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## GAAR IN PRESENT SCENARIO

Tax Avoidance is an area of concern across the world. The rules are framed in different countries to minimize such avoidance of tax. Such rules in simple terms are known as "General Anti Avoidance Rules" or GAAR. Thus GAAR is a set of general rules enacted so as to check the tax avoidance.

Announcing the decision to defer the so-called General Anti-Avoidance Rules, or GAAR, Finance Minister P Chidambaram said that the government had "accepted the major recommendations with some modifications" of a high-level committee headed by noted tax expert Parthasarathi Shome, to attract foreign investors.

As per the recent news, the government has deferred the implementation of controversial tax-avoidance rules until 2016, to the relief of markets and industry, which is in India is right now very low.

When these rules unveiled in last March, during Annual Budget, it was very much criticised and so Govt. was forced to delay of the implementation of GAAR.

Industry cheered the deci-

sion to delay GAAR's implementation by two more years, and in the stock markets, the benchmark BSE Sensex jumped by 243 points to close at a two-year high.

The GAAR rules sought to clamp down on tax avoidance by denying tax benefits to any arrangement entered into with the sole ob-



jective of avoiding taxes. Although these were targeted mainly at investments routed into India through tax havens and countries such as Mauritius, investors feared these rules would leave too much discretionary powers in the hands of tax officials and lead to harassment.

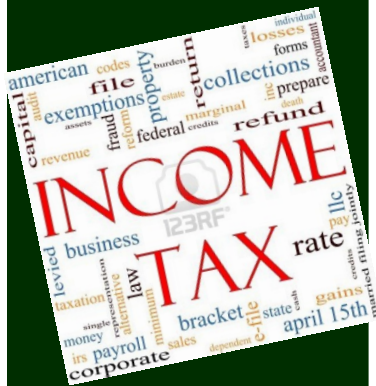
Prime Minister Manmohan Singh, who temporarily took charge of the finance ministry following the resignation of Pranab Mukherjee to contest presidential elections on 19<sup>th</sup> July, 2012, set up the panel of experts

under Parthasarathi Shome to review GAAR. This committee, in its report to the finance ministry, had suggested a three-year deferral of the rules to give more time for effective implementation, but this was resisted by the Central Board of Direct Taxes, forcing the government to find a middle ground, that result a two year delay.

The GAAR rules, when they come into force, will not apply to foreign institutional investors who do not take any benefit under a tax pact, leaving open the possibility that it could apply to investors using Mauritius as their base.

The Central Government has carefully considered the report of the Expert Committee on General Anti Avoidance Rules (GAAR) and accepted the major recommendations of the Expert Committee with some modifications.





The principle of GAAR was incorporated in the Direct Taxes Code which was introduced as a Bill in Parliament on August 30, 2010.

Pending consideration of the Bill, the Income-tax Act, 1961 was amended by Finance Bill, 2012 to add Chapter X-A titled 'General Anti-Avoidance Rule'. It became part of the law when the Finance Bill was passed by Parliament. Draft GAAR guidelines were also published. Under the current provisions, Chapter X-A would come into force with effect from April 1, 2014.

A number of representations were received against the provisions contained in Chapter X-A. Hence, on July 13, 2012, the Prime Minister approved the constitution of an Expert Committee on GAAR to undertake stakeholder consultations and finalize the guidelines for GAAR.



## Conclusion

The implication of GAAR will be provoking our Income Tax Act for a better result. We sincerely hope that whatever decision Govt. of India has taken works in the favour of our nation as we feel that country comes first always and every time whereas same may not be said about politics prevailing in our country where at times personal goals comes before the nation. The market is optimistic that it will keep on getting the money being invested in the market and bullish trajectory will continue but as a nation we have to rise above the petty gains and let us all together make India a force to reckon with and people talk about our nation as a developed country and not as a developing country.

# NEWS WATCH



## Tata Tele's Q3 net loss widens to Rs 197.16 cr

Tata Teleservice (Maharashtra) today said its net loss has widened to Rs 197.16 crore in the three months ended December 2012, mainly due to foreign exchange related accounting adjustments and financing costs.

Tata Teleservice (Maharashtra), which provides telecom services, had reported net loss of Rs 144.62 crore for the same period a year ago.

