

# Tax & Corporate law Bulletin

## **RAJPUT JAIN & ASSOCIATES** **CHARTERED ACCOUNTANTS**

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**DECEMBER 2011**

### **From the Editor's Desk...**

Dear Reader,

Greetings for the season.

May this Christmas bring joy and love to your heart and soul, and may you start the New Year on a beautiful note. Wishing you the best Christmas and a safe and happy New Year. Some updates of the month of December:

Public provident fund (amendment) scheme 2011, Infosys BPO buys Australian firm, SEBI issues guidelines on passing on incentives, Foreign Direct Investment –Transfer of Shares and read many more...

We eagerly await your feedback on the bulletin.

Yours truly,

**Rajput Jain & Associates**  
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“Adapting swiftly to the  
global business environment”



## DIRECT TAX

- **Income tax (seventh amendment) rules 2011 – amendment in rule 114 and substitution of form 49A- corrigendum to notification No.2394(E) , dated 17<sup>th</sup> October 2011**

**Notification No. 58/2011 [F. No. 133/48/2011-SO (TPL)]/S.O. 2468[E], dated 29/10/2011**

The CBDT has notified new Forms for making PAN Application. Form 49A – for Individuals who are citizens of India, HUF and other entities which are registered or formed in India and Form 49AA – for Individuals who are not citizens of India and other entities formed or registered outside India. The forms appended to this new notification shall be regarded as the forms which have been notified.

- **Income tax (eighth amendment) rules 2011 – amendment in rules 31A and 37BA**

**Notification No. 57/2011 [F. No. 142/23/2011-SO (TPL)]/S.O. 2429[E], dated 29/10/2011**

The CBDT has amended the due dates for filing quarterly returns in Forms 24Q and 26Q for Government and Non-Government Deductors w.e.f. 1<sup>st</sup> November,2011 as per following table:-

**TABLE-1.1**

| Sr. No. | Quarter ending | Due Date for Government Deductors | Due Date for Non Government Deductors |
|---------|----------------|-----------------------------------|---------------------------------------|
| 1.      | 30th June      | 31st July                         | 15th July                             |
| 2.      | 30th September | 31st October                      | 15th October                          |
| 3.      | 31st December  | 31st January                      | 15th January                          |
| 4.      | 31st March     | 15th May                          | 15th May                              |

Further, in rule 37BA, in sub-rule (2), for clause (i) the following clause shall be substituted, namely:—

- where under any provisions of the Act, the whole or any part of the income on which tax has been

deducted at source is assessable in the hands of a person other than the deductee, credit for the whole or any part of the tax deducted at source, as the case may be, shall be given to the other person and not to the deductee:

Provided that the deductee files a declaration with the deductor and the deductor reports the tax deduction in the name of the other person in the information relating to deduction of tax referred to in sub-rule (1).”

- **Public provident fund (amendment) scheme 2011**

**Notification [F. No. 1/9/2011-NS-II], dated 25/11/2011**

The Central Government has w.e.f. 1st December, 2011 increased the annual PPF subscription amount from 70,000/- to 1,00,000/- Further, the subscriptions made to the fund on or after the 1st day of December, 2011 and balances at the credit of the subscriber shall bear interest at the rate of 8.6 percent, per annum.

## RECENT JUDGEMENTS

### DIRECT TAX

- **Sec. 2(22)(e) Gratuitous loans**

The phrase "by way of advance or loan" appearing in sub-clause (e) must be construed to mean those advances or loans which a share holder enjoys for simply on account of being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than ten per cent of the voting power; but if such loan or advance is given to such share holder as a consequence of any further consideration which is beneficial to the company received from such a share holder, in such case, such advance or loan cannot be said to a deemed dividend within the meaning of the Act. Thus, for gratuitous loan or advance given by a company to those classes of share holders would come within the purview of Section 2(22) but not to

the cases where the loan or advance is given in return to an advantage conferred upon the company by such share holder. Pradip Kumar Malhotra vs. CIT [2011] 15 taxmann.com66(Calcutta)

➤ **Sec. 32 Depreciation on wooden partition**

The assessee was entitled to 100% depreciation on the false ceiling and temporary wooden structure and partition for running computer centers inclusive of furniture, electrical wiring and interior decoration. CIT vs. Amrutanjan Finance Ltd. [2011] 15taxmann.com392 (Madras) .

➤ **Sec. 48 Base year for calculation of indexed cost in case of gifted assets**

The object of giving relief to an assessee by allowing indexation is with a view to offset the effect of inflation. As per the CBDT Circular No.636 dated 31/8/1992 a fair method of allowing relief by way of indexation is to link it to the period of holding the asset. The said circular further provides that the cost of acquisition and the cost of improvement have to be inflated to arrive at the indexed cost of acquisition and the indexed cost of improvement and then deduct the same from the sale consideration to arrive at the long term capital gains. If indexation is linked to the period of holding the asset and in the case of an assessee covered under Section 49(1) of the Act, the period of holding the asset has to be determined by including the period for which they said asset was held by the previous owner, then obviously in arriving at the indexation, the first year in which the said asset was held by the previous owner would be the first year for which they said asset was held by the assessee. CIT vs. Manjula J. Shah INCOME TAX APPEAL NO. 3378OF2010 (Bom.) .

➤ **Sec. 54, 54EC investment in joint name**

To attract section 54 and section 54EC of the Act, what is material is the investment of the sale consideration in acquiring the residential premises or constructing a residential premises or investing the amounts in bonds set out in section 54EC. Once the



**Capital Gain Bonds**  
Invest to Save Long Term  
Capital Gains Tax u/s 54EC

sale consideration is invested in any of this manner the assessee would be entitled to the benefit conferred under this provisions. There also it is not expressly stated that the investment should be in the name of the assessee.

In the absence of an express provision contained in these sections that the investment should be in the name of the assessee only any such interpretation were to be placed, it amounts to Court introducing the said word in the provision which is not there. It amounts Court legislating when the Parliament has deliberately not used those words in the said Section. Accordingly it was held that the assessee cannot be denied the benefit of deduction where investment is made on the joint name. DIT vs. Mrs. Jennifer Bhide [2011] 15 taxmann. com82 (Karnataka).

