2014 – ST dated January 20th, 2014).

Central Excise

Tariff notifications

- **Expansion to the list of ineligible export categories for exemption to specified goods when procured against Focus Market Scheme and Incremental Exports Incentivisation Scheme on annual basis**

The Central Board of Excise and Customs vide Notification No. 30/2012 - Central Excise dated July 9th, 2012, has exempted all excisable goods when procured against a Focus Market Scheme duty credit scrip from whole Excise Duty and Additional Excise Duty levied under Section 3(3) of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 and Additional Excise Duty levied under Section 3(3) of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978 subject to fulfillment of certain specified conditions.

One of the specified conditions was that the scrip should be issued against exports to the countries notified under Appendix 37C of the Handbook of Procedures in terms of entitlement under Focus Market Scheme, Incremental Exports Incentivisation Scheme (IEIS) on annual basis. However, certain categories of exports were specifically listed which shall not to be counted for calculation of export performance or for computation of entitlement under the said Schemes. The list for ineligible categories of exports for Focus Market Scheme is now expanded to include following export categories:-

- Export of Meat and Meat Products

- Export of Cotton
- Export of Cotton Yarn
- Exports which are subject to Minimum
- Export Price or Export Duty

The list for ineligible categories of exports for IEIS on annual basis is now expanded to include following export categories:-

- Cotton
- Cotton Yarn
- Export which are subject to Minimum
- Export Price or Export Duty.

(Notification No. 31/2013-CE dated December 26th 2013)

- **Kameng Hydro Electric Power Project, Arunachal Pradesh added to the list of Mega Power Projects eligible for exemption under Notification no. 12/2012-CE dated 17th March, 2012**

Complete exemption from Basic Excise Duty was being provided to goods supplied to Mega Power Projects subject to fulfillment of specific conditions vide Notification No. 12/2012-CE dated March 17th, 2012. Now, Kameng Hydro Electric Power Project, Arunachal Pradesh-600 MW [North Eastern Electric Power Corporation Ltd. (NEEPCO)] has been added to the list of eligible Mega Power Projects.

(Notification No. 32/2013-CE dated December 26th 2013)

- **Exemption for second substantial expansion of industry**

In relation to exemption notifications for units that undertake substantial expansion (both location specific and others), the CBEC has clarified that those units that availed the benefit of earlier notifications (Notification Nos. 56 or 57/2002 – CE) will be eligible to avail the benefit of the later exemption notification (Notification No. 1/2010 – CE) again by way of second substantial expansion so long as it satisfies the conditions stipulated there

under. (Circular 977/01/2014 dated January 3rd, 2014)

CORPORATE LAWS



➤ Clarification with regard to holding of shares or exercising power in a fiduciary capacity

The Ministry of Corporate Affairs vide **General Circular No. 20/2013, dated December 23rd, 2013**, has provided clarification on matter whether shares held or power exercisable by a company in a 'fiduciary capacity' will be excluded while determining if a particular company is a subsidiary of another company as according to terms of section 4(3) of the Companies Act, 1956, such shares or powers were excluded from the purview of holding-sub subsidiary relationship.

It is being clarified that the shares held by a company or power exercisable by it in another company in a 'fiduciary capacity' shall not be counted for the purpose of determining the holding-sub subsidiary relationship in terms of the provision of section 2(87) of the Companies Act, 2013.

FEMA

Notifications and Circulars

➤ External Commercial Borrowings (ECB) by Holding Companies / Core Investment Companies for the project use in Special Purpose Vehicles (SPVs)

The Reserve Bank of India (RBI) vide A.P. (DIR Series) Circular No. 78 dated December 3rd, 2013, has permitted the Holding Companies/Core Investment Companies (CICs) falling under the regulatory framework of RBI to raise ECB under the automatic route/approval route, as the case may be, for project use in Special Purpose Vehicles (SPVs) subjected to the following terms and conditions:-

