



INDIA UPDATE

A monthly Newsletter on business intelligence and opportunities in India

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INDIABIZSOLUTIONS

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ALL POINTERS SUGGEST THAT THE INDIAN ECONOMY IS SET FOR AN EXPLOSIVE GROWTH

It is now widely acknowledged that the Indian Economy is one of the fastest growing economies in the world. With GDP growth clocking an average of over 8% for the last three years, a question arises whether this momentum can be maintained in future. The following stunning figures clearly indicate that the Indian economy is not only on the verge of explosive growth but is poised to maintain its spectacular growth story for at least the next few decades.

OUTSTANDING PROJECT INVESTMENT PROPOSALS AT US\$ 607 BILLION:

Figures collated by CMIE reveal that at the end of January 2006, almost 10,200 outstanding project investment proposals amounting to a cumulative investment of almost US\$ 607 billion were outstanding. This, significantly, works out to 77% of GDP of \$ 785 billion. Such is the pace of investment that a recent survey quarter recorded fresh investment proposals of almost US\$65 billion, a sum greater than the annual fresh investment of between US\$ 34 to 45 billion seen in the last eight years. Figures collated by CMIE also reveal that of the total outstanding project investments of US\$ 607 billion at the end of January 2006, almost 30% were accounted for by manufacturing, 28.7% by electricity and 27.3% by services.

GOVERNMENT CLEARS US\$ 22.5 BILLION INVESTMENT IN SEZs IN A SINGLE DAY:

The Government of India cleared US\$ 22.5 billion (Rs. 1 trillion) of investment in special economic zones, the largest clearance of India Inc's growth plans in a single day. These investments envisage conversion of over 40,000 hectares of the country's land mass into SEZs and create jobs for over 500,000 people.

FDI INFLOWS TOUCHES A RECORD US\$ 8 BILLION:

Foreign Direct Investment (FDI) inflows into India during the year 2005-06 (April 2005-March 2006) touched a record US\$ 8 billion as against a mere US\$3-4bn that India used to report a couple of years ago and US\$ 5 billion reported in 2004-05. The Government is now looking at a US\$12billion FDI inflow in 2006-07 — a three-fold jump since 2003-04

NRI REMITTANCE TOUCHES A RECORD HIGH OF US\$ 23.3 BILLION IN 2005:

According to the Reserve Bank of India (RBI) figures, overseas Indians (Non Resident Indians) remitted \$23.3bn in 2005 — almost double the amount of net foreign institutional investor inflows and one-fourth of the merchandise export earnings of the country during the period. India continues to be the largest recipient of remittances for more than five years now. China and Mexico occupy the second and third positions, respectively.

NET CUMULATIVE FII INVESTMENTS TOUCH US\$ 45 BILLION AS AT THE END OF MARCH 2006:

The net investments of Foreign Institutional Investors (FIIs) in the Equity segment in India amounted to US\$ 45 billion as at 31st March 2006 as against US\$ 34 billion as at 31st March 2005 showing a net increase of over 32%.

EXPORTS TOUCH US\$ 100 BILLION in 2005-06:

India's merchandise exports during the year 2005-06 (April 2005-March 2006) has crossed the 'magic figure' of 100 billion dollars and was in fact 101 billion dollars. This has come on the back of over 25% growth in exports during each of the last 2 years.

MARKET CAPITALIZATION CROSSES US\$ 700 BILLION MARK

Indian stock market indices BSE Sensex and NSE Nifty reached new highs backed by strong corporate earnings,

higher liquidity and robust economic growth. While BSE Sensex breached the 12000 mark on 20th April 2006 , NSE Nifty also crossed 3575 barrier for the first time. The market capitalization crossed US\$ 700 billion mark. Apart from the above mentioned significant factors, the following economic pointers also indicate healthy growth of the Indian economy without any significant problems:

GDP GROWTH RATE AT 8%

The Indian economy, after growing at 8.5 per cent and 7.5 per cent in the two previous years, is estimated to have grown at 8.1 per cent in the year 2005-06. The significant increase in investment in the infrastructure and other areas coupled with continuously growing Information Technology sector are expected to ensure sustained GDP growth for years to come.

FISCAL & REVENUE DEFICITS FOR 2005-06 LOWER THAN EARLIER ESTIMATES & FURTHER REDUCTION PROJECTED FOR 2006-07

According to revised estimates for 2005-06, the revenue deficit for the current year (April 2005 to March 2006) is estimated to be only 2.6% and the fiscal deficit only 4.1% as against the earlier estimated figures of 2.7% and 4.3% respectively. According to the Budget Estimates for 2006-07, the revenue deficit is estimated at Rs.847.27 billion which is 2.1% of the GDP. The fiscal deficit is estimated at Rs.1486.86 billion, which is 3.8% Of GDP. Thus, fiscal and revenue deficits are expected to be within the manageable limits.

LOW EXTERNAL DEBT TO GNP RATIO

India has one of the lowest external debt to national income ratios globally, according to the last round of the economic survey. In fact, India's external debt to GNP ratio stands at 22%, while China stands at about 15%. Argentina has the highest external debt to GNP ratio of 104%. Others like Indonesia and Turkey have heavy external debt to GNP ratios. India's external debt is mainly in the form of long-term debt, which accounts for more than 90% of India's external debt, the rest is made up by short-term debt. Hence there are no chances of India turning into a basket case.

FOREX RESERVES AT A HEALTHY US\$155 BILLION

According to the figures released by RBI, India's total foreign exchange reserves went up to US\$ 155billion as on 14th April 2006 as against US\$ 142 billion a year ago. This increase of about US\$ 13 billion has been achieved inspite of one time outflow of US\$ 7 billion on account of redemption of India Millennium Bonds in November 2005.