➤ **Sec. 54/54F Investment in joint name**



Objective of Section 54F and the like provision such as Section 54 is to provide impetus to the house construction and so long as the purpose of house construction is achieved, such hyper technicality should not impede the way of deduction which the legislature has allowed. Purposive construction is to

be preferred as against the literal construction, more so when even literal construction also does not say that the house should be purchased in the name of the assessee only. Section 54F of the Act is the beneficial provision which should be interpreted liberally in favour of the exemption/deduction to the taxpayer and deduction should not be denied on hyper technical ground. The word "assessee" must be given wide and liberal interpretation so as to include his legal heirs also. There is no warrant for giving too strict an interpretation to the word "assessee" as that would frustrate the object of granting exemption. Accordingly it was held that exemption cannot be restricted proportionately in case new house is purchased jointly with other family member. CIT vs. Ravinder Kumar Arora [2011] 15 taxmann.com307 (Delhi).

➤ **Sec. 54 Due date for furnishing return of income**

A reading of the Sub-Section (4) would show that if a person has not furnished the return of the previous year within the time allowed under Sub-Section (1) i.e. before 31st day of July of the Assessment Year, the assessee can file return before the expiry of one year from the end of the relevant Assessment Year. Sub-Section (4) of Section 139 provides extended period of limitation as an exception to Sub-Section (1) of Section 139 of the Act. Sub-Section (4) is in relation to the time allowed to an assessee under Sub-Section (1) to file return. Therefore, such provision is not an independent provision, but relates to time contemplated under Sub-Section (1) of Section 139. Therefore, such Sub-Section (4) has to be read along with Sub-Section (1). Accordingly it was held that for purposes of section 54 due date for furnishing return of income as provided under section 139(1) is subject to extended period as provided under sub-section (4) of section 139 – CIT vs. Ms. Jagriti Aggarwal [2011] 15taxmann.com146 (Punjab and Haryana)

➤ **Sec. 80G – Registration of Trust**

## **Registration of Trust under the Indian Trusts Act, 1882**

Merely, because there are some surplus with the assessee trust, it should not be a ground to deny the registration under Section 80G (5) (VI) of the Act. - CIT v Gaur Brahmin Vidya Pracharini Sabha [2011] 15taxmann.com250 (Punjab and Haryana).

➤ **80-IC Deduction in case of conversion of proprietary concern to partnership firm**

Assessee proprietary concern was converted into partnership firm. It was held that post conversion partnership firm is entitled for deduction u/s 80-IC for the balance unexpired period CIT vs. Mega Packages [2011] 15 taxmann.com 80 (Punjab and Haryana).

➤ **Erection, Commissioning and Installation Services**

Where on facts the Tribunal found that the appellant has supplied, installed and commissioned various electrical equipments, fire detection and suppression systems for a consideration without any separate values for supply of materials and provision of services, the Tribunal held that it was an indivisible 'work's contract' and would be liable for service tax only from 1.6.2007 and would not be liable for service tax under the category of 'erection, commissioning and installation' prior to that date. [ABB Ltd vs.CST 2011(24) S.T.R.199 (Tri-Bang)]

➤ **Financial Leasing Services /Supply of tangible goods for use**

The leasing of the locomotives/ coaches/wagons by the applicant for a short duration to a lessee on a rent, the term or rent bearing no correlation to either the life of the equipment or the cost of the equipment,

would not be eligible to service tax under the category of banking and other financial services more particularly u/s 65(12)(a)(i) “financial leasing including equipment leasing and hire purchase” as being in the nature of ‘equipment leasing’ since the term ‘equipment leasing’ in the above context would mean only leasing involving financing (as in financial lease or hire purchase). Further since exclusive possession and effective control of the equipment is to be transferred to the lessee during the term of lease, Section 65(105) (zzzzj)(supply of tangible goods for use) cannot also be attracted. [In Re: Rites Ltd. 2011(24) S.T.R. 242 (A.A.R.)]

➤ **Goods Transport agency services – exemption for transport of ‘vegetables’**

The term ‘vegetables’ in the notification no. 33/2004 dated 3.12.2004 exempting services provided by goods transport agency services in relation to transport of ‘fruits, vegetables, eggs or milk’, is not be understood in a technical or botanical sense but must be understood as in common parlance i.e. green vegetables plucked and sold in the market without any processing done there to. Hence transport of ‘Canned mushrooms’ (which is obtained after processing fresh mushrooms) cannot be construed to be transport of ‘vegetables’ qualifying for exemption [Agro Dutch Industries Ltd. vs. CCE 2011 (24) STR355 (Tri-Del.)]

**SERVICE TAX ON GOODS TRANSPORT AGENCY**



Organised by CODISSIA & O/o The Commissioner of Central Excise, Customs & Service Tax, Coimbatore



➤ **Ground Handling Services**

In this case, the Court held the following services of Cochin International Airport Ltd (CIAL) as not liable:

Air India rendered ground handling services to all airlines, collected charges from them, paid service tax on the said charges and paid a royalty to CIAL, which was held not liable since CIAL did not render any service to Air India and Air India had paid service tax on the gross collections of which the royalty was a part;

Rent or Licence charges for providing space in the airport to set up shops is not for any service rendered by CIAL and hence is not liable.

Collections for disposal of garbage represent value of materials sold and not for any service rendered and hence not liable for service tax. [CCE vs. Cochin International Airport Ltd, 2011 (24) S.T.R. 20(Ker)].

**INDIRECT TAX**

**SERVICE TAX**

- **CBEC vide Letter No. 137/131/2010-CX. 4 dated 20th May, 2011**



Has clarified that escort services provided by state police to banks are liable to service tax under the category of “Security Agency’s Services” (Section 65(105) (w)) since the same cannot be said to be statutory/sovereign function.

- **CBEC vide order No. 1/1/2011 dated 1st July, 2011**

Has granted exemption to “Security Agency’s Services” (Section 65(105)(w)) provided by Central Industrial Security Force (CISF) to the any person during the period from 16<sup>th</sup> October,1998 to 31st March,2009fromthe levy of whole of service tax.