In the period under re-

view, the company's finance cost stood at Rs 138.20 crore and it incurred a charge of Rs 91.74 crore related to accounting adjustments



in foreign exchange.

There was also an increase in network operation cost by 27 per cent at

Rs 159.43 crore during the reported quarter compared to Rs 125.29 crore for the same period a year ago.

The revenue, however, increased by 4.19 per cent to Rs 651 crore from Rs 624.72 crore in the year ago period.

"The Company maintained a strong focus on wireless broadband services. Its VAS (Value added services) and data revenues accounted for 37 per cent of total wireless revenues in Q3 FY13," the company said in a statement.

## RBI rate cut effect: National Housing Bank cuts lending rate by 0.25 pc

National Housing Bank (NHB), the regulator for housing finance companies, today reduced its benchmark lending rate by 0.25 per cent to 9.75 per cent, within hours of RBI key policy rate cut, thereby setting the pace for cheaper home loan rates.

"The floating rate Prime Lending Rate (PLR)-linked refinance portfolio of NHB will now be repriced at 0.25 per cent

less," the regulator said in a statement.

Earlier in the day, RBI reduced short-term lending rate called repo by 0.25 per cent to 7.75 per cent and cash reserve ratio (CRR) by similar margin to 4 per cent, releasing Rs 18,000 crore primary liquidity into the system.

Also the NHB, decided

to reduce interest rate on special refinance scheme by 0.25 per cent. The scheme provides long term fixed rate refinance at affordable rates of interest for construction or purchase of houses in urban areas to people in the lower income segments, including those engaged in the informal sector.

## RIL to raise up to \$500 million in perpetual bonds

Reliance Industries is raising up to \$500 million (Rs 2,701 crore) through perpetual bonds from investors abroad to fund its petrochemical expansion and oil and gas exploration activities in India. Reliance is expected to price the bonds at six per cent, which can be bought back by the company after five years.

Reliance is one of the top fund raisers from India in the foreign markets forexpansion projects. The company has planned expansion of its petrochemicals complex, which will cost it close to \$10 billion. In CY12,

Reliance was one of corporate India's biggest fund raisers abroad, by raising close to \$4 billion till date. Perpetual bonds do not have any maturity date.

The company is sitting on a cash pile of Rs 75,000 crore and is using the low interest rates in the markets to cut costs of its debt, a banker advising Reliance said. The banker said if the response is good, the company may look at the option of increasing the size of the bond issue. Soon after its third quarter results, Reliance said that it expected KGD6 gas volumes to weaken till FY15, pending completion of booster

compressors at D1-D3 fields. Reliance is drilling a development well in the satellite fields and plans to file an integrated field development plan ( IFDP) in the current quarter. When developed, IFDP will drive new volumes after FY16. Meanwhile, Standard & Poor's (S&P) ratings services assigned its 'BBB' long-term issue rating to Reliance's proposed US-dollar-denominated senior unsecured perpetual notes.



## DLF sells wind turbine project in Gujarat for Rs. 282 cr

Country's largest real estate player has sold off its 150MW wind turbine project in Gujarat to Bharat Light and Power for Rs 282.30 crore as part of its strategy to exit from non-core business.

"The company has entered into definitive business transfer agreement with BLP Vayu (Project 1), a subsidiary of Bharat Light & Power, for transferring of its undertaking comprising of 150MW capacity wind turbines situated at Kutch, Gujarat on 'as is where is basis' by way of slump-sale for a lump sum consideration of Rs 282.30 crore," DLF said in a filing to Bombay Stock Exchange.

The company has 227 MW capacity wind turbine projects in 4 states engaged in generation and sale of electricity. Besides Gujarat, it has wind turbine projects in Rajasthan (34MW), Tamil Nadu (33MW) and Karnataka (11MW), which is likely

to be sold off soon. The total valuation is estimated to be around Rs 800-900 crore.

This is the third major deal by the country's largest realty firm in last six months, all three being the biggest non-core assets of the company. In August last year, DLF had sold a 17-acre land in Mumbai to Lodha Developers for Rs 2,727 crore. In December 2012, it announced sale of Amanresorts back to founder Adrian Zecha for about Rs 1,650 crore.