SIGNIFICANT EXPANSION IN NON-FOOD BANK CREDIT PORTENDS FASTER GROWTH

Non Food Bank Credit which was at US\$ 248 billion as at 31st March 2005 has gone up to US\$ 347 billion on 31 st March 2006 reflecting a growth of over 32% is the highest seen in a decade and the last peak of 27% was recorded way back in January 1995. This increase in non-food credit offtake portends increasing credit requirement of a growing Indian economy.

INFLATION CONTINUES TO BE WELL WITHIN MANAGEABLE LIMIT

Cheaper food items including vegetables and wheat drove inflation for the second consecutive week down to 3.24% for the week ended April 8 from 3.51% in the previous week. Wholesale price rise, which averaged a little more than 4% in the previous fiscal, had come down to 3.51% on April 1 on a year-on-year basis.

Thus, the Indian Growth Story is not only real but is also expected to be a sustained one and this fact is being recognized by global experts. It is no wonder that the Goldman Sachs in its Global Economics Paper has indicated that India is expected to become the fourth largest economy in the world by the year 2025 and the third largest economy by the year 2035. The World Investment Report 2005 released by United Nations Conference on Trade and Development (UNCTAD) on 28th September 2005 indicates that India is ranked second most attractive global business location in the World from the point of view of 81 of the world's largest transnational corporations (TNCs). The survey amongst 74 investment experts found India as the third most attractive business location. India's high ranking is noteworthy since this was achieved despite 30% fewer responses than China's. Further, India has displaced the US as the second-most favoured destination for foreign direct investment in the world after China in the AT Kearney FDI Confidence Index which was released in the second week of December 2005.

One may wonder whether there are any threats to this credible stunning growth story. The only factor which may retard the growth of the Indian economy is the burgeoning oil price. If the crude price significantly increases further, the Indian economy, which still imports significant portion of its oil requirement, could face a large current account deficit which could have negative impact on growth. However, it is not only India but there are several countries in the world which would face similar consequences.

INVESTMENT COMMISSION: INVESTMENT OF US\$ 550 BILLION NEEDED IN NEXT FIVE YEARS

The high-profile Investment Commission, headed by Mr. Ratan Tata, Chairman of Tata Group has said that India needs to attract investments of up to \$550 billion in the next five years if it wants to become an economic powerhouse.

The commission has identified sectors like roads and highways, energy, civil aviation, textiles and garments, automobile components, real estate, construction, tourism and food processing as high priority areas.

In its report, the commission pointed out that the roads sector alone required investments of \$30 billion by 2010. Given that road projects in the country are too small to attract big international players, the report has recommended that contracts be awarded on a build-own-transfer basis for projects of 300-500 km in length to attract international firms. The commission has also mooted the idea of private maintenance of highways.

Similarly, the report says that the power sector needs investments of \$140 billion in five years to generate 90,000 Mw of electricity. At present, investment in this sector stands at \$54 billion.

Highlighting the importance of the coal sector, the commission has said the sector needs investments of around \$30-40 billion over the next decade to double production from 240 million tonnes at present. Until now, the sector has attracted investments worth only \$2.5 billion. The report also calls for major policy measures like doing away with Coal India's monopoly on mining and sales.

The telecommunications sector needs investments of around \$22 billion by 2010. For this, the report calls for putting the 74 per cent foreign direct investment norm on the automatic route

The Prime Minister has asked the concerned ministries to provide the necessary inputs and the road map for achieving the goals set up by the Investment Commission is expected to be finalised once the necessary inputs have been received.

Source: Business Standard

HIGHLIGHTS OF ANNUAL SUPPLEMENT TO THE FOREIGN TRADE POLICY 2004-2009

Mr. Kamal Nath, Indian Union Minister of Commerce & Industry, unveiled a series of important trade initiatives on 7th April 2006 to put Indian exports on a trajectory of quantum growth and announced that India's merchandise exports had crossed the magic figure of US \$ 100 billion 2005-06. "In fact, they have touched US \$ 101 billion, with an annual growth rate of 25%", he said while releasing the Annual Supplement to the Foreign Trade Policy (2004-09) at a press conference. Describing it as 'grand leap forward' by India's exports, Mr. Kamal Nath mentioned that within just two

years, India's exports had jumped 60% -- from US \$ 63 billion to US \$ 101 billion. "The Foreign Trade Policy has served us well.... Merchandise trade in the very first year of the policy period (2004-05) grew at the rate of 26% and this year's export figures are unprecedented", he said.

The highlights of the Annual Supplement to the Foreign Trade Policy (2004-09) are as follows:

- **TWIN SCHEMES OF FOCUS PRODUCT AND FOCUS MARKET INTRODUCED TO GIVE ADDITIONAL IMPETUS TO PENETRATION OF STRATEGIC MARKETS:** Mr. Kamal Nath, announced the introduction of two new schemes to give a push to employment generation, particularly in semi-urban and rural areas – a key objective of the Foreign Trade Policy. These 2 schemes are: the "Focus Product Scheme" to give a thrust to the manufacture and export of certain industrial products which could generate large employment per unit of investment compared to other products; and the "Focus Market Scheme" to penetrate markets to which India's exports were comparatively low and which Indian exporters had perhaps been neglecting due to high freight costs and undeveloped networks but which were markets of the future. The Focus Product Scheme would allow duty-credit facility at 2.5% of the FOB value of exports on 50% of the export turnover of notified products, such as value added fish and leather products, stationery items, fireworks, sports goods and toys, and handloom & handicraft items. The Focus Market Scheme, on the other hand, allows duty credit facility at 2.5% of the FOB value of exports of all products to the notified countries. The scrip and the items imported against it for both these schemes would be freely transferable. These two Schemes would replace the Target Plus Scheme, the Minister said.
- **MASSIVE THRUST ON MAKING INDIA GEMS & JEWELLERY AND AUTOMOTIVE HUB:** A slew of measures to exploit India's potential to become an international hub for gems & jewellery have been announced. The measures include allowing import of precious metal scrap and used jewellery for melting, refining and re-export of jewellery; and reduction in value-addition norm on export of gold and silver jewellery from 7% to 4.5% in view of the increase of gold & silver prices in the international market in recent years which had made the present value-addition norms unrealistic. In order to help India emerge as a hub of auto components, import of new vehicles by auto component manufacturers for R&D purposes would now be allowed without homologation (i.e. testing for fitness on Indian roads required for import of new models of cars) so as to give the sector easier access to latest technologies.
- **UNREBATED SERVICE TAX AND FRINGE BENEFIT TAX TO BE FACTORED IN VARIOUS SCHEMES FOR EXPORTERS:** In another major initiative, it has been announced that the incidence of unrebated Service Tax and Fringe Benefit Tax on exports would be factored in the various duty neutralisation and remission schemes. The details of the same are being worked out and would be announced by the Government separately.
- **SUPPLIES TO INTERNATIONAL FLIGHTS TO BE TREATED AS EXPORTS TO MAKE INDIA MAJOR REFUELLING STOP:** In order to tap the business opportunity in supplies of stores (food, beverages and other supplies) and refueling of long distance flights, it has been decided to treat such supplies on an equal footing with other exports, making them eligible for benefits under various export promotion schemes. This would enable India to offer competitive fuel prices and attract mid-route stops of international flights, the Minister said. Currently, most airlines replenish supplies or refuel at Thailand, Malaysia or Singapore since these supplies were not treated as exports in India.
- **NEW DUTY FREE IMPORT AUTHORISATION SCHEME REPLACES DFRC:** The salient features of the Advance Licensing Scheme (which allows imports of inputs before exports) and Duty Free Replenishment Certificate (which allows transfer of import entitlements) have been clubbed to launch a new scheme called "Duty Free Import Authorisation Scheme". The rationale is that export production requires use of many inputs in small quantities as per the standard input-output norms, and though such inputs were allowed to be imported duty-free under the Advance Licence Scheme, exporters generally were not importing such items because of lack of economies of scale and were forced to source them locally at a higher price. The new scheme addresses the issue by offering the facility to import the required inputs before exports and allows the transfer of scrip once the export obligation is complete. The scheme will be effective from 1st May, 2006. Simultaneously, the DFRC

scheme would be phased out and shall be available only for exports effected upto 30th April, 2006.

- **VISHESH KRISHI UPAJ YOJANA EXPANDED TO INCLUDE VILLAGE AND COTTAGE INDUSTRIES:** In order to take the benefits of foreign trade further to rural areas, the Krishi Vishesh Upaj Yojana was being expanded to include village and cottage industries and was being renamed as the Vishi Krishi Upaj Aur Gram Udyog Yojana. Thus, it had been decided to incentivise export of village and cottage industry products by awarding a duty-free scrip at the rate of 5% of FOB value of exports under the expanded scheme.
- **FLEXIBILITY IN EPCG FOR MAINTAINING AVERAGE EXPORT PERFORMANCE – FURTHER TWO YEARS EXTENSION OF EXPORT OBLIGATION FULFILMENT PERIOD AS FACILITATION MEASURE:** The Supplement introduces certain flexibilities in the conditions relating to maintenance of average export performance under the Export Promotion Capital Goods (EPCG) scheme as in a number of situations exporters were finding it difficult to maintain average export performance and undertake additional export obligations either because of sickness or international market dynamics or technology changes. Further, as an export facilitation measure, it has been decided to extend the period of export obligation fulfillment by a further period of two years based on certain conditions.
- **BOOST TO SERVICES EXPORTS:** In order to promote services exports which account for 52% of India's GDP, and provide jobs to a large number of urban educated youth, a number of features were being added in the Served from India Scheme to promote services exports. The Scheme will now allow transfer of both the scrip and the imported input to the Group Service Company, whereas earlier transfer of imported material only was allowed.
- **INTEREST ON DELAYED PAYMENT ON REFUNDS TO BE PAID BY GOVERNMENT – FAST TRACK CLEARANCE PROCEDURES FOR EOUs – MAJOR TRADE FACILITATION MOVES:** As a trade facilitative measure, it has been decided that interest on delayed payment of refunds would be paid by the government to ensure accountability and cut delays. Further, fast track clearance procedures would be put in place for units of Export Oriented Units (EOUs) having turnover of Rs.150 million. Announcing major initiatives on the Electronic Data Interchange (EDI) or e-commerce front, Mr.Kamal Nath said: "We are committed to simplifying procedures relating to international trade and putting in place an exporter friendly regime for obtaining import authorizations and disbursement of export linked incentives. A web based online system of filing import & export applications is functional. Requests for obtaining authorizations relating to Advance Licence, EPCG Licence and DEPB are to be filed on the DGFT website with a digital signature and payment of licence fee through the Electronic Fund Transfer mode. No manual applications and supporting documents are required to be submitted. All EDI applications are processed within one working day. We propose to take more EDI initiatives in the next six months to take the process further".

DEPB SCHEME EXTENDED UP TO 31ST MARCH 2007

The Government of India has decided to extend the Duty Entitlement Pass Book (DEPB) scheme by one more year with effect from 1/4/2006 (i.e., up to 31st March 2007) and to work out an acceptable alternative to the scheme during this period. Following extensive consultations with trade and industry including export promotion councils, Mr. Kamal Nath, Union Minister of Commerce & Industry, had sought extension of the scheme by at least one more year instead of the piecemeal extensions being given earlier so as to inject an element of stability in export promotion and thereby, help the country's export effort.