➤ **Central Government vide Notification No. 47/2010-ST dated 3rd September 2010**

Had exempted the taxable services of “Outdoor Catering (Section 65(105) (zzt))” provided by a Non Government Organization (registered\ under any Central/State Act) under the centrally assisted Mid-Day Meal Scheme from whole of service tax. Vide order No.2/2/2011-ST dated 8<sup>th</sup> August, 2011, the said exemption has been given retrospective effect from 10th September, 2004.

➤ **Commissioner of Service Tax, Mumbai-I vide Trade Notice No. 03/2011-12-ST dated 20th October, 2011**

Has prescribed various procedures and documents required in respect of Centralized Registrations under Rule 4(2) (iii) of Service Tax Rules, 1994.

**CENTRAL EXCISE**

➤ **Rescinds the Notification No. 14/2007 Central Excise**

The Central Excise duty exemption given to the goods falling within the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), and manufactured and cleared from M/s Brahmaputra Cracker and Polymer Limited, located in village Lepetkata, District- Dibrugarh, Assam, is no longer available.

**(Notification No.40/2011-CE dated 16<sup>th</sup> November, 2011)**

➤ **Amends the Notification No. 3/2005 Central Excise:-**

Notification No. 3/2005-CE dated 24th February, 2005 grants exemption to certain goods of specified tariff ID. All the goods fabricated at site of work for use in construction work at such site falling under Chapter ‘7308’ is exempted from whole Central Excise duty. Now, such exemption is extended to all such goods falling under Chapter ‘7305’ as well.

**(Notification No. 41 /2011-CE dated 18<sup>th</sup> November, 2011)**

➤ **Power of adjudication of Central Excise Officers- instructions :-**

The Joint Commissioner has the power of adjudicating cases involving duties above 5 lakhs to 50 lakhs and the Additional Commissioner can adjudicate cases involving duties above 20 lakhs and up to 50 lakhs , however by this circular it has been clarified to prescribe an uniform monetary limit for both Additional Commissioners and the Joint Commissioners which is above 5 Lakhs upto 50 lakhs.

**(Circular No. 957/18/2011-CX-3, dated the 25th October, 2011)**

**FEMA**

➤ **Memorandum of Instructions governing money changing activities - Location of Forex Counters in International Airports in India**

**A.P. (DIR Series) Circular No.38 dated October 25, 2011**

On a review relating to compliance of the Foreign Exchange Counters (full fledged branches/ extension counters) opened beyond the Domestic Tariff Area in international airports in India, RBI has decided that –

- Foreign Exchange Counters in the arrival halls in international airports in India shall ideally be established after the Customs Desk (Green Channel/Red Channel). However, Foreign Exchange Counters may also be established between the Immigration Desk and the Customs Desk in international airports in India, subject to the condition that these counters shall only purchase Foreign currency and sell Indian Rupees (INR) and “Encashment Certificates” shall invariably be issued by the money changers to the customers.

- Similarly, Foreign Exchange Counters in the departure halls in international airports in India shall be established only before the Customs Desk or the Immigration Desk, whichever comes first. Putting up suitable display at these counters, reminding the passengers that the area is the last point for non-residents to possess Indian Rupees (INR) may be followed up with the Airport Authorities.

The Foreign Exchange Counters of Authorised Dealers Category-I banks, Authorised Dealers Category-II and Full Fledged Money Changers, not conforming to the above, should be relocated in accordance with the above instructions, latest by December 31, 2011.

➤ **Export of Goods and Software – Liberalization in realization and repatriation of export proceeds:-**

**A.P. (DIR Series) Circular No.40 dated November 01, 2011**

The RBI had vide A.P. (DIR Series) Circular No. 47 dated March 31, 2011, enhanced the period of realization and repatriation to India of the amount representing the full export value of goods or software exported, from six months to twelve months from the date of export and extended this relaxation upto September 30, 2011. The issue has since been reviewed and the RBI has, in consultation with the Government of India (GOI), further extended the above relaxation w.e.f. October 1, 2011 till September 30, 2012. However, the provisions with regard to period of realization and repatriation to India of the full export value of goods or software exported by a unit situated in a Special Economic Zone (SEZ) as well as exports made to warehouses established outside India remain unchanged.

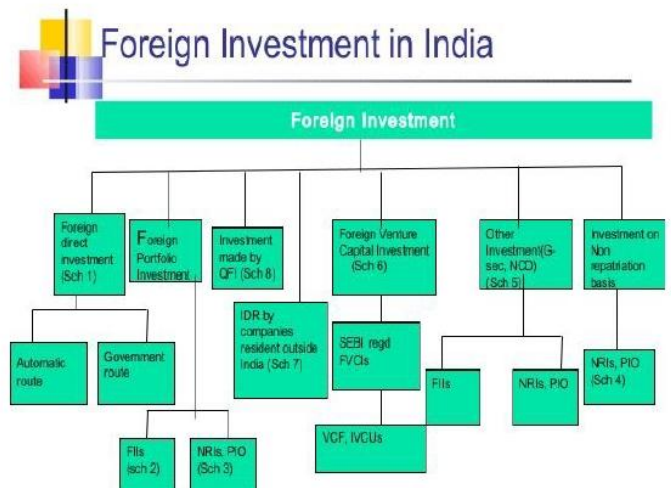
➤ **Foreign investment in India by SEBI registered FIIs in other securities:-**

**A.P. (DIR Series) Circular No.42 dated November 03, 2011:-**

The RBI has allowed FIIs to invest in non-convertible debentures / bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies' (IFCs) by the RBI within the overall limit of USD 25 billion. The stipulated residual maturity of 5 years and above would now onwards refer to the original maturity of the instrument at the time of first purchase by an FII. The above changes would also apply for investment by Qualified Foreign Investors in units of Mutual Fund debt schemes within the limit of USD 3 billion. Further the lock-in-period of 3 years for FII investment stands reduced to 1 year up to an amount of USD 5 billion within the overall limit of USD 25 billion. This lock-in-period shall be computed from the time of first purchase by FIIs.

