

# RNM ALERT

Thinking of the Bottom Line – Think of Us



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U.N. Marwah

Dear Readers,

The Due date for filing the return of income for individuals and non corporate assessee's for financial year ended March 31, 2013 is fast approaching and I am sure that most of our readers would have already completed their filings. It is relevant to reminder our Readers that filing electronically has now become mandatory for tax payers with income exceeding Rs. 500,000 as well as relevant Reports such as Tax Audit report, Transfer Pricing Report and MAT Report are also to be filed electronically now.

The revised Transfer Pricing Certificate in Form 3CEB introduced by the CBDT wef AY 2013-14 onwards has made necessary amendments to enable reporting of 'specified domestic transactions' under the newly introduced domestic TP provisions. Further, details of specified international transaction which were not earlier reported are also now required to be disclosed such as, Guarantees; Purchase/ Sale of Marketable Securities; Issue and Buyback of Equity Shares, OCDs and Preference Shares; Business Restructuring or Reorganisation. *RNM* is of the view that these changes in reporting requirements are in keeping with the Revenue's view on bringing Balance Sheet items within the international tax TP net as per recently reported High Ticket cases and assessee's can expect further litigations in times to come.

The recently introduced Service Tax Amnesty Scheme, titled as the Service Tax Voluntary Compliance Encouragement Scheme, 2013 (VCES) provides an opportunity to stop filers, non filers, non registrants and defaulters in payment of service tax to come forward voluntarily and pay taxes under an installment scheme. **RNM** would recommend that relevant defaulters seek advice to avail of the benefits of this Amnesty Scheme on or before December 31, 2013.

We would like to wish all our Readers in advance a very Happy 67<sup>th</sup> Independence Day of India for the 15<sup>th</sup> day of August 2013.

Regards,

**CA U.N. Marwah**

For and behalf of the RNM Alert Editorial Board

## CONTENTS

### **Direct Tax**

#### ***- Case Laws***

- Scope of Total Income	4
- Income deemed to accrue or arise in India	4
- Income which do not form part of total Income	4
- Disallowance u/s 14A	4
- Profit & Loss from Business and Profession	4
- Capital Gain	4-5
- Unexplained investments	5
- Transfer Pricing	5-6
- Search & Seizure	6
- Methods of accounting	6
- Appeals to appellate tribunal	6
- Penalties	6

### **Indirect Tax**

#### ***Central Excise***

#### ***- Case Laws***

- Penalty	7
- Proof of export	7
- Procedure regarding goods sent to job worker for processing	7
- Cenvat credit of steel doors	7
- Cenvat credit of construction of storage tanks	7
- Benefits of DFRC Scheme	8

#### ***Service Tax***

#### ***- Case Laws***

- Cenvat credit of Housekeeping services	8
- GTA service as input service	8
- Grant of Refund	9

#### ***DVAT***

#### ***- Notification/Circular***

- Online Application for registration under Dvat	9
- Ruling u/s 85 of DVAT Act, 2004 in respect of sun glasses	9

**Company Law Updates**

*- Circular/ Notification/ Guidance*

- Name availability guidelines, 2011 Registration of Electoral Trust  
as Cos. u/s 25of Cos. Act, 1956 10

**RBI Updates**

*- Circular*

- FII by SEBI registered long term investors in Govt dated securities 11
- FDI – reporting of issue/transfer of shares to/by a FVCI 11
- Export of goods & services – Realization  
& Repatriation period for units in special economic zone 11-12
- NBFCs not to be partners in partnership firms- Clarification 12
- Legal Audit of title doc. in respect of large value loan a/c 12--13
- FEMA (t/f or issue of security by a resident outside India)(9<sup>th</sup> Amend) Reg.'13 13

**Corporate Finance**

*- Latest News*

- Private Equity 14-16
- Mergers & Acquisition 16-19
- Venture Capital 19-20

**New Appointments**

21

## ***DIRECT TAX***

### ***Scope of Total Income***

**Sec5** - Retention money isn't an income of contractor if it has got no rights on it till satisfactory completion of work

[Source: DIT (International taxation) V. Ballast Nedam International [2013] 34 taxmann.com 270 (Gujarat)]

### ***Income deemed to accrue or arise in India***

**Sec9** - Where American company merely procured services of telecom service providers and provided same to its Indian subsidiary, payment for link charges by Indian subsidiary to American company would not constitute royalty under provisions of article 12 of DTAA.

[Source: Convergys Cust. Managt. Grp Inc. V. ADIT (International Taxation)[2013]34 taxmann.com24(Delhi - Trib.)]

### ***Income which do not form part of Total Income***

**Sec10(38)** - Scheme of sale of land through sale of shares of shell company is valid

[Source: Bhoruka Engineering Inds. Ltd. Vs. DCIT (Karnataka High Court) ITA No.120 of 2011]

### ***Disallowance u/s 14A***

**Sec14A** - Disallowance if satisfaction not recorded with reference to A/cs. Under Rule 8D(2)(ii) loans for specific business purposes cannot be included. Under Rule 8D(2)(ii) & (iii) investments which have not yielded income cannot be included

[Source: REI Agro Ltd Vs. DCIT (ITAT Kolkata) I.T.A. No. 1331/Kol/2011, 1423/Kol/2011]

### ***Profit & Gain from Business and Profession***

**Sec28** - Where assessee used to apply initial public offer (IPO) in many companies and subsequent to allotment of shares sold same within 30 days, gain arising on sale of shares was taxable as business income and not short-term capital gain.