The DEPB scheme, introduced in 1997, neutralizes the incidence of customs duty on the import content (both actual and deemed) of export products. An estimated 30% of India's exports in value terms is covered under the DEPB scheme and in the seven years of its operation, it has emerged as the most preferred scheme for the industry – 52% of the country's exporters prefer this programme to the other schemes.

BENEFIT TO EOUs FOR SUPPLIES MADE IN DTA WITHDRAWN

In a major roll back, the Government of India has withdrawn an existing facility that allowed supplies by export-oriented units (EOUs) to the domestic tariff area (DTA) to be counted towards fulfillment of export obligation of such units. This benefit was available in cases where the payments were made from the exchange earners foreign currency (EEFC) account of the buyer in DTA. This policy decision has been implemented through the annual supplement to the Foreign Trade Policy, which was unveiled recently by the Commerce and Industry Minister, Mr Kamal Nath

Supplies by EOUs and units in software technology parks (STP) and electronic hardware technology park (EHTP) to units in DTA against payment from EEFC account of a buyer in DTA would henceforth not be counted for the purpose of fulfillment of positive net foreign exchange obligation.

RBI LIBERALISES OVERSEAS INVESTMENT REGULATIONS

With a view to grant more operational flexibility to the corporates in India , the Reserve Bank of India has decided to further liberalize the various Regulations as under:

Guarantees

Presently, only promoter corporates are permitted to offer guarantees on behalf of their Wholly Owned Subsidiaries (WOSs) / Joint Ventures (JVs), under the Automatic Route and issue of personal, collateral and third party guarantees requires prior approval of Reserve Bank and is considered by RBI, on a case by case basis. With a view to simplify the procedure, it has now been decided to enlarge the scope of guarantees covered under the Automatic Route. Accordingly, Indian entities may offer any forms of guarantee - corporate or personal / primary or collateral / guarantee by the promoter company / guarantee by group company, sister concern or associate company in India, provided that :

- All 'financial commitments' including all forms of guarantees are within the overall prescribed ceiling for overseas investment of the Indian party i.e. currently within 200% of the net worth of the investing company (Indian party).
- No guarantee is 'open ended' i.e. the amount of the guarantee should be specified upfront, and
- As in the case of corporate guarantees, all guarantees are required to be reported to RBI, in Form ODR.

It has been clarified that Guarantees issued by banks in India in favour of WOSs / JVs outside India , would be outside this ceiling and would be subject to prudential norms issued by RBI from time to time.

General Permission for disinvestment

Currently, in terms of Regulation 16 of Notification No. FEMA120/RB-2004 dated 7th July 2004, as amended from time to time, all disinvestments that involve a 'write off' i.e. where the amount repatriated on disinvestment is less than the amount of the original investment, need prior approval of the Reserve Bank.

In order to enable companies to have operational flexibility according to their commercial judgment, it has been decided to further liberalize the Automatic Route of disinvestment. Accordingly, Indian parties may disinvest without prior approval of the Reserve Bank, in the undernoted categories.

- In cases where the JV / WOS is listed in the overseas stock exchange.
- In cases where the Indian promoter company is listed on a stock exchange in India and has a networth of not less than Rs.1 billion.
- Where the Indian promoter is an unlisted company and the investment in overseas venture does not exceed USD

10 million.

The Indian party is required to submit details of the disinvestment through its designated Authorised Dealer bank within 30 days from the date of disinvestment.

Overseas Investments - Proprietorship concerns

In terms of Notification No.FEMA120/RB-2004 dated 7th July 2004, as amended from time to time, only a company incorporated in India, or a body created under an Act of Parliament or a partnership firm registered under Indian Partnership Act, 1932, or any other entity as may be notified by the Reserve Bank is eligible to invest in a JV/WOS abroad.

With a view to enabling recognised star exporters with a proven track record and a consistently high export performance to reap the benefits of globalization and liberalization, it has been decided to allow proprietary / unregistered partnership firms to set up a JV/WOS outside India with prior approval of Reserve Bank. Proprietary / unregistered partnership firms satisfying the eligibility criteria as detailed herein below should obtain the approval of the Reserve Bank of India, through their Authorised Dealer.

- The Partnership / Proprietorship firm is a DGFT recognised Star Export House (export exceeding Rs.150 million) per annum.
- The Authorised Dealer bank is satisfied that the exporter is KYC (Know Your Customer) compliant, is engaged in the proposed business and has turnover as indicated.
- Exporter has proven track record i.e. export outstanding does not exceed 10 per cent of the average export realisation of preceding three years.
- The exporter has not come under adverse notice of any Government agency like Enforcement Directorate, CBI and does not appear in the exporters' caution list of the Reserve Bank or in the list of defaulters to the banking system in India.
- The amount of investment outside India does not exceed 10 per cent of the average of three year export realisation or 200 per cent of the net owned funds of the firm, whichever is lower.

SEBI GUIDELINES

A. ISSUE OF INDIA DEPOSITORY RECEIPTS

The Government of India had, on February 23, 2004 issued the Companies (Issue of Indian Depository Receipts) Rules, 2004 (IDR Rules), under Section 605A of the Companies Act, 1956. Under Rule 4(d) of the IDR Rules, the Securities & Exchange board of India (SEBI) has the power to specify eligibility criteria for IDR issuers in addition to what is contained in the IDR Rules. Under Clause 9 to the Schedule to the IDR Rules, SEBI can specify any information to be included in the prospectus from time to time.