➤ **Foreign Direct Investment – Transfer of Shares:-**

**A.P. (DIR Series) Circular No.43 dated November 04, 2011**



With a view to liberalize and rationalize the procedures and policies governing Foreign Direct Investment in India, it has been decided to allow the transfer of shares in following cases without the prior approval of the RBI, subject to certain conditions:

- Transfer of shares from a Non Resident to Resident under the FDI scheme where the



pricing guidelines under the Foreign Exchange Management Act, 1999(FEMA)are not met, subject to the following:

- a) The original and resultant investment are in line with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation, etc.;
  - b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations / guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/ substantial acquisition / SEBI (Substantial Acquisition of Shares and Takeovers),buyback);and
  - c) Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations / guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank.
- Transfer of shares from Resident to Non Resident where—
    - a) The transfer of shares requires the prior approval of the FIPB as per the extant FDI policy provided that:
      - ✓ The requisite approval of the FIPB has been obtained; and
      - ✓ The transfer of share adheres with the pricing guidelines and documentation requirements as specified by the RBI from time to time.
    - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations (SEBI (SAST) Regulations) are attracted subject to the adherence with the pricing guidelines and

documentation requirements as specified by the RBI from time to time.

- c) The pricing guidelines under the FEMA are not met provided that:
    - ✓ The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.;
    - ✓ The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations / guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/ substantial acquisition / SEBI SAST);and
    - ✓ Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations / guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank.
  - d) The investee company is in the financial sector Provided that:
    - ✓ NOCs are obtained from the respective financial sector regulators/ regulators of the investee company as well as transferor and transferee entities and such NOCs are filed along with the form FC-TRS with the AD bank; and
    - ✓ The FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc., are complied with
- **Review of the policy on FDI in pharmaceuticals sector**

**Press Note No. 3 (2011 Series) dated November 8, 2011**

Presently, FDI in pharmaceuticals sector is permitted up to 100%, under the automatic route. The GOI has reviewed the extant policy and amended the Consolidated FDI Policy - Circular 2 of 2011 dated September 30, 2011 by inserting para 6.2.25 to give effect to the following:

- FDI, up to 100%, would continue to be permitted for green field investments in the pharmaceuticals sector under the automatic route.
- FDI, up to 100%, would be permitted for brown field investments (i.e. investments in existing companies), in the pharmaceuticals sector, under the government approval route.

➤ **Trade Credits for Imports into India –Review of all-in-cost ceiling**

**A.P. (DIR Series) Circular No.44 dated November 15, 2011**

The all-in-cost ceiling for Trade Credits has been revised as under, with immediate effect:

**TABLE-1.2**

| Maturity Period                         | All-in-cost over 6 month LIBOR * |         |
|---|----------------------------------|---------|
|   | Existing                         | Revised |
| Upto one year                           | 200 bps                          | 350 bps |
| More than one year and upto three years |                                  |         |

\* for the respective currency of credit or applicable benchmark. The enhancement in all-in-cost ceiling is applicable up to March 31, 2012 and subject to review thereafter.

➤ **Foreign Direct Investment – Reporting of issue / transfer of ‘participating**

**interest/right’ in oil fields to a non resident as an Foreign Direct Investment transaction**

**A.P. (DIR Series) Circular No. 45 dated November 16, 2011**

RBI has, in consultation with the Government, decided to treat the issue / transfer of ‘participating interest/ rights’ in oil fields to a non-resident as Foreign Direct Investment (FDI) transaction under the extant FDI policy and The FEMA regulations. Accordingly, these transactions have to be reported as FDI transactions in terms of the provisions of Regulations 9 and 10 of the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000. Accordingly, transfer of ‘participating interest/ rights’ will be reported as ‘other’ category under Para 7 of revised Form FC-TRS and issuance of ‘participating interest/ rights’ will be reported as ‘other’ category of instruments under Para 4 of Form FC-GPR.

➤ **Overseas forex trading through electronic / internet trading portals**

**A.P. (DIR Series) Circular No.46 dated November 17, 2011**

RBI, vide A.P. (DIR Series) Circular No. 53 dated April 07, 2011, advised Authorised Dealer Category I (AD Category I banks) to exercise due caution and be extra vigilant in respect of the margin payments being made by the public for online forex trading transactions through credit cards / deposits in various accounts maintained with banks in India. Further, AD Category-I banks were also advised to exercise due caution in respect of the accounts being opened in the name of individuals or proprietary concerns at different bank branches for collecting the margin money, investment money, etc. in connection with such transactions.

It is again reiterated that AD Category - I banks should exercise due caution and be extra vigilant in respect of the transactions that require residents to make margin payments for online forex trading transactions through credit cards / deposits in various

accounts maintained with banks in India. Any person resident in India collecting and effecting / remitting such payments directly /indirectly outside India would make himself/ herself liable to be proceeded against with for contravention of the FEMA besides being liable for violation of regulations relating to Know Your Customer (KYC) norms / Anti Money Laundering (AML) standards.

## **CORPORATE LAWS**

### ➤ **Companies (dematerialization of certificates) rules, 2011**

### **Definition**

- ❑ Dematerialization is the process of converting physical shares into an electronic form. Shares once converted into dematerialized form are held in a Demat account.
- ❑ ***What Does Dematerialization-DEMAT Mean?***  
The move efrom physical certificates to lectronic book keeping. Actual stock certificates are slowly being removed and retired from circulation in exchange for electronic recording.

The MCA has issued Notification No. 17/143/2011-CL.V dtd. 28.10.2011 whereby it has stated that it was considering the proposal to issue Companies (Dematerialization of Certificates) Rules, 2011 and comments / recommendations were invited by the Ministry latest by 30 June, 2011. The MCA examined the matter and in consultation with the Law Ministry, it has decided to withdraw draft of the Dematerialization of Certificates Rules, 2011 issued earlier.