- a) The infrastructure project is required to be implemented by the SPV.
- b) The ECB proceeds is utilized either for fresh capital expenditure (capex) or for refinancing of existing Rupee loans (under the approval route) availed of from the domestic banking system for capex as per the extant norms on refinancing; established exclusively for implementing the project.
- c) The ECB for SPV can be raised up to 3 years after the Commercial Operations date of the SPV
- d) The SPV should give an undertaking that no other method of funding, such as, trade credit (if for import of capital goods), etc. will be utilized for that portion of fresh capital expenditure financed through ECB proceeds
- e) The ECB proceeds should be kept in a separate escrow account as per the extant guidelines on parking of ECB proceeds pending utilization for permissible end-uses and use of such proceeds should be strictly monitored by the ADs for permissible uses
- f) In case of Holding Companies that come under the Core Investment Company (CIC) regulatory framework of RBI, the additional terms and conditions for raising ECB for project use in SPVs will be as under:-
 - The ECB availed is within the ceiling of leverage stipulated for CICs, i.e., their outside liabilities including ECB cannot be more than 2.5 times of their adjusted net worth as on the date of the last audited balance sheet; and
 - In case of CICs with asset size below ` 100 crore, the ECB availed of should be on fully

hedged basis. The above modifications to the ECB guidelines shall come into force with immediate effect.

- **Amendment to the policy on issue of shares by unlisted Indian Companies under FCCB/ADR/GDR pursuant to the Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) (Amendment) Scheme, 2013. Press Note No. 7 (2013 Series) dated December 3rd, 2013 issued by the Department of Industrial Policy & Promotion:-**

Consequent to issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 2013 vide notification No. G.S.R. 684(E) dated October 11th, 2013 issued by the Government of India, the paragraph 3.3.4(iii) of the Consolidated FDI Policy effective from April 5th, 2013 is replaced as under:-

Unlisted Companies shall be allowed to raise capital abroad without the requirement of prior or subsequent listing in India initially for a period of two years subject to the following conditions:-

- Unlisted Indian companies shall list abroad only on exchanges in IOSCO/FATF compliant jurisdictions or those jurisdictions with which SEBI has signed bilateral agreements;
- The companies shall file a copy of the return the proposed exchange/regulators also to SEBI for which they submit to the purpose of Prevention of Money Laundering Act (PMLA). They shall comply with SEBI's disclosure requirements in addition to that of the primary exchange prior to the listing abroad;
- While raising resources abroad, the listing company shall be fully compliant with the FDI policy in force;
- The capital raised abroad may be utilized for retiring outstanding overseas debt or for operations abroad including for acquisitions;
- In case the funds raised are not utilized abroad as stipulated at above, such companies shall remit the money back to India within 15 days and such money shall be parked only with AD

Category Banks recognized by RBI and may be used domestically.” The above modifications shall come into immediate effect.

- **Borrowing and Lending in Rupees - Investments by persons resident outside India in the tax free, secured, redeemable, non-convertible bonds**



The RBI vide A.P. (DIR Series) Circular No.81 dated December 24th, 2013 (the Circular), has permitted the person(s) resident in India who have borrowed funds from a person resident outside India to issue tax-free, secured, redeemable, non-convertible bonds in Rupees to persons resident outside India to use such borrowed funds for the purpose of Lending / re-lending to the infrastructure sector; and for keeping in fixed deposits with banks in India pending utilization by them for permissible end-uses provided such purpose is authorised by the Government of India.

The RBI has granted such permission, overriding the restriction imposed under the Regulation No. 6 (2) of Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 (Notification No. FEMA 4/2000-RB dated May 3rd, 2000).

- **Clarifications on Import of Gold by Nominated Banks /Agencies/Entities**

A.P. (DIR Series) Circular No. 82, dated December 31st, 2013

Considering the representations received related to import of gold Dore, and in consultation with the

GOI, RBI has issued the following clarifications which shall come into force with immediate effect:

- Refineries are allowed to import dore up to 15% of their gross average viable quantity based on their license entitlement in the first two months for making this available to the exporters on First in First out (FIFO) basis. Subsequent to this, the quantum of gold dore to be imported should be determined lot-wise on the basis of export performance.
- Before the next import, not more than 80% shall be allowed to be sold domestically.
- The dore so imported shall be refined and shall be released based on FIFO basis following 20:80 principle. This would be monitored by CBEC as earlier.
- The imports, thereafter, shall be allowed only up to 5 times the quantum for which proof of export has been submitted. This shall be on accrual basis.