Accordingly, for companies desirous of coming out with IDR issues, a new Chapter VI A has been added in the SEBI DIP Guidelines, 2000, containing the guidelines to be followed by an IDR issuer for coming out with such issue and the same are summarized hereunder:

ISSUE OF INDIAN DEPOSITORY RECEIPTS (IDRs)

PART I – GENERAL REQUIREMENTS

- PRELIMINARY: The guidelines given in this chapter are in addition to the provisions of the Companies (Issue of Indian Depository Receipts) Rules, 2004 (hereinafter referred to as the IDR Rules) and not in derogation thereof.
- ELIGIBILITY FOR ISSUE OF IDRS: No issuer shall make an issue IDRs unless:
 - (i) It fulfills the eligibility criteria as specified in Rule 4 of the IDR Rules
 - (ii) It is listed in its home country;

- (iii) It has not been prohibited to issue securities by any Regulatory Body; and,
- (iv) It has good track record with respect to compliance with securities market regulations.

- INVESTORS:

1. NRIs and FIIs cannot purchase or possess IDRs unless special permission of the Reserve Bank of India is taken.
2. Investments by Indian Companies in IDRs shall not exceed the investment limits, if any, prescribed for them under applicable laws.
3. Automatic fungibility of IDRs is not permitted.
4. An issue of IDRs is open to QIBs (as defined in clause 2.2.2.B. of these Guidelines) only.
5. The minimum application amount in an IDR issue shall be Rs.200,000/-
6. Procedure to be followed by each class of applicant for applying shall be mentioned in the prospectus.

- MINIMUM ISSUE SIZE: The size of an IDR issue shall not be less than Rs.500 million

- MINIMUM SUBSCRIPTION:

If the company issuing the IDRs does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest at the rate of 15% per annum for the period of delay.

- DISCLOSURES IN A PROSPECTUS FOR IDRs

A prospectus for issue of IDRs shall contain all details as prescribed in part II of the Chapter VI A of the SEBI DIP Guidelines, 2000. These basically are categorized under the following heads.

- General instructions with respect to the contents of the Prospectus
- Disclaimers
- The Issue – The Terms of offer
- Forward looking statements
- General information
- Risk factors & Management perception, if any
- Recent developments
- Market price information, etc.
- Particulars with respect to dividends
- Foreign Investment and Exchange controls of the country of incorporation/listing
- Particulars with respect to currency exchange rates
- Objects of the issue /Use of proceeds
- Capitalization Statement
- Capital structure
- Financial information
- Statement on material developments subsequent to the date of the last financial statements as disclosed in the Prospectus
- Management discussion and analysis of the Financial Statements
- Industry ad business overview
- Details of the Issuer
- Subsidiaries and associates of the Issuer

- Particulars with respect to Management
 - Details of securities market of the country of incorporation/listing
 - Description of the Indian Depository Receipts and rights of IDR holders
 - Provisions regarding transfer of shares and depository receipts
 - Information with respect to Indian & International depositories
 - Approvals of the Government/regulatory authorities
 - Taxation framework in India and the country of incorporation/listing
 - Outstanding litigations and defaults
 - Basis of Issue Price
 - Main provisions of the Charter of the Issuer
 - Material contracts and documents for inspection
 - Other information
- APPLICABILITY OF THE PROVISIONS OF THE SEBI (DIP) GUIDELINES, 2000: Except Chapter VI, all other chapters of the SEBI (DIP) Guidelines, 2000 would apply to an issue of Indian Depository Receipts (IDRs) to the extent as may be prescribed by SEBI for such issues.
 - Contents of Abridged Prospectus have been provided in Part IV of the SEBI DIP Guidelines, 2000

B. 25% MINIMUM PUBLIC SHAREHOLDING NORMS RELAXED TO CERTAIN CATEGORIES OF COMPANIES

The Securities & Exchange Board of India (SEBI) has effected amendments to Clause 40A and Clause 35 of Equity Listing Agreement with respect to minimum level of public shareholding

Minimum Level of public shareholding:

All listed companies, other than those mentioned hereunder, will be required to ensure minimum level of public shareholding at 25% of the total number of issued shares of a class or kind for the purpose of continuous listing:

- Companies which, at the time of initial listing, had offered less than 25% but not less than 10% of the total number of issued shares of a class or kind, in terms of Rule 19(2)(b) of Securities Contract (Regulation) Rules 1957 (SCRR) or companies desiring to list their shares by making an Initial Public Offering (IPO) of at least 10% in terms of Rule 19(2)(b) of SCRR.
- Companies which have, irrespective of the percentage of their share with public at the time of initial listing, reached a size of 20 million or more in terms of number of listed shares and Rs. 10 billion or more in terms of market capitalization.

The above companies will be required to maintain the minimum level of public shareholding at 10% of the total number of issued shares of a class or kind for the purpose of continuous listing. However, the aforesaid requirement of maintaining minimum level of public shareholding on a continuous basis will not be applicable to government companies (as defined under Section 617 of the Companies Act, 1956), infrastructure companies (as defined under clause 1.2.1(xv) of the SEBI (DIP) Guidelines, 2000) and companies referred to the Board for Industrial and Financial Reconstruction.

The "public shareholding" for the purpose of continuous listing, will continue to comprise of shares held by entities other than promoters and promoter group and shares held by custodians against which depository receipts are issued overseas. The terms "Promoter" and "Promoter group" shall have the same meaning as is assigned to them under the SEBI (Disclosure & Investor Protection) Guidelines, 2000.

Increasing the public shareholding to the minimum level:

As on the date of this circular coming into force, there may be two categories of companies, viz., those which are non-compliant and those which may subsequently become non-compliant on account of factors such as compliance with directions of a court, tribunal, regulatory or statutory authority, compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, re-organization of capital by way of a scheme of arrangement, etc.

It has been decided by SEBI to provide a transparent mechanism to such non-compliant companies for enabling them to graduate to the level of compliant companies. The mechanism for increasing the public shareholding to the minimum level will *inter alia* provide for various modes of issuing shares in domestic market and reasonable time period, as approved by Specified Stock Exchange.