[Source: Shreyas M. Jhaveri V. Income-tax Officer, 5(2)(4), Mumbai [2013] 33 taxmann.com 362 (Mumbai - Trib.)]

**Sec 32(1)(ii)** - Right to collect toll is an intangible asset within the purview of sec. 32(1)(ii) and is eligible for depreciation.

[Source: Acit V. Ashoka Infraways (P.) Ltd [2013] 33 taxmann.com 499 (Pune - Trib.)]

**Sec36(1)(v)** - Though S.36(1)(v) requires direct payment to the gratuity trust fund, payment to the LIC Group Gratuity Scheme is also allowable

[Source: CIT Vs. Textool Co. Ltd (Supreme Court) Civil Appeal No. 447 of 2003]

**Sec40(a)(ia)** - No disallowance for default of short-deduction of TDS

[Source: Apollo Tyres Ltd Vs. DCIT (ITAT Cochin) I.T.A No.31/Coch/2010]

### ***Capital Gain***

**Sec54** - Acquisition of a new flat in exchange of an old flat is deemed construction and allows sec. 54 benefits

[Source: Smt. Veena Gope Shroff V. ITO [2013] 33 taxmann.com 344 (Mumbai - Trib.)]

**Sec54** - Exemption under section 54 cannot be denied, where residential house property purchased by an assessee consists of several independent units.

[Source: CIT V. Syed Ali Adil [2013] 33 taxmann.com 212 (Andhra Pradesh)]

**Sec54F** - ITAT disallows sec. 54F exemption to the extent sum invested in construction before transfer of original asset

[Source: Smt. Nimmagadda Sridevi V. Dy.CIT [2013] 33 taxmann.com 306 (Hyderabad - Trib.)]



### *Unexplained Investments*

**Sec69** - Where assessee proved identity and creditworthiness of donor and genuineness of gift from mother, addition could not be made as undisclosed income - Addition cannot be made for transactions which do not fall within block period under consideration - Where additions were made on basis of statements of persons who were not allowed to be cross examined by assessee, additions were not sustainable.

[Source: CIT Vs. Indrajit Singh Suri [2013] 33 taxmann.com 281 (Gujarat)]

**Sec69** - Addition on the basis of seized material was unjustified if assessee was able to show that the admissions made during survey were incorrect.

[Source: ACIT V. Maya Trading Co. [2013] 34 taxmann.com 144 (Agra - Trib.)]

### *Transfer Pricing*

**Sec92B** - Transfer pricing provisions do not apply (i) to an investment in share capital of overseas companies & (ii) to transactions where no "income" has arisen.

[Source: Vijai Electricals Ltd vs. ACIT (ITAT Hyderabad) ITA No. 842/HYD/2012]

**Sec92C** - Product similarity was to be seen for applying CUP method and not for TNMM. If assessee sold non-whisky alcoholic beverages (Vodka, Gin, Brandy, Rum, etc) to non-AEs and whisky to AEs, net profit margin on sale by assessee of non-whisky alcoholic beverages couldn't be rejected as internal TNMM for calculating ALP on assessee's sale of whisky to AEs simply based on distinction made between whisky & non-whisky as two different products.

[Source: Diageo India (P.) Ltd. V. Dy.CIT [2013] 34 taxmann.com 284 (Mumbai - Trib.)]

**Sec92C** - If assessee had classified certain expenses in his accounts under the head "advertisement" and others under the head "Business Promotion", expenses under the former head would be treated as part of AMP expenses for TP adjustments in accordance with the SB ruling in LG Electronics. Assessee couldn't

claim that certain expenses classified by him as advertisement to be treated as business promotion expenses before the Tribunal

[Source: **Panasonic Sales & Services India (P.) Ltd. V. ACIT [2013] 34 taxmann.com 276 (Chennai - Trib.)**]

**Sec92C** - Assessee can change his method for determining ALP before TPO if it exhibits a better result  
[Source: **Mattel Toys (i) (P.) Ltd. V. Dy. CIT [2013] 34 taxmann.com 203 (Mumbai - Trib.)**]

### *Search & Seizure*

**Sec132 B** - Explanation 2 to section 132B was inserted by the Finance Act, 2013 with effect from 1-6-2013 to clarify that existing liability would not include advance tax liability so that cash seized during search couldn't be adjusted towards advance tax liability. Since the Legislature has by express words made Explanation 2 to operate prospectively, no retrospective effect could be given to it  
[Source: **Kanishka Prints (P.) Ltd. V. ACIT [2013] 34 taxmann.com 307 (Ahmedabad Trib.)**]

### *Methods of Accounting*

**Sec145** - Even though assessee-bank disclosed shares as investments in balance sheet to comply with RBI Guidelines, it was not estopped from treating the same as stock-in-trade for income-tax and claiming valuation loss thereon as these shares had been consistently shown as stock-in-trade in income-tax in the past years also.