STATUTORY COMPLIANCE

Amendment to the “Auditor’s Responsibility” Paragraph Included in the Independent Auditor’s Report:-

The Council of the Institute of Chartered Accountants of India at its 329th Adjourned meeting held on 03rd and 04th January 2014, New Delhi noted that in the context of the “auditor’s responsibility”, paragraph 31(b) of the Standard on Auditing (SA) 700, Forming An Opinion and Reporting on Financial Statements, issued by the Institute, required the following to be mentioned in the auditor’s report.

“The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the entity’s internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor shall omit the phrase that the auditor’s consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of internal control”

The Council decided to amend the “Auditor’s Responsibility” paragraph in an Independent auditor’s report as follows:-

“An audit involves performing procedures to obtain audit evidence about the Amounts and disclosures in the financial statements. The procedures selected Depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.”

POLICY WATCH

- **Government clears USD 48.4 billion investments in public enterprises**



Government has so far cleared pending projects involving investment by Public Sector Enterprises. Going by the present trend, it was expected that public sector enterprises could grow by 15% this year. To improve the performance of public sector enterprises, the government is considering allowing Maharatna and Navaratna companies to take independent decision involving investments up to USD 1.61 billion. At present USD 0.81 billion is the upper cap in this regard.

➤ **Government announces USD 1.15 million financial grant for Industrial Training Institutes**

As part of enhancing infrastructure in Industrial Training Institutes (ITIs), Tamil Nadu government has announced a financial grant of USD 1.15 million. The amount would be used for construction of buildings and establishment of computer labs in 35 ITIs in the state. Subjects including computer skills, language skills and soft skills have been incorporated in the new syllabus. The government also issued orders for setting up of adequate software, desktop computers, and trainers to offer the training for the students.

➤ **Government clears 4 FDI proposals worth USD 81 million**

Government has cleared 4 Foreign Direct Investment (FDI) proposals, including that of Mahle Holding India and HBO India, totaling USD 81 million. Mahle Holding India has got the government's approval to infuse more investment from its existing foreign investors. The proposal entails an investment of USD 80.6 million. The other two proposals that have been cleared are that of Air Works India (Engineering) Pvt. Ltd, Mumbai and Malca Amit Global Limited.

➤ **High-level panel approves USD 2.8 billion port projects**

The Public Private Partnership (PPP) Appraisal Committee has appraised five proposals in the port sector. These projects will now be recommended for



grant of final approval to the Cabinet Committee on Economic Affairs. The proposed projects are to create an additional capacity of 150 MTPA with an investment of USD 2.8 billion. These include developments of the fourth Container Terminal at Jawaharlal Nehru Port, Container Terminal at Ennore Port, multipurpose Cargo at Mumbai Port, Mega Container Terminal at Kandla Port and Container Terminal at Diamond Harbour at Kolkata Port.

➤ **New foreign investment rules will maintain FII tax sops**

The Government had approved new rules in October, 2013 aimed at streamlining the registration process for foreign investors according to which overseas investors will be classified into a newly created foreign portfolio investors category as long as their equity stake in a company does not exceed 10%. The Securities and Exchange Board of India (SEBI) had received approvals from the Department of Economic Affairs and the tax department to extend the same tax benefits to the new class of investor. SEBI also approved rules announced earlier this year that will allow companies to issue debt through a shelf filing, along with regulations empowering it to monitor investors' call records and conduct searches at companies suspected of wrongdoing.