DLF had said it would bring down its net debt to Rs 18,000 crore by end of March 2013, from Rs 23,220 crore as of September 30, 2012 with the sale of its non-core assets. The developer is looking at cutting its net debt to Rs 15,000 crore in another year or so.

Besides, DLF is also targeting a significant pick-up in launches during 2013-14. While the thrust will be on pan-India residential, office and retail

launches too will add up to make for the realtor's project mix of 12 to 16 million sq ft during the coming year. "It's time to get down to business," Rajeev Talwar, group executive director, DLF, had told Business Standard.

To achieve that, the company may offload some more non-core assets that it has in the form of plots which have remained unused across NCR and other parts of the country and a few hotels as well. The realtor is also eyeing 20 per cent increase in rental in leasing office and retail space, to garner Rs 3,000 crore by the end of 2015, from Rs 2,000 crore currently.

DLF Ltd. LIVE on NSE





## COMPANY SECTION

### SBI Capital Market Limited



Founded	August 1986
Headquarters	Mumbai, India
Area served	India
Key people	Arundhati Bhattacharya, MD & CEO Rajeev Krishnan, President & COO
Services	Corporate finance
Website	<a href="http://www.sbicaps.com">www.sbicaps.com</a>

SBI Capital Markets (SBICAPS) is an investment bank founded in August 1986. It is a wholly owned subsidiary of State Bank of India (SBI).

Following the crash in MS Shoes share prices in March 1995, the Central Bureau of Investigation (CBI) started an investigation. In June 1997 the CBI sought permission from the government to lay charges against senior officials of the Securities and Exchange Board of India and SBI Capital Markets. The CBI alleged that senior officials had violated many guidelines and in the process had cheated investors.

### COMPANY INFO



SBI Capital Markets Ltd (SBICAP) is one of oldest companies in the capital markets of India. The bank has also attained the topmost market position in the capital market in India. SBI Capital Markets Ltd was set up in the year 1986 as a fully owned ancillary of the State Bank of India,

the biggest Indian commercial bank. The SBI Capital Markets Ltd is the trailblazer in the concept of securitisation and privatization. It is ranked as the 2nd in Project Advisory services in the Asia Pacific region. The company also received the Outlook Money's Best Merchant Banker Award in 2004. In January 1997 the Asian Development Bank acquired a 13.84% equity stake in SBICAPS. This share was repurchased by State Bank of India in March 2010. In January 2006 SBICAP and the

international investment banking group CLSA announced a two-year partnership to work on large joint deals in equity capital and mergers & acquisitions. In September 2006 SBI Caps announced that it had set up a \$100 million venture fund in partnership with the venture capital division of SBI Holdings of Japan. Air India ran into serious financial difficulties, and in July 2009 SBICAPS was asked by Civil aviation minister Praful Patel to prepare a road map to bring the carrier back into profitability.

# KNOWLEDGE JOCKEY

## Austerity

Economic policy aimed at reducing a government's deficit (or borrowing). Austerity can be achieved through increases in government revenues - primarily via tax rises -and/or a reduction in government spending or future spending commitments.

## Basel Accords

The Basel Accords refer to a set of agreements by the Basel Committee on Bank Supervision (BCBS), which provide recommendations on banking regulations. The purpose of the accords is to ensure that financial institutions have enough capital to meet obligations and absorb unexpected losses.



## Certificate of Deposit (CD)

An interest-bearing bank receipt for a specified amount of money (CD's usually mature between three months and three years. The interest rate depends on the amount of money and length of time of the deposit).

## Junk Bond

A weak bond, rated BB or lower, that has a high default risk, and thus carries a high interest rate.