[Source: **Karnataka Bank Ltd. V. ACIT [2013] 34 taxmann.com 150 (Karnataka)**]

**Sec145** - AO was not justified in making addition to gross profit rate declared by assessee comparing it with the case of another assessee engaged in same line of business when assessee's past history was available and there was no material difference in facts pertaining to assessment year under consideration and current year

[Source: **CIT V. Jaimal Ram Kasturi [2013] 33 taxmann.com 315 (Rajasthan)**]

### *Appeals to appellate tribunal*

**Sec253** - Delay in filing appeal due to CA's fault is bona fide & must be condoned.

[Source: **Y. P. Trivedi Vs. JCIT (ITAT Mumbai) ITA No. 5994/Mum/2010**]

### *Penalties*

**Sec271(1)(c)** - No Penalty for Sec40(a)(i) disallowance if TDS deducted next year

[Source: **Dynatron Private Limited Vs. DCIT (ITAT Mumbai) I.T.A. No. 2415/Mum/2011**]





## **INDIRECT TAX**

### **Central Excise**

#### **➤ Case Laws**

##### ***Penalty***

Penalty- Mens rea is an essential part for levy of penalty- where a provision of statute is not clear and there was divergent judicial pronouncements, it cannot be said that there is mens rea on the part of manufacturer if he chooses to follow his course of action in the light of one of the judicial pronouncements- Issue is one of interpretation and application of Rule 2(1) of Interpretative Rules- No case of levy of any penalty was made out and penalty was rightly set aside- Penalty matter not to be left open for reconsideration by Commissioner.

[Source: Commissioner of C. Ex., Noida v Delphi Automotive Systems Ltd., 2013 (292) ELT 189 (All.)]

##### ***Proof of Export***

Fact of export of corrugated boxes not in dispute- However- Form-H certificate furnished beyond the period of six months specified in the Circular No. 212/96-C.E., dated 28-5-1996- said circular nowhere states that if the Form-h certificate furnished beyond the period of six months, exports effected by assessee would be treated as clearance for home consumption- Since assessee has in fact effected exports and has furnished photocopy of Form- H certificate, no fault can be found with the decision of CESTAT that the clearance effected for exports cannot be taken as clearance for home consumption.

[Source: Commissioner of Central Excise, Mumbai-V v. Universal Packaging, 2013 (292) ELT 191 (Bom.)]

##### ***Procedure Regarding Goods sent to job worker for processing***

Cenvat Credit-Availment of- Goods sent to job worker for processing – Permission under Rule 6(4) of Cenvat Credit Rules, is to be renewed each financial year, considering facts available for that year and laws laid down in the facts of previous year- This discretion has to be exercised judiciously- Decisions given by higher forums for previous period are necessary to be taken into account while reviewing such permission every year.

[Source: Commissioner of C.Ex., Tirumelvly V Sterlite Industries (I) Ltd. 2013 (292) ELT 204 (Tri- Chennai)]

##### ***CENVAT Credit of Steel Doors***

CENVAT- ‘Steel doors’ used by assessee for the premises where medicines are kept- Steel doors cannot be considered as an input for medicines when such doors are used in the store rooms where medicines are stored and have no role in the manufacturing process- Claim that steel doors should be considered as a Pollution Control Device is not at all sound- Steel doors cannot fall under any of chapter which are specifically listed under the definition of “Capital Goods”- Assessee has not made out a case for availing credit on steel doors either as input or as capital goods.

[Source: Fourrts (India) Laboratories Pvt. Ltd. V Commr. Of C. Ex., Chennai, 2013 (292) ELT 214 (Tri- Chennai)]

##### ***CENVAT Credit of Construction of Storage Tanks***

CENVAT Credit- Admissibility- Inputs used for construction of storage tanks- Definition of capital goods, in Rule 2(a) of CENVAT Credit Rules, 2004 especially mentions storage tanks as ‘capital goods’ and term ‘Input’ also includes goods used for manufacture of capital goods further used for manufacturing of final product- In view of decision in Vandana Global Ltd. [2010(253)ELT 440 (Tri-LB)] CENVAT Credit available for cement and MS bars used for manufacture of storage tanks- Rule 3 of CENVAT Credit Rules, 2004.

[Source: Shree Rajasthan Syntex Ltd. V Commissioner of C. Ex. Jaipur, 2013 (292) ELT 234 (Tri- Del.)]

### ***Benefit of DFRC Scheme***

Import at places not notified under para 4 of Notification No. 48/2000-Cus. Held; Relaxation provided in proviso to para 4 ibid under special order of Commissioner of Customs is mandatory, and not merely directory- Though prior order is not mandatory, post facto sanction cannot be granted as places are notified in para 4 ibid for scrutiny of Customs for grant as well as prevention of abuse of benefit of Notification- Hence, benefit of exemption rejected- However, as goods were not prohibited and place of import was a notified customs station, penalty waived of.

[Source: **Mayor & Co. v Commissioner of Customs (P) Amritsar, 2013 (292) ELT 231 (Tri- Del.)**]



## **Service Tax**

### **➤ Case Law**

#### ***CENVAT Credit of Housekeeping Service***

CENVAT Credit- Input service- Housekeeping in factory premises- Keeping factory premises neat and clean is a statutory requirement of section 11 of Factories Act, 1948- Without its compliance manufacturing operations is not possible- Hence, it is input service in or in relation to manufacture of final product and eligible for taking CENVAT Credit- Rule 2(l) of CENVAT Credit Rules, 2004.