➤ **Government announces USD 1.15 million financial grant for it is:-**

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15% this year. To improve the performance of public sector enterprises, the government is considering allowing Maharatna and Navaratna companies to take independent decision involving investments up to USD 1.61 billion. At present USD 0.81 billion is the upper cap in this regard. Government has so far cleared pending projects involving USD 48.4 billion of investment by Public Sector Enterprises. Going by the present trend, it was expected that public sector enterprises could grow by 15% this year. To improve the performance of public sector enterprises, the government is considering allowing Maharatna and Navaratna companies to take independent decision involving investments up to USD 1.61 billion. At present USD 0.81 billion is the upper cap in this regard.

INDUSTRY WATCH & CORPORATE HIGHLIGHT

➤ **Cement firms to raise capacity by 20 million tons in 2014**

The Cement industry may continue to see testing times for the better half of the year with fresh capacity of 20 million tonnes (MT) going on stream, taking the industry capacity to 370 mt. Among major additions, UltraTech Cement is expected to add 8-10 mt, while Shree Cement and JK Lakshmi Cement will put up 6 mt and 4 mt over the next fiscal. Though cement demand is expected to recover, companies may lose pricing power as competition intensifies to push additional capacity into the market.

➤ **India's export destinations same as in fiscal 2013**

The destination of India's exports during the first half

of the current fiscal remained broadly the same as the previous year. India exported goods worth USD 300 billion in fiscal 2013. In the first six months of the current fiscal, exports have nearly touched USD 152 billion. About a third of the exports go to Organization for Economic Cooperation and Development (OECD) countries that include countries of the European Union, North America (US and Canada), Australia, and Japan. In the first six months, exports to these countries amounted to USD 53 billion. During the last fiscal (full year), goods worth USD 103 billion were exported to these countries.

➤ **India & United States sign USD 645 million deals for six Super Hercules aircrafts**

India has signed USD 645 million deals with the US for procuring six more C-130J Super Hercules Special Operations aircrafts for the Indian Air Force. The Indian Air Force (IAF) already has a fleet of six similar planes which are deployed for carrying out special operations including landing on inhospitable air strips in the Ladakh area. The IAF had acquired the first lot of six aircraft at a cost of around USD 887 million. The new lot of six planes will be located at Panagarh in West Bengal, which would be headquarters of the proposed Mountain Strike Corps of the army along the China border.

➤ **Investments in real estate sector grow 53% in Jan-Sep 2013**

Investments in the real estate sector grew by 53% in the first three quarters of calendar 2013 with an infusion of USD 1,885 million against USD 1,235 million during the same period in the previous year. The increase is primarily attributed to the surge in the investments from the private equity market. The majority of the investments were in the commercial



segment. With India's core commercial assets yielding comparatively high rentals among emerging markets, large global as well as domestic investment firms have been attracted to large office space portfolios.

➤ **Private equity firms invest about USD 151.55 million**

India, with an extremely high rate of food wastage, is seeing an increasing interest from Private Equity (PE) investors in the agri-logistics and cold chain industry.

PE firms have invested about USD 151.55 million in 11 companies in the sector in the past three years. Sohan Lal Commodity received the largest investment of USD 33 million so far by Everstone, Mayfield, Nexus Ventures, and ICICI Bank. Companies in this sector are hoping to rise between USD 2.4 and USDB 16.1 million each, to scale operations across the country.

➤ **Coal & Oil Group to invest USD 1.61 billion in Tamil Nadu**

Dubai-based Coal & Oil (C&O) Group is building a 1,200-Mega Watt (Mw) thermal plant in Tuticorin district of Tamil Nadu at an investment of USD 1.10 billion. It will invest another USD 1.61 billion to increase the capacity by 1,600 Mw to 2,800 Mw. The company has about 1,000 acres land. The first phase of the 2x600 Mw power plants is expected to go on stream in June 2014, after a delay of around 12 months. The second phase will commence producing power within four months of the phase-I commissioning date.