Revision in the reporting format for shareholding pattern

SEBI has also decided to revise the existing reporting format of shareholding pattern provided in Clause 35 of the Listing Agreement. The shareholding pattern will now be indicated under three categories, viz., "shares held by promoter and promoter group", "shares held by public" and "shares held by custodians and against which Depository Receipts have been issued,". Further, details such as number of shareholders, number and percentage of shares held, number of shares held in dematerialized form, etc. will be given for all the three categories. It is clarified that for the purpose of Clause 40A, percentage of "public shareholding" shall be computed as "shares held by public" as a percentage of "total number of shares held by promoters, promoter group and public".

Applicability

- The revised Clause 40A of Equity Listing Agreement shall come into force with effect from May 1, 2006.
- The revised Clause 35 of Equity Listing Agreement shall come into force with immediate effect. The quarterly reporting as per the revised Clause 35 shall start from quarter ending June 30, 2006.

C. AMENDMENTS TO DIP GUIDELINES

The Securities & Exchange Board of India (SEBI) has effected the following amendments to SEBI (Disclosure and Investor Protection) {DIP} Guidelines, 2000.

Rationalization of disclosure requirements for listed companies

A listed company is required to make disclosures under the continuous disclosure requirements of listing agreement and as such, information pertaining to such a company is already available in public domain. However, presently, all companies, irrespective of whether they are listed or are approaching the markets for the first time with an initial public offering, are required to make the same disclosures in offer documents / prospectuses. In view of this, it has now been decided to rationalize the disclosure requirements for rights issues and public issues by listed companies and to make the benefit of such rationalization available to those listed companies which are regular in filing periodic returns with Stock Exchanges and have a comprehensive investor grievance mechanism in place to redress investor's complaints satisfactorily.

Abridged letter of offer

Presently, in public issues, applicants receive abridged prospectus (and not the entire prospectus) along with the application form. However, in case of rights issues, an issuer company is required to dispatch the letter of offer to all the shareholders, along with the application form. In order to bring uniformity in the practice of making available abridged offer documents, it has now been decided to permit an issuer company making a rights issue to dispatch an abridged letter of offer which shall contain disclosures as required to be given in the case of an

abridged prospectus. The issuer company shall provide the detailed letter of offer to any shareholder upon request.

Disclosure of issue price

Presently, a listed company making a rights issue or a public issue is required to disclose the issue price or the price band in the draft offer document filed with SEBI, except in the case of a public issue through the Book Building route. It has now been decided to henceforth allow a listed company to fix and disclose the issue price in case of a rights issue any time prior to fixing of the record date, in consultation with the Designated Stock Exchange and in case of a public issue through fixed price route, at any time prior to filing of the prospectus with the Registrar of Companies (ROC). The prospectus filed with ROC shall have one issue price.

Further issue of shares

Presently, a company is prohibited to make further issue of capital after filing a draft offer document with SEBI till the listing of the shares referred to in the offer document. It has now been decided to permit a company to issue further shares, provided full disclosures in regard to the total capital to be raised from such further issues is given in the draft offer document.

Lock-in Provisions

It is clarified that lock-in period of one year in terms of clause 4.14.1 of SEBI (DIP) Guidelines, 2000 shall be reckoned from the date of allotment of shares issued in a public issue.

Applicability

- (a) The amendments made vide this circular shall come into force with immediate effect.
- (b) The amendments made vide this circular shall be applicable to all offer documents, including those already filed with SEBI in respect of which observations in terms of clause 2.1.1 or 2.1.2 of SEBI (DIP) Guidelines, 2000 are yet to be issued.

D. FII INVESTMENT IN DEBT SECURITIES

The Government of India has recently raised the cumulative debt investment limits from US \$1.75 billion to US \$2 billion and US \$0.5 billion to US \$1.5 billion for FII/Sub Account investments in Government securities and Corporate Debt, respectively. The Securities and Exchange Board of India (SEBI) vide its Circular No. IMD/FII/19/2005 dated March 11, 2005 has clarified that the limits are separate and not fungible. The SEBI has issued a circular regarding the modalities of the same which are summarized hereunder:

1. The limits of USD 2 billion and USD 1.5 billion will be allocated among the 100% debt and general 70:30 FIIs/Sub Accounts in the following manner:

Type of FIIs:	Figures in US\$ billion		
	100% debt	70:30	Total permissible limit
Existing limits:			
Govt. securities/ T-Bills	1.55	0.20	1.75
Corporate Debt	-	-	0.50
Total			2.25
Revised Limits:			
Govt. securities/ T-Bills	1.75	0.25	2.00
Corporate Debt	1.35	0.15	1.50
Total			3.50

2. Separate 'headrooms' of USD 25 million and USD 15 million will be maintained for investments by general 70:30 FIIs/ Sub Accounts in Government securities and Corporate Debt, respectively i.e. the FIIs/ Sub Accounts are free to invest till the total investment limit reaches USD 225 million and USD 135 million in Government securities and Corporate Debt, respectively. Thereafter, approvals for limit allocation shall be granted as per the procedure mentioned in SEBI's Circular No. IMD/FII/16/2004 dated November 2, 2004. The SEBI reserves the right to withdraw unused allocation, in case there is demand from any FII, in order to enable optimum use of the allocations.

3. Further, it has now been clarified by the Government of India and Reserve Bank of India that FII investments shall be restricted to only listed debt securities of companies. It is also clarified that the FIIs subscription to Commercial Papers would be within the ceiling of US \$1.5 billion (earlier US \$500 million) fixed for debt instruments (other than G-Sec and T-Bills).