CENVAT Credit- Input service- Construction of office rooms in factory premises- it relates to setting up, modernization, renovation or repairs of a factory premises, and hence specifically covered by definition of 'input service' under Rule 2(l) of CENVAT Credit Rules, 2004.

[Source: **NTF(INDIA) Pvt. Ltd. V Commissioner of Central Excise, Delhi-III, 2013 (30) STR 575 (Tri- Del.)**]

#### ***GTA service as Input Service***

CENVAT Credit- Input service- GTA service used for import of inputs and capital goods- Without bringing such goods into factory, manufacture cannot take place- Hence, these are input service on which assessee can take credit of service tax paid- Rule 2(l) of CENVAT Credit Rules, 2004.

[Source: **Semco Electric Pvt. Ltd. V Commissioner of Central Excise, Pune-I, 2013 (30) STR 572 (Tri- Mumbai.)**]



### *Grant of Refund*

Refund- Grant of- Service tax paid twice for same transaction- Once in cash and again, from CENVAT account- HELD: Assessee is entitled for refund of service tax paid through CENVAT Credit account- Section 11B of Central Excise Act, 1944 as applicable to Service Tax vide Section 83 of Finance Act, 1994. [Source: GL & V India Pvt. Ltd. v Commissioner of Central Excise, Pune-I, 2013 (30) STR 550 (Tri- Mumbai.)]



## **DVAT**

### ➤ **Notifications/Circulars**

#### *Online Application for Registration Under DVAT*

As per direction given by the Commissioner, Value Added Tax, Delhi, with effect from 1<sup>st</sup> July, 2013, the application for registration in Form DVAT-04 under section 19 of the Delhi Value Added Tax Act, 2004, shall be submitted online by the applicant dealer on the departmental website. Further, such dealer shall also submit a hard copy of the application with supporting documents, within three working days of electronic filing of such application, in the concerned ward.

Further, 1<sup>st</sup> July, 2013, no security would be required to be furnished by the dealers for applying registration with the Department, till further orders.

[Source: Notification No. No.F.7(453)/Policy/VAT/2012/298308; dated;18-06-2013]

#### *Ruling under section 85 of DVAT Act, 2004 in respect of Sun Glasses*

As per ruling, “The sunglasses are not covered under entry no. 115 of Schedule III of DVAT Act, 2004 and are unspecified item, hence covered under section 4 (1) (e) of the Delhi Value Added Tax Act, 2004. So, the rate of tax in respect of sunglasses is 12.5% and not 5%”

This ruling is only clarificatory in nature and hence shall be in force from retrospective effect i.e. with effect from 01.04.2005, the day, the DVAT Act and DVAT Rules came into force.

[Source: NOTIFICATION No. No. 337/CDVAT/2013/163 Dated: 11-6-2013]



## COMPANY LAW UPDATES

### ➤ Case Laws

#### *Name Availability Guidelines, 2011-Registration of Electoral Trusts as Companies under section 25 of the Companies Act, 1956*

In continuation to the Ministry's circulars no. 45 dated 08.07.2011, 48/2011 dated 22.07.2011 and 07/2012 dated 25.04.2012 on the subject cited above and Para no. 9 (iii) of General Circular No.45 dated 08.07.2011 is modified.

Name including phrase '**Electoral Trust**' may be allowed for registration of companies to be formed under section 25 of the Companies Act, 1956 under the Electoral Trusts Scheme, 2013 as notified by the Central Board of Direct Taxes (CBDT). However, the company to be formed under section 25 of the Act, shall be the new company and such company will be required to comply with section 293-A of the Act. Further, name application may be accompanied with an affidavit to the effect that the name to be obtained shall be only for the purpose of registration of companies under Electoral Trust Scheme as notified by the CBDT.

[Source: General Circular No. 12/2013 dated 28<sup>th</sup> June, 2013]



## *RBI Updates*

### ➤ **Circular/Notification/Guidance**

#### *Foreign investment in India by SEBI registered Long term investors in Government dated Securities*

It has now been decided in consultation with Government of India to enhance the limit for foreign investment in Government dated securities with USD 5 billion to USD 30 billion with immediate effect. The enhanced limit of USD 5 billion will be available only for investments in Government dated securities by long term investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks.

[Source: RBI/2012-13/530 A.P. (DIR Series) Circular No.111 dated 12<sup>th</sup> June, 2013]

#### *Foreign Direct Investment – Reporting of issue / transfer of Shares to/by a FVCI*

In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, transfer of equity shares / fully and mandatorily convertible debentures/ fully and mandatorily convertible preference shares (hereinafter referred to as ‘shares’) of an Indian company, from a person resident outside India (non-resident) to a person resident in India (resident) or vice versa, has to be reported to an Authorized Dealer bank within 60 days of transactions. Further, the receipt of consideration for issue of shares as well as the issue of shares of an Indian company, to a non-resident has to be reported to the Reserve Bank of India through an Authorized Dealer bank within 30 days of the transaction.