➤ **Gujarat Gas in 12-year supply pact with GSPC**

Gujarat Gas Co Ltd (GGCL) has executed a long-term gas supply contract with its parent Gujarat State Petroleum Corporation (GSPC) for the purchase of 0.65 million metric standard cubic meters per day (mmscmd) for next 12 years. As per the agreement, GSPC will supply imported re-gassified liquefied

natural gas (R-LNG) to GGCL from January 1, 2014 up to July 01, 2025. Compiled by ASA & Associates LLP Period: December 28-January 3, 2014 will now get an assured gas supply for a long period. GGCL's dependence on spot LNG will reduce, as the supply is expected to help it meet nearly 50% of cits total R-LNG requirement of around 1.3 mmscmd.

➤ **JSW Steel to commission auto-grade plant by March 2014**

JSW Steel Limited is set to commission its 2.3 million tonne per annum auto-grade steel manufacturing unit at the Vijayanagar plant in Bellary district of Karnataka by March 2014. The company has invested close to USD 0.73 billion for this unit, which will make outer body panels for passenger cars. As part of the soft launch of the new facility, JSW rolled out its first coil in October, 2013, from its auto grade steel rolling plant. The output from this new Client Relation Model-2 (CRM) complex will cater to the automobile industry's requirement of high-grade Cold Rolled Continuous Annealing Line (CRCA) products.





➤ **OVL buys 12% more stake in Brazilian block for USD 561 million**

ONGC Videsh Ltd (OVL) has acquired an additional 12% participating interest in Brazil's deepwater offshore Block BC-10. Now the Indian explorer's stake in the acreage would be 27%.OVL has paid a purchase consideration of USD 561 million for this stake. In August 2013, Petrobras had entered into an agreement with Sinochem for the sale of its 35% stake in the block. Shell and OVL exercised their pre-emption rights for the acquisition of 23% and 12% participating interests, respectively

➤ **Welspun sells stake in infra joint venture for USD 99 million**

Leighton, the Australian unit of the world's fourth largest building company ACS, is buying out its Indian partner Welspun Group's 40% stake in the construction venture for about USD 100 million.

Statutory compliance calendar for the month of January, 2014

Due date	Statutory compliance under Act	Particulars	Governing authority
			
06/01/2014	Service Tax	Payment of monthly service tax for the month of December by all tax payers electronically	Central Board of Excise and Customs
	Central Excise	Payment of monthly central excise duty for the month of December on goods by assesses other than SSI units and quarterly payment of excise by SSI electronically	Central Board of Excise and Customs
07/01/2014	Income Tax	Deposit of Income Tax TCS and TDS deducted in December	Central Board of Direct Tax.
	SEBI	Quarterly report for grievances of beneficial owners related to depository services to depositories	The securities and exchange board of India Act-1992
	NBFC-D	Monthly return of exposure to capital markets in form NBS-6 by NBFC having total assets of 100 crore and above	Reserve Bank of India.
	NBFC-ND-SI	Monthly return of source and application of funds, profit and loss account, asset classification	Reserve Bank of India.
	SEBI	Quarterly certificate on demat/remit shares to depositories	The securities and exchange board of India Act-1992
10/01/2014	Central Excise	(a) Monthly central excise return in form ER-1/ER-2 by other than SSI. (b) Quarterly return by SSI in form ER-3 (c) Quarterly return by assesses paying 1%/2% excise duty and not manufacturing any other goods in form ER-8.	Central Board of Excise and Customs
	Central Excise	Monthly return of receipts and consumption of Principal Inputs by specified manufacturers of excisable goods in form ER-6	Central Board of Excise and Customs
	NBFC-ND-SI	Monthly statement of short term dynamic liquidity in form NBS-ALM1	Reserve Bank of India.
	NBFC-D	Quarterly submission of Monetary and Supervisory return in form NBS-5 by NBFC having public deposits of ` 20 crore and above as per last audited balance sheet	Reserve Bank of India.
15/01/2014	Income Tax	(a) Quarterly Income Tax TDS/TCS statement in form 24Q/26Q/27EQ (Other than Government) (b) Quarterly return in form 27Q in respect of TDS from interest, dividend or any other sum payable to non-residents	Central Board of Direct Tax.
	Provident Fund	(a) Payment of monthly dues of Provident Fund for the month of December (b) Monthly return in form 5 for employees joining Provident Fund during December along with declaration in form 2 furnished by the employees (c) Monthly return of Provident Fund in form 10 of employees leaving the service during December	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952
	SEBI	Quarterly Corporate Governance Compliance Certificate by listed companies to stock exchanges under clause 49(VI) (ii) of Listing Agreement.	The securities and exchange board of India Act-1992
	Central Excise – Dealers	First stage dealer and second stage dealer to submit quarterly return	Central Board of Excise and Customs
	NBFC-D	(a) Quarterly Return of Statutory Liquid Assets in form NBS-3 by NBFC (NBS-3A by RNBFC) only if they are accepting public deposits (b) Quarterly report of frauds involving ` one lakh or more in form FMR-3 and frauds outstanding in form FMR-2.	Reserve Bank of India.
21/01/2014	SEBI	Payment of ESIC contribution for the month of December	The securities and exchange board of India Act-1992
	ESIC	Monthly contribution statement (abstract) in form 12A, along with copy of receipted challans regarding payment of contribution.	The employees' state insurance Act-1948. Ministry of labour and employment.
25/01/2014	Provident Fund	Monthly contribution statement (abstract) in form 12A, along with copy of receipted challans regarding payment of contribution.	The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952