### ➤ **Banks' exposure to capital market-issue of irrevocable payment Commitments (IPCS)**

The RBI has issued Circular No. DBOD. Dir. BC. 43/13.03.00/2011-12 dtd. 31.10.2011 referring to its earlier Circular of 30.09.2010 in terms of which certain risk mitigation measures were prescribed in

the context of banks issuing IPCs to various stock exchanges on behalf of mutual funds and FIIs, as a transitional arrangement till October 31, 2011. It is now advised that these guidelines will continue to be in force for a further period of two months i.e. till 31 December, 2011.

### ➤ **Guidelines on commercial real estate**

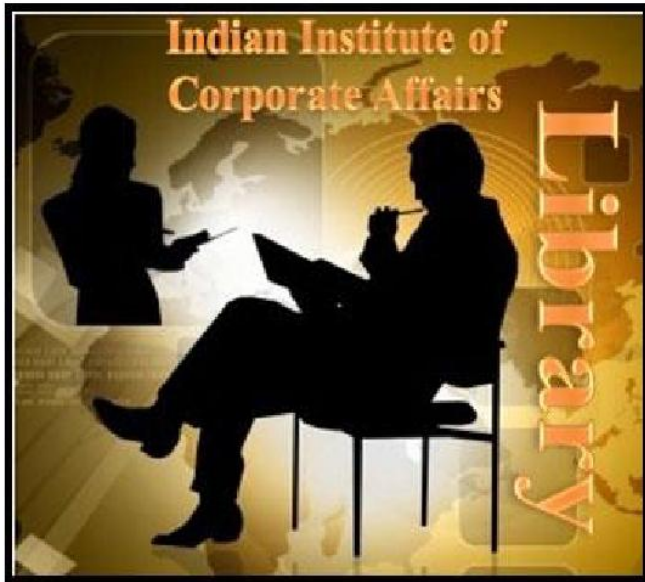
The RBI has issued Circular No. DBOD.BP.BC.No.\ 45 /08.12.015/2011-12 dtd. 03.11.2011 referring to its earlier Circular of 27 August, 2009 on 'Finance for Housing Projects'. At that time, banks were advised, inter alia, to stipulate a clause, in the terms and conditions of granting finance to specific housing development projects, regarding disclosure of mortgage of property to the bank in the pamphlets/brochures/advertisements etc., which may be published by developer/owner inviting public at large to purchase flats and properties. The RBI has reviewed the matter and has advised that the provisions contained in the earlier Circular will be, mutatis mutandis, applicable to commercial real estate also.

### ➤ **Modifications to comprehensive guidelines on derivatives**

The RBI has issued Circular No. DBOD.No.BP.BC. 44 /21.04.157/2011-12 dtd. 02.11.2011 referring to its earlier Circular of 20 April, 2007 which introduced the 'comprehensive guidelines on derivatives'. The guidelines with regard to suitability and appropriateness policy for offering of derivative products to users, as outlined in paragraph 8.3 of that circular, were reviewed in the light of the experience gained in implementation of the guidelines over last four years, and the revised version of the paragraph 8.3 was issued by Circular of 2 August, 2011. The RBI has received suggestions from the FEDAI and other market participants, and hence, the paragraph 6 of the circular of 20th April, 2007 and the revised paragraph 8.3 of the Circular of 2nd August, 2011 have been modified. The revised paragraphs are furnished in the Annexure to this Circular and these revised guidelines will be effective from January 1,

2012. The revisions relate to, (a) Broad Principles for Undertaking Derivative Transactions by Market-makers, and, (b) Suitability and Appropriateness Policy.

➤ **Indian institute of corporate affairs**



The MCA has issued Notification No. F. No. 271/2009-11 CA (Vol. I) dtd. 09.11.2011 and consequent upon acceptance of recommendations of the search-cum-selection committee for the post of Director General and Chief Executive Officer (DG&CEO) in the Indian Institute of Corporate Affairs (IICA) by the Appointments Committee of the Cabinet (ACC) for appointment of Shri Bhaskar Chatterjee, IAS (Retd.) to the said post, and upon acceptance of the offer of appointment by the officer, on the terms & conditions mentioned in the letter of even number dated 03.11.2011, in exercise of powers conferred by sub-rule (ii) of Rule 6 of the IICA Society Rules, the Central Government there by appoints Shri Bhaskar Chatterjee as DG&CEO in the IICA for a period of five years or till the date he attains the age of 65 years, whichever is earlier, from the date of assumption of charge of the said post by the officer, on the terms And conditions referred to above.

➤ **Participation of mutual funds in repo in corporate debt Securities**

The SEBI has issued Circular No CIR/IMD/DF/19/2011 dtd. 11.11.2011 referring to the Repo in Corporate Debt Securities (Reserve Bank) Directions, 2010 issued by the RBI which enabled mutual funds to participate in repos in corporate debt securities subject to the approval of SEBI. SEBI has now advised that mutual funds can participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time, subject to,

- Gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme,
- Cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme,
- Mutual funds shall participate in repo transactions only in AAA rated corporate debt securities,
- Mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months,
- The trustees and the asset management companies shall frame guidelines about, inter alia, the category of counterparty, credit rating of counterparty, tenor of collateral and of applicable haircuts, in the context of these transactions, keeping in mind the interest of investors in their schemes,
- Mutual funds shall ensure compliance with the Seventh Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities,

- Details of repo transactions of the schemes in corporate debt securities, including details of counterparties, amount involved and percentage of NAV shall be disclosed to investors in the half yearly portfolio statements and to SEBI in the half yearly trustee report, and,
- To enable the investors in the mutual fund schemes to take an informed decision, the concerned scheme information document shall disclose the intention to participate in repo transactions in corporate debt securities in accordance with directions issued by RBI and SEBI from time to time, the exposure limit for the scheme, and the risk factors associated with repo transactions in corporate bonds.



➤ **Amendment to LLP rules, 2009**

The MCA has issued Notification No. F. No. 2-17 2011-CLV dtd. 04.11.2011 inserting proviso to Rule 24(4) providing that if an LLP has closed the financial year on 31st March, 2011, it shall file the Statement of Account and Solvency in Form 8 with the Registrar of LLP within a period of sixty days from the end of six months of the financial year to which the Statement of Account and Solvency relates.