It has been observed that SEBI registered FVCIs making investments in an Indian Company under FDI Scheme in terms of Schedule 1 of Notification No. FEMA.20 / 2000 - RB dated May 3, 2000, as amended from time to time, also report the same transaction under Schedule 6 of the Notification *ibid*, resulting in double reporting of the transaction.

It is clarified that wherever a SEBI registered FVCI acquires shares of an Indian company under FDI Scheme in terms of Schedule 1 of Notification No. FEMA 20 / 2000-RB dated May 3, 2000, as amended from time to time, such investments have to be reported in form FC-GPR/FC-TRS only, as applicable. Where the investment is under Schedule 6 of the Notification *ibid*, no FC-GPR/FC-TRS reporting is required. Such transactions would be reported by the custodian bank in the monthly reporting format as prescribed by RBI from time to time.

A SEBI registered FVCI while making investment in an Indian company may determine upfront whether the said investment is under FDI or FVCI scheme and report accordingly. For the guidance of FVCI investors, a suitable remark in Para 3(4) and 5(a)(4) of form FC-GPR and Para 4(4) and Para 5(4) of form FC-TRS, has been incorporated, which would read as follows:

*‘The investment/s made by SEBI registered FVCI is/are under FDI Scheme, in terms of Schedule 1 to Notification No. FEMA 20 dated May 3, 2000.’*

[Source: RBI/2012-13/529 A.P. (DIR Series) Circular No.110 dated 12<sup>th</sup> June, 2013]

#### *Export of Goods and Services- Realization and Repatriation period for units in Special Economic Zones (SEZ)*

In terms of provisions of Para A of A. P. (DIR Series) Circular No. 91 dated April 1, 2003, time limit for realization and repatriation of export proceeds, for the exports made by units in Special Economic Zones

(SEZs), was done away with. It has now been decided that the units located in SEZs shall realize and repatriate, full value of goods/software/services, to India within a period of **twelve months** from the date of export. Any extension of time beyond the above stipulated period may be granted by Reserve Bank of India, on case to case basis.

[Source: RBI/2012-13/527 A.P. (DIR Series) Circular No. 108 dated 11<sup>th</sup> June, 2013]

### ***NBFCs not to be Partners in Partnership Firms- Clarifications***

NBFCs were advised vide CC No. 214/03.02.002/2010-11 dated March 30, 2011 that they are prohibited from contributing capital to any partnership firm or to be partners in partnership firms. In cases of existing partnerships, NBFCs were advised to seek early retirement from the partnership firms. In this connection certain clarifications are being made as given below:

- a) Partnership firms mentioned above will also include Limited Liability Partnerships (LLPs);
- b) Further, the aforesaid prohibition will also be applicable with respect to Association of persons; these being similar in nature to partnership firms.

Non-Banking Financial Companies which had already contributed to the capital of a LLP/Association of persons or was a partner of a LLP/Association of persons are advised to seek early retirement from the LLP/Association of persons.

[Source: RBI/2012-13/526DNBS.PD/CC.No. 328 /03.02.002/2012-13 dated 11<sup>th</sup> June, 2013]



### ***Legal Audit of title documents in respect of large value loan accounts***

As per the circular DBS.CO. FrMC. BC .No. 11/ 23.0.001/ 2010-11 dated June 30, 2011 banks are required to put in place a system wherein the concurrent auditors were required to look into and report, inter alia, on the genuineness of the title documents especially for large value loans. On a review, it has been decided that the banks should also subject the title deeds and other documents in respect of all credit exposures of Rs. 5 crore and above to periodic legal audit and re-verification of title deeds with relevant authorities as part of regular audit exercise till the loan stands fully repaid.

The banks may furnish a review note to its Board/ Audit Committee of the Board at quarterly intervals on an ongoing basis giving therein the information in respect of such legal audits which should cover aspects, inter alia, like number of loan accounts due for legal audit for the quarter, how many accounts covered, list of deficiencies observed by the auditors, steps taken to rectify the deficiencies, number of accounts in which the rectification could not take place, course of action to safeguard the interest of bank in such cases, action taken on issues pending from earlier quarters.

[Source: RBI /2012-13/524 DBS.FrMC.BC.No.7/23.04.001/2012-13 dated 07<sup>th</sup> June, 2013]

***Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Ninth Amendment) Regulations, 2013***

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes amendments in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated 3rd May 2000). These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by A Person Resident outside India) (Ninth Amendment) Regulations, 2013.

[Source: Notification No.FEMA.278/2013-RB dated 07<sup>th</sup> June, 2013]





## CORPORATE FINANCE

### ➤ Latest News

#### *Private Equity*

##### **Myntra Raises Funds From Existing Investors**

Bangalore based e-commerce venture Myntra had raised around \$25 Mn investment from existing investors like Tiger Global and Accel Partners among others. The company plans to use the investment raised to improve its back end infrastructure and to expand its operations across the country.

[Source: Medianama, June 3, 2013]

##### **Cartica Capital Invests In TTK Prestige**

Cartica Capital is investing R106.5 Cr in TTK Prestige, through preferential allotment. TTK Prestige will issue 3,00,000 shares of R10 each at a premium of R3540 per share aggregating to R106.5 Cr. Set up in 1955, TTK prestige - a flagship company of TT Krishnamachari group, is among the leading brands in the kitchen equipment space, especially in the pressure cooker segment. TTK has a diversified product profile, with 37% of its revenues coming from pressure cookers, about 20% from cookware, and the remainder from gas stoves and appliances.