## National Association of Securities Dealers Automated Quotations System (NASDAQ):

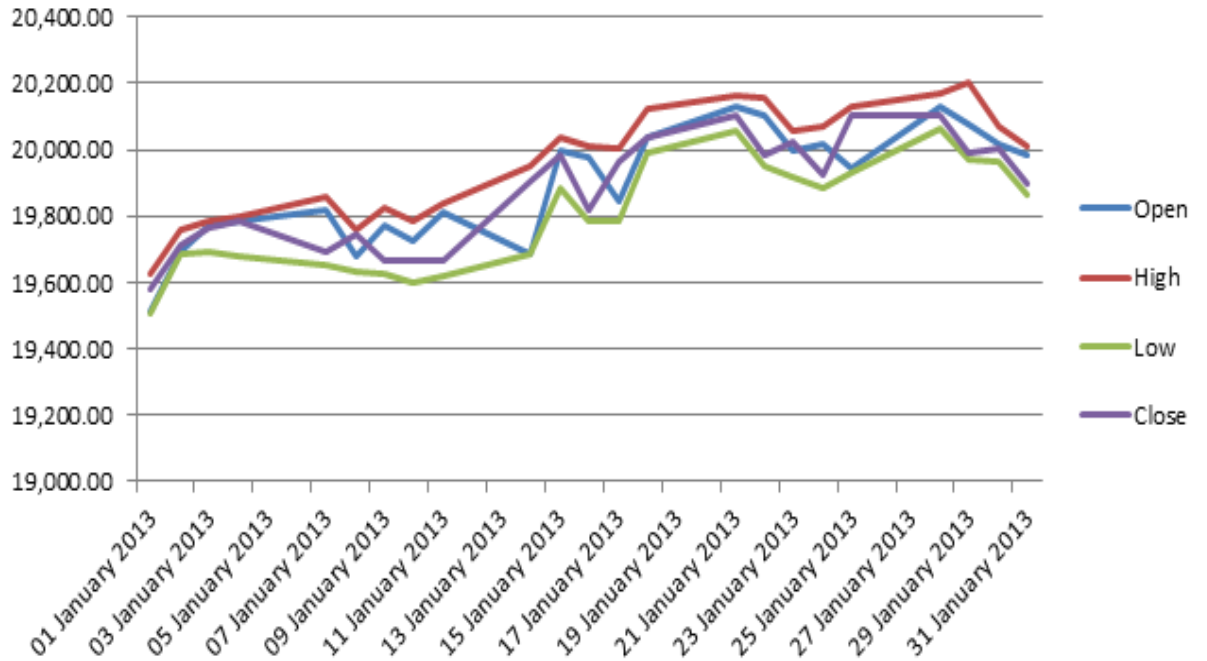
A "virtual stock exchange"--that is, a stock market without a trading floor whose orders are made through a computer network (Usually, high-tech stocks are listed here).

## New York Stock Exchange (NYSE):

The largest stock exchange in the U.S. located in New York City (Also known as "Wall Street," this stock exchange carries stocks of well-established companies on its trading floor.

# Market Watch

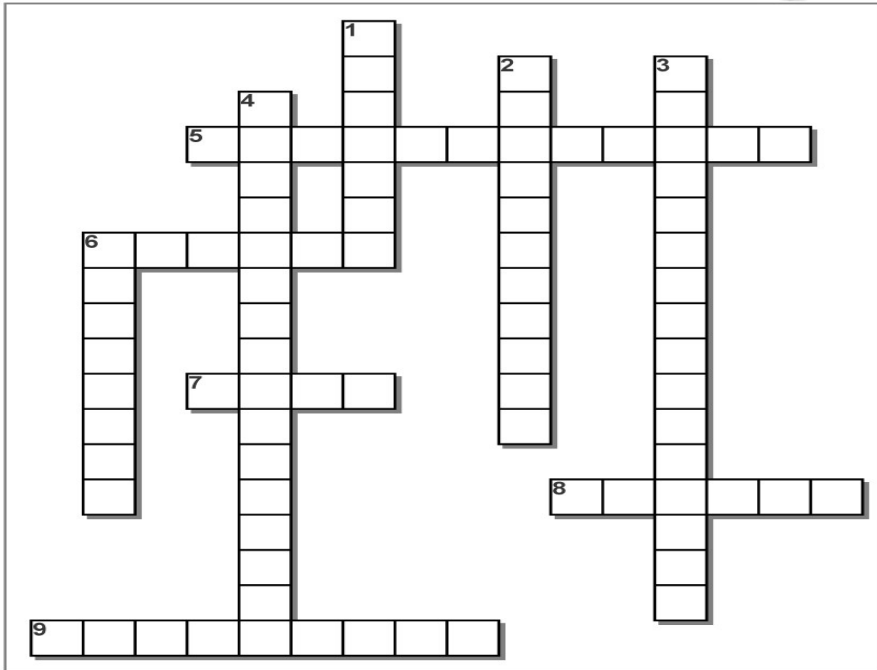
**SENSEX**



**RBI RATES**

<b>BANK RATE</b>	<b>9%</b>
<b>REPO RATE</b>	<b>8%</b>
<b>REVERSE REPO RATE</b>	<b>7%</b>
<b>CRR</b>	<b>4.75%</b>
<b>SLR</b>	<b>23%</b>