➤ **Collection of account payee cheques – prohibition on crediting Proceeds to third party account**

The RBI has issued Circular No. DBOD.BP.BC.No. 50 / 21.01.001/2011-12 dated 4 November, 2011 reiterating that banks are prohibited from—o Crediting ‘account payee’ cheques to the account of any person

other than the payee named there in; and o Not collect account payee cheques for any other than the payee named There in. In addition to the aforementioned instructions, the RBI also reiterated that banks have the option to consider collecting account payee cheques drawn for an amount not exceeding ` 50,000/- to the account of their customers who are co-operative credit societies, if the payees of such cheques are the constituents of such co-operative credit societies. Further, the prohibition and relaxation have been extended to drafts, pay orders and bankers’ cheques.

➤ **Master circular on cost accounting records and cost audit**

The MCA has issued Master Circular No. 22/2011 dtd. 11.11.2011 giving consolidated all the circulars issued by the MCA from time-to-time with regard to various matters concerning cost accounting records and cost audit in the corporate sector. After reviewing all these circulars, and in supersession of all the earlier 15 circulars as listed in the Appendix to the above master circular, this Master Circular is issued.

➤ **Registrar of companies – cum - official liquidator established**



The MCA has issued Notification No. F No 2/14/2011 -CL.V dtd. 13.11.2011 in exercise of powers under sections 448 and 609 of the Companies Act, 1956 establishing the offices of the Registrar of Companies-cum-Official Liquidator at the places having territorial jurisdictions for discharging the

functions of the Registrar of Companies as well as Official Liquidator under the various provisions of the said Act. The offices notified are the ones at Nainital (State of Uttarakhand), Bilaspur (State of Chhattisgarh), Shimla (State of Himachal Pradesh), Ranchi (State of Jharkhand), Cuttack (State of Orissa), Patna (State of Bihar) and Jaipur (State of Rajasthan). Hence, the existing office of the Official Liquidator at Ranchi shall stand upgraded as the office of the Registrar of Companies-cum-Official Liquidator and the separate offices of Registrar of Companies and Official Liquidator at Cuttack, Patna and Jaipur shall stand merged as the office of the Registrar of Companies-cum-Official Liquidator.

## POLICY WATCH

### ➤ **RBI removes cap on mobile banking transactions**



THE Reserve Bank of India has removed the cap of Rs 50,000 per day per transaction through mobile banking. It has now been decided that individual banks can place transaction limits based on their own risk perception and with approval of their respective boards. The RBI understood that banks are increasingly extending mobile banking facilities to their customers. Inter-bank Mobile Payment Service (IMPS) developed and operated by the National Payment Corporation of India (NPCI) has also enabled real-time transfer of funds through the medium of the mobile phone between accounts in different banks. The volume and value of mobile banking transactions are also showing an uptrend.

### ➤ **Government approves bill to help micro, small and medium enterprises**

TO help Micro, Small and Medium Enterprises (MSMEs) in dealing with their liquidity problems, Government passed a bill to regulate the factoring business. Various committees had also recommended development of factoring business in the country, especially for the MSMEs. This (bill) is expected to help in mitigating the payment problem of the MSME units. Factors will be regulated by the Reserve Bank of India. The new bill is applicable to all types of industry whether it is small, medium or big. As per the ministry statement, the government had accepted suggestions of the Standing Committee and then held consultations with the banking sector also in this regard.

### ➤ **Rates on non-resident deposits freed**

TO improve inflow of foreign currency, the Reserve Bank of India (RBI) deregulated the interest rates that banks would pay on Non-Resident (External) Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) accounts. RBI believes that this would provide greater flexibility to banks in mobilising non-resident deposits in the prevailing market conditions. Banks are free to determine their interest rates on both savings deposits and term deposits of a maturity of one year and above under NRE deposit accounts and savings deposits under NRO accounts with immediate effect. The revised deposit rates will apply only to new deposits and on renewal of those that have matured. However, interest rates offered by banks on NRE and NRO deposits cannot be higher than rates offered on comparable domestic rupee deposits. Also, at any point of time, an individual bank should offer uniform rates at all its branches.

### ➤ **SEBI issues guidelines on passing on incentives**

THE stock market regulator has directed that no person connected with a public issue of debt securities (including distribution of the issue) shall pass on incentives in cash, kind, and services or otherwise to any person making an application for

allotment of the securities. This has been done to prevent intermediaries from gaining an unfair advantage, prevent a certain set of investors from having unfair bargaining power and prevent an increase in the costs for the issuing company. Stock exchanges have been directed to inform all their members and disseminate this information on their respective web sites by SEBI

➤ **Government working on special policy for roof-top solar units**

**ROOF-TOP SOLAR POWER UNITS**



THE Ministry of New and Renewable Energy is working on a special policy for roof-top solar units. To aid policy formulation a brainstorming meeting of all the electricity distribution companies (discoms) will take place in New Delhi. The discussion would revolve around why, even with a 30% capital subsidy, the roof-top solar has not taken off in India. The Government is confident that the country would have the targeted 1,100 MW of installed solar power capacity by 2013. Government has already installed 51 solar stations across the country till now. A massive programme is under way to do solar resource assessment all across India

➤ **Government clears creation of new ED slot in public sector banks**

LARGE state-run lenders like Bank of Baroda and Punjab National Bank will get a third Executive Director (ED) on their board from next April, while smaller banks like Dena or United Bank will get their second ED. The government has just cleared the Khandelwal Committee's recommendation to this end, Banks with more than Rs 3000 billion business

are considered as large entities. The government has created the new slot in six large banks and said the third executive directors will be responsible for human resource development and technology. Bank of India, Canara Bank, Central Bank of India and Union Bank of India are dubbed as large banks and will benefit from this move. This is in step with the director-HR position that exists in public sector undertakings like ONGC, Indian Oil, HPCL or BPCL.