[Source: BSE, June 3, 2013]

##### **ChrysCapital Infuses Capital In CavinKare**

Chennai based FMCG player, CavinKare has raised R250 Cr in a structured deal from ChrysCapital for an undisclosed stake. The raised funds will be used in strengthening and expanding its existing brand portfolio ranging from shampoos, fairness cream, hair colors, deodorants, dairy, snacks, foods and beverages.

[Source: Economic Times, June 4, 2013]

##### **ReNew Power Raises Funds From Goldman Sachs**

ReNew Wind Power has raised additional \$135 Mn from Goldman Sachs. In 2011, Goldman Sachs invested around \$200 Mn in the company. Renew Power plans to develop 1000 MW of Renewable Energy projects by 2015.

[Source: Economic Times, June 5, 2013]

##### **Snapdeal Raises Funds From Venture Capital Firms And Angel Investors**

Snapdeal has raised money from three venture capital firms – Intel Capital, ruNet and Saama Capital along with angel investors to close a \$50 Mn (R280 Cr) round of funding that began in April with investment by eBay.

[Source: Economic Times, June 6, 2013]

##### **IL&FS Divests Stake In Bhartiya City**

PE fund IL&FS has exited its investment in Bhartiya City. In 2007, IL&FS had invested R150 Cr for a 26% stake in Bhartiya Urban Infrastructure and Land Development. It has made over R300 Cr on the



investment. Bhartiya International is building a R7000 Cr project under the SPV Bhartiya Urban Infrastructure in North Bangalore.

[Source: Economic Times, June 7, 2013]

### **Oaktree Capital Invests In Cogent Glass**

US-based investment firm Oaktree Capital Management has bought about 60% in Hyderabad based Cogent Glass Limited for an estimated enterprise value of R200 Cr, BS states. Jean Rollier of Oaktree has been appointed non-executive chairman of Cogent's board. Founded in 2010, Cogent offers complete solution of Type I glass primary packaging in tubular and moulded, catering to all glass needs for pharmaceutical companies. It has a plant located in Addakal near Hyderabad.

[Source: Business Standard, June 11, 2013]

### **DEG Invests In Super Specialty Hospital Chain - Ivy**

German developmental finance institution DEG has invested R70 Cr (\$12 Mn) in Ivy Hospital, a Mohali based super specialty hospital chain. The funds raised will be utilized to set up more hospitals in north India including Bathinda, Amritsar, Hoshiarpur, Simla, Karnal and embark on a multiphase expansion.

[Source: Indian Express, June 11, 2013]

### **BanyanTree Growth Capital Invests In Atria Brindavan Power**

BanyanTree Growth Capital ("BTGC") II LLC has invested R500 Mn in Atria Brindavan Power Limited ("ABPL"), a Bangalore-based renewable power generation company. ABPL set up in 2000 by the Atria group, focuses on Small Hydel Power ("SHP") plants and has demonstrated a strong track record of constructing SHP projects.

[Source: Vccircle, June 13, 2013]

### **NVP Invests In Snowman Logistics**

Norwest Venture Partners is investing R60 Cr in Snowman Logistics for about 14% stake in the company. Further, Gateway Distriparks has executed a SPA with IFC to acquire about 5 % (Pre-NVP investment) of IFC's stake in Snowman Logistics for about R18 Cr. Snowman Logistics is an integrated temperature-controlled logistics provider with a pan-India presence. Its primary business lines are: Storage, Transportation and Consignment agency.

[Source: BSE Filing, June 14, 2013]

### **JLL Investment Closes First Round Of Its Maiden Real Estate Fund**

Jones Lang LaSalle's Segregated Funds Group has achieved the first close of its maiden real estate fund in India. The Residential Opportunities Fund - I, had raised R101 Cr commitments in its first closing, in line with the R300 Cr total fund raising target. The fund will invest in the residential sector in prominent location across seven cities in India, namely Delhi NCR, Mumbai Metropolitan Region (MMR), Bengaluru, Chennai, Kolkata, Hyderabad and Pune.

[Source: Economic Times, June 18, 2013]

### **Macquarie To Acquire Stake In Prime Focus**

Macquarie Group is investing R313 Cr in Prime Focus World NV, the creative services division of Prime Focus Limited. The funds raised will be used to build out global creative services platform, near term strategic acquisitions and deleveraging debt in the parent company.

[Source: Money Control, June 21, 2013]

### **TA Associates Invests In Fractal Analytics**

TA Associates is investing R150 Cr for a minority stake in Mumbai based data analytics provider - Fractal Analytics. The funds will be used for expansion into other geographies, grow its sales team and build more products with intellectual property rights.

[Source: Economic Times, June 24, 2013]

### **Nereus Capital Raises \$100 Mn For India Fund**

Nereus Capital Management LLC has raised as much as \$100 Mn for its Nereus Capital's India Alternative Energy Fund from Northern Lights Capital Group LLC and the U.S. Agency for International Development. The funds raised would be used in constructing facilities to produce 400 MW of energy through - wind, hydropower and solar utilities.