4. The revised individual limits for investment in Government securities and limits for Corporate Debt will be advised by SEBI to the 100% debt FIIs/ Sub Accounts separately.

E. RATIONALIZATION OF INITIAL ISSUE EXPENSES & DIVIDEND DISTRIBUTION PROCEDURE FOR MUTUAL FUNDS

The Securities and Exchange Board of India (SEBI) has decided as under with respect to rationalization of Initial Issue Expenses and dividend distribution procedure for Mutual Funds:

I. Rationalization of Initial Issue Expenses

- a. The initial issue expenses will be permitted for closed-ended schemes only.
- b. Open ended scheme should meet the sales, marketing and other such expenses connected with sales and distribution of schemes from the entry load and not through initial issue expenses.
- c. Since closed-ended schemes are allowed to charge initial issue expenses, they shall not charge entry load.
- d. In close-ended schemes where initial issue expenses are amortised, for an investor exiting the scheme before amortisation is completed, AMC shall redeem the units only after recovering the balance proportionate unamortized issue expenses.
- e. Conversion of a closed-ended scheme or interval scheme to open-ended scheme/ or issuance of new units should be done only after the balance unamortized amount has been fully recovered from the scheme.

II. Dividend Distribution Procedure for Mutual Funds

Regulation 53(a) of SEBI (Mutual Funds) Regulations, 1996 permits the mutual funds to distribute returns including dividend. It was noted by SEBI that mutual funds were following different procedures for dividend distribution. To introduce uniform practices in procedure for dividend distribution by the mutual funds and for development of the mutual funds industry, the following guidelines have been issued by SEBI

Unlisted Schemes/Plans

- a. Quantum of dividend and the record date shall be fixed by the trustees in their meeting. Dividend so decided shall be paid, subject to availability of distributable surplus.
- b. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving dividends. Further, the NAV shall be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.
- c. Within one calendar day of the decision by the trustees, AMC shall issue notice to the public communicating the decision including the record date. The record date shall be 5 calendar days from the issue of notice.
- d. Such notice shall be given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the mutual fund is situated.
- e. The notice shall, in font size 10, bold, categorically state that pursuant to payment of dividend, the NAV of the scheme would fall to the extent of payout and statutory levy (if applicable).

f. Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever may be issued by any mutual fund or distributors of its products.

Liquid Schemes / debt schemes with frequent dividend distribution.

The requirement of giving notice shall not be compulsory for scheme/plan/option having frequency of dividend distribution from daily upto monthly dividend provided that there is a disclosure to that effect in the offer document.

Listed Schemes/Plans

For declaration of dividend, listed schemes/plans shall continue to follow the requirements stipulated in the listing agreement.

Advertisement

All Advertisements, in any media, containing proposed dividend shall, in the same font as dividend figure (in percentage or in absolute terms), disclose immediately below the dividend figure that the NAV of the scheme, pursuant to payment of dividend would fall to the extent of payout and statutory levy (if applicable).

This circular would be applicable to all mutual fund schemes launched after the date of the circular.

RELAXATION REGARDING DOMESTING LISTING FOR UNLISTED COMPANIES

The Finance Ministry of the Government of India has relaxed the condition in respect of domestic listing of unlisted companies which had issued Foreign Currency Convertible Bonds (FCCB), American Depository Receipts (ADR) /Global Depository Receipts (GDRs) under May 1998 guidelines. Accordingly, unlisted non-profit-making companies, which had accessed FCCBs, ADR/GDRs under May 1998 guidelines, would not have to comply with the condition of compulsory listing with domestic stock exchanges immediately. Such companies will have to comply with the mandatory domestic listing condition within three years of making profits. These companies will, however, be barred from fresh issues of FCCBs, ADR/GDRs unless they are listed on Indian bourses. All other conditions in PN 13 including those regarding eligibility of issuer and subscriber would continue to be applicable to all companies.

Through the August 2005 amendment to the FCCB/depository receipts issues scheme, the Government of India had stipulated that companies which have already issued GDRs\FCCBs and are to list in the domestic market would have to do so by March 31, 2006. This condition has now been removed.

In November last year, the Government had exempted companies going for simultaneous domestic and overseas listing from the Press Note 13 norms. Press Note 13 brought ADR/GDR and FCCB issues in alignment with Securities & Exchange Board of India's (SEBI) guidelines for domestic public offers. The norms implied that a simultaneous public offer in the domestic and foreign markets or an overseas issue within 30 days of the domestic issue would have to comply with SEBI's price discovery rules. Also, GDR/FCCB issue prices would have to be the average of the weekly high and low closing prices of the corresponding shares in domestic markets, during the six months or two weeks period preceding the relevant date. It also stipulated that the GDR or FCCB issue price should match the higher of the two averages. The move was aimed at preventing companies from tapping overseas markets at discounted prices. The overseas issue price should, however, be at par with or higher than the domestic prices so that no arbitrage is possible due to relaxation.

TAX RELIEF TO IT COMPANIES IN SOFTWARE TECHNOLOGY PARKS

A release issued by The Central Board of Direct Taxes (CBDT) has issued a release that says it has issued directions to all field formations, that tax deductions under the section 10A of the Income Tax Act shall not be denied to Software Technology Park (STP) units only on the ground that the approval/registration has been granted (only) by the directors of the STP. Thus the CBDT has said the tax break under Section 10A of the Income Tax Act (the Act) will hold even if these companies have not got clearance from an Inter-Ministerial Standing Committee of the Department of Electronics, to set up their units in an STP. This is expected to provide relief to all the IT sector companies in STP

Section 10A of the Act provides for 100% deduction for 10 years of export profits derived by units set up in any STP provided they have been approved by the Inter-Ministerial Standing Committee, to earn the tax break. The release says it was found that a large number of units registered or approved only by the directors of STP were claiming the exemption. In those cases where assessments have already been completed and the claim under Section 10A has been disallowed only on this ground, the department will not try to get the tax as of now. The release adds that the demand so arising shall be kept in abeyance until further orders.