Glossary

AAR	Authority of Advance Rulings
ADR	American Depository Receipt
ALP	Arm's Length Price
AO	Assessing Officer
AP	Association of Persons
APA	Advance Pricing Agreement
ATM	Automated Teller Machine
AY	Assessment Year
BCD	Basic Customs Duty
BI	Body of Individuals
BP	Balance of Payments
CA	Chartered accountant
CAD	Current Account Deficit
CBDT	Central Board of Direct Taxes
CBEC	Central Board of Excise & Customs
CENVAT	Central Value Added Tax
Customs Act	Customs Act, 1962
CIT	Commissioner of Income Tax
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CD	Countervailing Duty
DDT	Dividend Distribution Tax
DTA	Domestic Tariff Area
ECB	External Commercial Borrowings
ESI	Employee's state insurance
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FERA	Foreign Exchange Regulation Act
FII	Foreign Institutional Investors
FIPB	Foreign Investment Promotion Board
FPI	Foreign Portfolio Investment
FTS	Fees for Technical Services
FY	Financial Year
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	Institute of chartered accountant
IFRS	International Financial Reporting Standard
IDR	Indian Depository Receipt
IIP	Index of Industrial Production
IRDA	Insurance Regulatory Development Authority
ITR	Income tax return

LCD	Liquid-crystal Display
MP	Madhya Pradesh
MP	Market price
MF	Mutual fund
MSME	Micro Small and Medium Enterprises
NBFC	Non Banking Finance Company
NHAI	National Highway Authority of India
NPS	National Pension Scheme
NRI	Nonresident in India
NABARD	National Bank for Agriculture and Rural Development
OEM	Original Equipment Manufacturer
OET Act	Odessa Entry Tax Act, 1999
PSU	Public Service Undertakings
P&L	Profit & loss
PF	Provident fund
POTR	Point of Taxation Rules
QE	Quantitative Easing
QFI	Qualified Foreign Investor
RBI	Reserve Bank of India
REF	Renewable Energy Fund
REIT	Real Estate Investment Trust
Rules	Income-tax Rules, 1962
SA	Standard on Auditing
SAD	Special Additional Duty
SC	Scheduled Caste
SC	Supreme Court
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
ST	Scheduled Tribes
ST	Service Tax
STP	Software Technology Park
STR	Service Tax Rules
STCG	Short Term Capital Gain
TIN	Transaction identification number
TNNM	Transactional Net Margin Method
Tribunal	Income tax Appellate Tribunal
TDS	Tax Deducted at Source
TPO	Transfer Pricing Officer
TED	Terminal Excise Duty
VAT	Value Added Tax
VCC	Venture Capital Companies
VCF	Venture Capital Fund
WPI	Wholesale Price Index
WT	Wealth tax
WB	World bank

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