[Source: Business Week, June 24, 2013]



## ***Merger & Acquisition***

### **Aditya Birla Chem Acquires Chlor - Alkali Biz From Solaris Chemtech**

Aditya Birla Chemicals has acquired the Chlor-Alkali & Phosphoric Acid Division of Solaris Chemtech Industries for a cash consideration of R153 Cr. The acquisition will enable Aditya Birla Chemicals to enter into Southern Indian market as well as the addition of phosphoric acid to its current product portfolio. The acquisition cost and proposed capital expenditure will be funded through a mix of internal accruals and debt.

[Source: Deal Curry, June 3, 2013]

### **Tilaknagar Industries Exits From Shivprabha Sugars**

Tilaknagar Industries has divested its stake in its subsidiary Shivprabha Sugars. Solapur-based Shivprabha Sugars had obtained the necessary permissions for setting up - 2500 TCD sugar plant, 30 KLPD distillery and 12 MW co-gen power plant.

[Source: BSE Filings, June 3, 2013]

### **OnMobile Global Acquires Livewire Mobile**

OnMobile Global is acquiring US based Livewire Mobile, a provider of end to end managed mobile entertainment solutions for network operations and consumer device manufacturers. Post acquisition, Livewire Mobile will be called OnMobile Live Inc, a 100% subsidiary of OnMobile LLC, US. OnMobile LLC, US will pay \$17.8 Mn as the consideration for purchase of LiveWire's business assets and certain liabilities, subject to certain contingent payments.

[Source: Economic Times, June 4, 2013]

### **Axis IT&T Acquires Studec Technologies**

Axis-IT&T Limited is acquiring Studec Technologies through its subsidiary – Cades Digitech Private Limited. The deal enable Cades and Studec to offer to customers, the dual advantages of European Standards Quality & Delivery at Indian costs as well as compliance with the Indian Defence Offset requirements.

[Source: BSE Filings, June 5, 2013]

### **NeST Group Acquires Tyco's Indian Unit**

NeST Group has bought the tool room of American manufacturing company Tyco's Indian arm, Tyco Electronics Tools (India) Pvt. Ltd., located at Cochin SEZ. The financial details remain unknown. Estimates suggest the company is planning to invest R60-70 Cr for upgradation which would bring the total cost of buying and upgrading to R150 Cr.

[Source: Times of India, June 10, 2013]

### **Cleantech Energy Firm P2 Solar Acquires Two Indian Projects**

P2 Solar, developer of solar PV power projects, has acquired two projects in India. Earlier last month it acquired a renewable energy project to develop a mini-hydro facility in Punjab and the second one is a 500 KW mini-hydro facility located immediately downstream from its previously announced project.

[Source: Deal Curry, June 11, 2013]

### **Finland's Fortum Acquires A Solar Project In Rajasthan**

Energy generation company, Fortum has bought a 5-MW PV solar power plant in Rajasthan. The financial details of the acquisition remain unknown. The power plant's peak capacity is 5.4 MW and its annual production is around 9 gigawatt-hours. It was built as part of the Jawaharlal Nehru National Solar Mission (JNNSM), the Indian government's initiative for 22 gigawatts of installed solar power generation capacity by 2022.

[Source: Deal Curry, June 12, 2013]

### **Apollo Tyres Acquires Cooper Tire & Rubber Co.**

Large Indian tire company, Apollo Tyres makes news by acquiring American tire firm, Cooper Tire & Rubber Company in one of the high values deal of the year. Its an all cash deal. The combined entities will raise \$2.5 Bn from bond sales with maturity going on till eight years and Apollo's new debt exposure will be around \$450 Mn. Part of the funds will be raised through asset-backed loans.

[Source: Economic Times, June 13, 2013]

### **Delhivery Buys Cash Collection Service From Gharpay**

Logistics service and supply chain provider - Delhivery has acquired the cash collection service of Gharpay, a Bangalore based doorstep payment network.

[Source: Deal Curry, June 14, 2013]

### **M&M Set To Acquire Stake In CIE Automotive**

Mahindra & Mahindra is set to pick up 13.5% stake in Spain's auto component maker CIE Automotive for Euro 96.24 Mn (R740 Cr). M&M will merge all its auto components businesses into Mahindra Forgings. Mahindra Forgings will be renamed Mahindra CIE Automotive, where the Spanish auto components maker will hold 51.1% and Mahindra 20.2%.

[Source: BSE Filings, June 17, 2013]

### **ENOIA Acquires Babcock Borsig Softech**

ENOIA BV, the engineering arm of Dubai-based Future Group Holdings S.A. SPF (FGH), has acquired Chennai-headquartered Babcock Borsig Softech Pvt Ltd. The acquisition is in line with ENOIA strategy to develop international centers of excellence in high end engineering services. This acquisition will allow the company to further diversify their services and drive greater growth in the engineering business.

[Source: Deal Curry, June 19, 2013]

### **Ibibo Group Acquires Redbus**

Ibibo Group, a JV between South African company Naspers and Chinese software company Tencent, has acquired RedBus for an undisclosed amount. This acquisition will expand and diversify ibibo Group's existing travel assets Goibibo.com and TravelBoutiqueOnline.