➤ **India and Nepal to take forward Rs 1 billion oil pipeline project**

INDIA and Nepal decided to take forward the proposal to build a 41-km petroleum pipeline between the two countries at a cost of around Rs 1 billion. The pipeline is to be laid between Raxaul in Bihar to Amlekhgunj in Nepal. Currently petroleum products are transported to Nepal through tanker trucks from the Raxaul depot of Indian Oil Corporation. The pipeline will also save us from delays due to traffic jams on the way. The talks (on the pipeline) are going on the positive track. The project was initially proposed by IOC in 1995 and was aimed at cutting the transportation costs by half. It was also meant to help the land-locked Nepal in solving its fuel shortage problem. India is to give financial and technical knowhow assistance for this project.

**INDUSTRY WATCH & CORPORATE HIGHLIGHT**

➤ **NABARD prepares Rs 521.68 billion credit plan for priority sector in State**

THE National Bank for Agriculture and Rural Development (NABARD) has prepared Rs 521.68 billion potential credit plan for priority sector in Karnataka for 2012-13, an increase of 27% over the previous year. Similarly, for crop loan Rs 242.90 billion (increase by 47%) of the total potential estimate, followed by other priority sector Rs 142.28

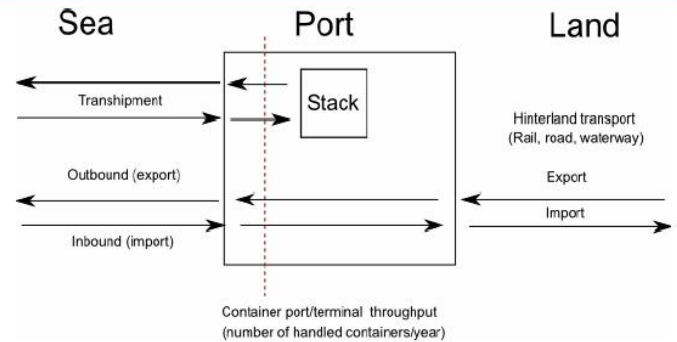
billion (increase by 27%), agricultural term loan Rs 98.48 billion (increase by 19%) and non-farm sector Rs 38.01 billion (increase by 7%). NABARD has also prepared the State focus paper (SFP) for Karnataka which contains the aggregation of exploitable credit potential, estimated for all districts for the following year (2012-13). The SFP for 2012-13 has been prepared keeping in view the approach of the XII Five-Year Plan that envisages 'faster, more inclusive and sustainable growth'.

➤ **EDUCOMP launches new interactive classroom program**



Education Solutions provider Educomp unveiled a new smartclass programme, which will provide teachers, tools to make teaching more interactive. The company, which already provides education solutions to over 19,000 schools in the country, will upgrade these to the new platform free of charge. Of this, 8,100 are private schools, while the remaining 11,500 are government schools. Smartclass CTS provides a glimpse into the classrooms of the future. Since it uses more of graphics and demonstration, it will help students learn faster and also understand and remember better the concepts taught in the classroom. Educomp is targeting 40,000 new classrooms this fiscal. In the first half of the fiscal, they have already reached 13,000 new classrooms and are sure that by March 2012 would be able to add 40,000 classrooms to their network.

➤ **International Container Trans-shipment Terminal (ICTT) launches direct service to China from Kochi**



International Container Trans-shipment Terminal (ICTT) has launched a direct service to China from Kochi. The weekly direct NCS/NCX service to China will benefit traders in India as it would offer faster connectivity to China and the Far East. NCS/NCX is a mainline service, connecting major destinations like Singapore, Port Kelang, Hong Kong, Shanghai and other Chinese Ports. With faster transit to/from China and Far East, key south Indian markets such as Bangalore, Coimbatore, Tirupur Pollachi, Erode and Salem, will have a faster cost effective connectivity to their major suppliers and buyers. The service also accepts containers from Cochin to US west coast, Australia and South America offering multiple connectivity from Singapore and Shanghai ensuring the fastest transit time from South India to these destinations.

➤ **Infosys BPO buys Australian firm**



Infosys BPO, the business process outsourcing subsidiary of the information technology giant, has signed an agreement to acquire all the share capital in Portland Group, an Australian company, for A\$34 million. This is its second acquisition in Australia, the first being Expert Information Services, which it got in 2003 for \$23 million. Founded in 1999, Portland Group provides strategic sourcing and category management services and employs 113 professionals. The Sydney-headquartered company reported



revenue of A\$31.3 million in the year ended June 30. According to Infosys, Portland's expertise in strategic sourcing and category management services would complement its own global sourcing and procurement capabilities. The acquisition is expected to be completed by early January 2012.

➤ **Global investors expect \$1 billion on India's Internet and mobile start - ups**

Global investors have placed a billion dollar on India's Internet and mobile start-ups during 2011, reposing confidence in the fast-growing base of digital consumers in the country. Marquee venture capital and private equity investors made aggressive investments in start-ups most of which are less than five-year old as they backed the story of rising disposable income and Internet penetration. These investors have already ploughed more than \$900 million between January and November while deals worth another \$250 million could be clinched by December end. The e-commerce sector has reached an inflection point this year and will surely surpass the online travel industry over the next few years.

➤ **Norwest Venture invests \$5 million in e-commerce start-up**

Norwest Venture Partners (NVP) has invested \$5 million in Mumbai-based ecommerce start-up pepperfry.com. NVP is a global, multi-stage investment firm that manages more than \$3.7 billion in capital. The latest investment announcement comes close on the heels of investments by NVP in e-commerce sites 'Fashionandyou.com' and 'Dealsandyou.com' last month, amid increasing funding interest in the Indian e-commerce space. 'Fashionandyou.com', a private shopping site for luxury brands and designer apparel, has raised \$40 million in a second round of funding, led by Norwest Venture Partners and Intel Capital, along with Sequoia Capital India and Nokia Growth. Smile Group's 'Dealsandyou.com' had raised \$17 million in its second round of funding that closed in November, with the investment being led by NVP and Mayfield

Fund, with Nokia Growth Partners and Intel Capital participating as well.