# Brain Storming



Across:

- 1. money going out.
- 2. what you owe.
- 3. expenses that vary each month.
- 4. No clue entered.
- 6. cost of borrowing money.

Down:

- 5. small expenses you do not realize add up.
- 6. money coming in.
- 7. money you owe.
- 8. No clue entered.

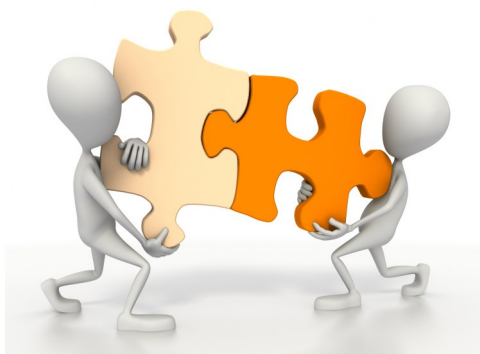
IDENTIFY THE PERSON



ANSWER TO LAST  
PERSONALITY

**Ed Bradford**

ANSWERS TO LAST  
CROSSWORD



1D	E	2B	T	O	3R		4E	5Q	U	I	T	6Y
E		A			E			U				I
7F	I	S	C	A	L		8D	I	V	9I	D	E
E		E			I			D		N		L
R					E					T		D
				10I	N	F	11L	A	T	12I	O	N
13A							E			N		14R
15C	O	S	16T				S			17H	I	R
C			R			18I	S	S	U	E		B
O			E				O			R		A
19U	N	K	N	O	W	N				I		T
T			D							T		E
20T	R	U	S	T	S		21A	S	S	E	T	S





## Meera Sanyal

A professional banker since 1984, Meera is the Chairperson and Country Executive for Royal Bank of Scotland Group (RBS Group) in India. Prior to this, she was the Chief Operations Officer for the Asia Pacific region for RBS Group. In 2001, she set up ACES, the bank's Global Shared Services company. She joined RBS in 1992 to head up its Investment banking division from Lazard. Through the activities of the RBS Foundation, which Meera chairs, several projects that aim both to alleviate pov-

## SUCCESS STORY

erty and conserve biodiversity (especially in endangered tiger habitats), as well as promote watersheds and sequester carbon through working with tribals and marginal farmers in degraded land areas have been undertaken.

In recognition of her initiatives on Financial Inclusion & Sustainability, she has been appointed the Chairperson of FICCI's Financial Inclusion Committee and nominated to TERI's Business Sustainability Council. Meera has a deep interest in education and skill development and serves on the National Advisory Board of AIESEC India, and is a Board Member of Jaihind College in Mumbai. In Sept 2011, she was invited by Secretary of State Hillary Clinton to join her International Council of Women Business Leaders, which focuses on the economic empowerment of women for global economic prosperity and which meets annually at the State Dept in Washington DC. In 2009, Meera's decision to stand as an independent candidate from South Mumbai attracted

considerable national and international media attention. Standing against two sitting MP's (Congress Petroleum Minister Murli Deora's son Milind and Shiv Sena's Mohan Rawale) and 18 other candidates, she became a symbol for the "new clean" politician that many Indians aspired to vote for.

Though she lost, her campaign inspired many others to believe that they could and should participate in the democratic electoral process if they wished to bring about change in India. Post the election, Meera resumed her Banking Career but retains a keen interest in Public Policy & Governance, Financial Inclusion & Women's empowerment. She heads the Indian Liberal group, Liberals for Good Governance, a not for profit organisation, that provides a platform for like minded Indian Liberals and Active Citizens to work within their local communities to improve the quality of life and state of Governance.



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