[Source: Livemint, June 21, 2013]

### **Customers Bancorp To Buy Stake In Religare Enterprises**

Customers Bancorp Inc is acquiring stake in Religare Enterprises for \$51 Mn through combination of primary and secondary market investment. The deal is an attempt to bring the promoters stake down to 49% in order to meet the norms of a bank licence.

[Source: Business Today, June 27, 2013]

### **Amtek Acquires Majority Stake In JMT Auto**

Amtek Auto has acquired 51.27% stake in JMT Auto for R110 Cr, BSE filing states. This acquisition would add to their plant facilities which will enable the company to optimize the production across auto and non-auto sectors thus increasing the company's margins. The company would fund the entire

transaction through internal cash accruals and debt. It has made an open offer to acquire up to 3.74 Mn equity shares constituting 26% of the fully paid up equity share capital of the JMT Auto.

[Source: BSE Filings, June 28, 2013]

### **Shree Ganesh Jewellery Raises Funds From Prograss Investments**

Prograss Investments is investing R150 Cr in Shree Ganesh Jewellery House. The proceeds of the issue will be utilised to enhance the long-term financial resources which will enable the company to improve its operating performance.

[Source: BSE Filings, June 28, 2013]



### ***Venture Capital***

#### **SIDBI Invests In DICCI SME Fund**

The DICCI SME Fund, a venture capital fund initiated by the Dalit Indian Chambers of Commerce and Industry has received SEBI's approval to raise R500 Cr for 10 years through close ended fund.

[Source: Indian Express, June 4, 2013]

#### **Housing.co.in Raises Funds From NVP**

Real Estate portal Housing.co.in has raised \$2.5 Mn from Nexus Venture Partners. The funds raised will be used to open a Data Science Lab (DSL), build new technologies to the portal and strengthen its technology and data sciences teams.

[Source: yourstory.in, June 4, 2013]

#### **TastyKhana Secures Investment From Delivery Hero**

Online food ordering service - TastyKhana has secured \$5 Mn investment from Delivery Hero, and it also announced strategic partnership with the DeliveryHero. Founded by Shachin Bharadwaj and Sheldon Dsouza in 2007, Tastykhana provides one-stop solution for any food related requirement. It has partnered with 1000 restaurants In Mumbai and associated with more than 3,000 restaurants across the seven cities it operates in.

[Source: Next Big What, June 13, 2013]

#### **PeopleStrong Raises Funds From HDFC, Lumis Partners**

HDFC Holdings and Lumis Partners have made investment in PeopleStrong, HR outsourcing and technology company. The funds raised will be used to strengthen the company's Asia operations, to upgrade technology and the account management verticals.

[Source: Business Standard, June 13, 2013]

### **Amagi Media Raises Funds From Mayfield Fund, Existing Investors**

Bangalore based Spot-Ad firm – Amagi Media has raised about R30 Cr from Mayfield Fund and existing investors Nadathur Investments and Ojas Venture Partners. As a part of deal, Vikram Godse from Mayfield has joined the board of Amagi.

[Source: Deal Curry, June 17, 2013]

### **Little1 Raises Funds From Radix Group**

Online baby record book startup, Little1 has secured an investment from the Radix group to enhance their website. Launched by Kolkata based, Oneup Ventures, Little1 helps new parents to preserve their child's moments in a beautifully designed custom Baby Record Book online and Share it online securely with family & friends.

[Source: yourstory.in, June 19, 2013]

### **Blume Ventures, Mumbai Angels Invest In Weareholidays**

Blume Venture Capital, Mumbai Angels, along with MakeMyTrip co-founder Sachin Bhatia and a group of undisclosed angels have invested undisclosed amount in Weareholidays, a holiday recommendation startup. The funds raised in the seed round will be used for product development, content and back-end integration.

[Source: Iamwire, June 21, 2013]

### **GrowthStory Invests In OnlinePrasad**

OnlinePrasad, a web portal which delivers prasad from any temple in the country to devotees has raised undisclosed funding from GrowthStory, an investment arm of serial technology entrepreneurs, K Ganesh and Meena Ganesh.

[Source: Times of India, June 24, 2013]

### **Online Shopping Search Engine - Buyt Raises Funds**

Buyt, a search engine which helps users to find the best deals online has raised \$1 Mn from undisclosed digital marketing company based in Delhi-NCR. The company will utilize the funding to expand team size, optimize website, and expand to international markets.

[Source: Iamwire, June 26, 2013]





## *NEW APPOINTMENTS*

We are pleased to announce the following new appointments to Team RNM:-



### **CA Ashwani Mishra**

**Executive Director – Internal Audit.** B.Com. FCA having 15 years of post qualification experience has been a partner in leading Audit firms specialising in the field of Audit & Assurance services. He since qualification, has had varied exposure in rendering services to the Corporate sector in the business of Auto components, Real Estate, Hospitals, Infrastructure, Power Generation, Hotels etc. He has Joined Team RNM in July 2013 as an Executive Director in charge of Internal Audit.

### **Amit Kumar**

**Sr. Associate – Taxation:** Amit Kumar Post Graduate from Delhi University in 2012 and completed his articleship training from Puneet Puri & Co. After qualifying as a Chartered Accountant in Nov 2012 Amit was associated with M/s Puneet Puri & Co. He has joined team RNM as Sr. Associate – Taxation in July 2013.

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