➤ **Kolkata bus service set to go green**

The West Bengal government, in partnership with Essar Oil and Indian Oil, may soon run India's first buses on Coal-Bed Methane (CBM), a natural gas extracted from coal beds and, like other gases, considered a better alternative to petrol or diesel. The West Bengal Pollution Control Board approached Essar Oil to discuss a proposal to source coal-bed methane gas from the Raniganj block to run State Transport Corporation buses in Kolkata. Delhi and Mumbai already use CNG to run buses used for public transport. While there is a shortfall in supply of CNG in West Bengal, it has a rich deposit of CBM in the coalfields of the Durgapur-Asansol- Raniganj belt in Bardhaman district. The proposed fuel for Kolkata buses may be costlier than CNG, though the price can come down at a later stage with large-scale production. Essar Oil's technical feasibility study envisages transportation of the requisite quantity of gas to Kolkata through truck-mounted cascades. According to government estimates, India has an estimated CBM resource base of 1.5 to 2 trillion cubic meters and has about 26 blocks covering 13,600 sq km.

➤ **GAIL ties up \$100 million loan from Bank of Tokyo**

GAIL India has tied up a term loan of \$100 million from Bank of Tokyo-Mitsubishi UFJ. The loan agreement was signed here between Director-Finance, GAIL and General Manager, Bank of Tokyo. The term of the loan is five years. This term loan agreement comes close on the heels of an earlier term loan of \$150 million taken by GAIL from Bank of Tokyo in June 2011. The loan agreement signed now is first in the series of three tie-ups that GAIL plans to enter into. The company will utilize the loan funds to partly finance its ongoing expansion and new projects of around \$9 billion. GAIL is presently implementing projects to lay 5,500 km pipeline at an estimated cost of approx. \$5 Billion. When

completed, the capacity of GAIL pipelines would increase to over 300 Million Standard Cubic Meters Per Day (mmscmd) from the present 175 mmscmd.

➤ **CERC sets up fund to promote renewable energy projects**



THE Central Electricity Regulatory Commission (CERC) has set up a Renewable Energy Fund (REF) to promote projects in India. This fund is aimed at compensating states if they fail to meet the target given under their schedule of renewable energy (RE) projects. All RE projects are required to provide a schedule of generation to CERC from 2012. REF would bear charges imposed on states hosting RE projects that fail to comply with their supply commitments. At present, only wind energy projects without sale arrangements with states are required to give declarations forecasting their generation to state load dispatch centers. CERC allows 30% deviation in the supply commitments, beyond which penalties are levied or incentives offered. The Electricity Act, 2003, and the National Action Plan on Climate Change (NAPCC) provide a roadmap for increasing the share of RE in total generation capacity. Under this plan, every state has to purchase 5% of total power requirement from renewable resources like wind, solar or water.

➤ **DLF buys out Hilton's stake in hotel venture**



REAL estate major DLF Ltd has taken full control of its joint venture with Hilton Hotels before selling the hospitality property as part of its strategy to divest non-core assets. This will help DLF cut its debt of Rs 225.19 billion. DLF acquired the additional 26% stake in its Joint Venture (JV) Company DLF Hotels & Hospitality Ltd (DHHL) from Aro Participation Ltd and Splendid Property Company Ltd, affiliates of Hilton International. At present, the company holds 74% equity in DHHL. This transaction was done to take complete ownership of the company and its underlying assets, including inbuilt hotel sites, with a view to monetize them. DLF has bought the 26% shareholding of Hilton Worldwide in the Hilton-DLF JV company.

**I. Mobile device sales to grow 8.5% 2012**

THE sale of mobile devices in India will grow 8.5% in 2012 to 231 million units from 213 million units last year. The Indian mobile handset market is expected to show steady growth through 2015 when end-user sales will surpass 322 million units. The Indian mobile device market is very competitive with more than 150 manufacturers. The big global brands will continue to face competition from local and Chinese brands as some of these brands are building capabilities to compete at a larger level, covering broader consumer segments. Smartphone sales in India made up 6% of device sales in the first three quarters of 2011, and this share is expected to increase to 8% in 2012.

| Statutory compliance calendar for the month of December 2011                      |   |  |   |
|---|---|--|---|
| Due date  | Statutory compliance under Act  | particulars  | Governing Authority   |
|  |  |   |  |
| 06/12/2011  | Service Tax   | Payment of monthly service tax for the month of October by all tax payers electronically   | Central Board of Excise and Custom  |
|   | Central Excise  | Payment of monthly central excise duty for the month of October on goods by assesses other than SSI units electronically   | Central Board of Excise and Custom  |
| 07/12/2011  | Income Tax  | Deposit of Income Tax TCS and TDS deducted in October  | Central Board of Direct Tax.  |
|   | NBFC-ND-SI  | Monthly return of source and application of funds, profit and loss account, asset classification   | Reserve Bank of India.  |
|   | 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.  |
| 10/12/2011  | Central Excise  | Monthly central excise return in form ER-1/ER-2 by other than SSI  | The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952          |
|   | NBFC-ND-SI  | Monthly statement of short term dynamic liquidity in form NBS-ALMI   | Reserve Bank of India.  |
|   | Central Excise  | Monthly return of receipts and consumption of Principal Inputs by specified manufacturers of excisable goods in form ER-6  | The securities and exchange board of India Act-1992                                 |
| 15/12/2011  | Income Tax  | Advance income tax under section 211 of Income Tax Act by corporate (third installment) and non-corporate assesses (second installment)  | Central Board of Direct Tax.  |
|   | Provident Fund  | (a) Payment of monthly dues of Provident Fund for the month of November<br>(b) Monthly return in form 5 for employees joining Provident Fund during November along with declaration in form 2 furnished by the employees<br>(c) Monthly return of Provident Fund in form 10 of employees leaving the service during November | The Central Board of Trustees , The Employees' Provident Fund Scheme, 1952          |
| 21/12/2011  | ESIC  | Payment of ESIC contribution for the month of November   | The employees' state insurance Act-1948. Ministry of labour and employment.         |
| 25/12/2011  | 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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