IRDA ISSUES CLARIFICATIONS ON SOLVENCY MARGIN COMPUTATION

In order to ensure consistency in the interpretation of the regulations, the Insurance Regulator Development Authority (IRDA) has issued clarifications on matters relating to the manner of computation of solvency margin by the insurers. The insurers are required to ensure compliance with these clarifications while computing the solvency margin as at March 31, 2006 and thereafter.

In case of general insurers, the gross premium for the purpose of solvency margin shall be the aggregate of gross direct premium and reinsurance accepted premium and incurred claims. It is now further clarified that the gross incurred claims and net incurred claims (inclusive of IBNR and IBNER) shall be taken as the average of the previous three years (excluding the financial year with reference to which the solvency of the insurer is being computed) and shall in no case be less than the amounts of gross and net incurred claims for the financial year ending on the reporting date. The incurred claims should also include claims pertaining to reinsurance accepted.

It is, thus, clarified that while for the purpose of preparation of financial statements the debt securities would continue to be valued at the amortized cost, for the purpose of computation of solvency margin, these shall be valued at lower of the amortized cost and the market value. It is also clarified that it will not be prudent to consider a reserve for computation of solvency margin.

IRDA DIRECTION ON COMPLIANCE WITH PREVENTION OF MONEY LAUNDERING ACT

The Insurance Regulatory Development Authority (IRDA) has asked all insurance companies to put in place by July 1 a proper framework to comply with the Prevention of Money Laundering Act, 2002 (PMLA) which came into force in July last year.

As per the PMLA guidelines, insurers are required to submit suspicious transactions immediately to the Financial Intelligence Unit, set up by the Government to track possible money laundering attempts, for investigation. Remittances of premium by cash are to be capped at Rs 50,000 with insurers permitted to place lower caps. Insurers are also required to report integrally connected cash transactions above Rs 1 million in a month to the financial intelligence unit by the 15th of the next month.

The PMLA calls for insurance companies to strictly adhere to the know-your-customer (KYC) norms. Insurers are required to obtain documents to clearly establish the identity of the customer in case of new policies. The Act requires every bank, financial institution (including insurance companies) and intermediaries to maintain a record of all the transactions, including their nature and value. In cases where the premium is Rs 100,000 per annum for individual policies, the KYC norms need to be adhered to diligently. Moreover, if the premium is paid by another person, the insurer will be required to establish the motive behind it.

The companies have been asked to classify customers based on their risk profile. The guidelines are expected to keep in check suspicious transactions in products like unit linked products, which provide for withdrawals and unlimited top-up premiums, free look cancellations, big ticket cases of single premium products where premium is paid in lumpsum and surrendered at the earliest opportunity.

Standalone health insurance, group insurance schemes and term life insurance contracts are exempted from the guidelines.

APEX COURT: COMPENSATORY TAX CANNOT BE LEVIED ARBITRARILY

The Supreme Court has held that state governments cannot levy compensatory tax on any company without providing facilities commensurate to the amount charged. A five-judge bench headed by Justice Ruma Pal noted that if there was no “direct or immediate” benefit to the company, such a levy would amount to restriction on trade and commerce prohibited under Article 301 of the Constitution. The court, thereby, overruled an earlier judgment in the Bhagatram case holding that even if there was “some connection” between the tax and the facilities provided by the state, the levy would not be unconstitutional.

A compensatory tax is a reimbursement sought by states for the costs incurred for providing services to the company operating from the state, the court said. Unlike tax, there has to be a “quantifiable and measurable benefit” from a fee or compensatory tax, the court pointed out. The court noted that Article 301 barred states from putting any restriction on free trade and commerce and taxing laws were no exception. To facilitate free and unrestricted trade throughout the country, the constitution does not allow states to levy sales tax on inter-state sales. Only Parliament has the power to impose restrictions in public interest. The bench quoted with approval the ruling in the Atiabari Tea Company case in which it was held that even tax laws could amount to restriction on trade and commerce.

Later, in the Automobile Transport case, the concept of compensatory tax was framed to allow states to get back money spent on providing facilities like roads. But the concept was widened in the Bhagatram case which abandoned the “direct benefit” theory and said even some link between the tax and the facilities was sufficient to justify the levy.

Source: The Telegraph

ITAT : PURCHASE OF DESIGNS FROM ABROAD NOT TO ATTRACT WITHHOLDING TAX

The Income Tax Appellate Tribunal (ITAT), Mumbai has held that amount paid for purchase of designs from abroad from a party which does not have a Permanent Establishment (PE) in India , was not taxable in India and hence the question of deducting withholding tax does not arise.

The decision was taken by ITAT, Mumbai, on an appeal filed by Indian Hotels Company, the owners of Taj group of hotels, against the Income-tax department, which asked the hotel to pay TDS (tax deducted at source) for remitting \$350,000 for a design it bought from the Singapore based Hirsh Bender Associates (HBA). The department saw the remittance as a royalty that is taxable. The design was sought for renovating the Taj hotel.

The Assessee argued that tax is not payable on such remittances because the payment on account of the purchase of the design and drawings do not amount to royalty. Royalty fees are recurring in nature, but in this case the purchase of the design was outright and remains the property of Indian Hotels. The Assessee further argued that the transaction did not amount to technical services too for which tax was payable in India because the whole transaction took place outside India. Transfer of the property, in this case the design and drawings, took place in Singapore. And hence this amount was not taxable in India .The Assessee pointed out that Hirsh Bender does not have a permanent establishment (PE) in India. Under the provisions of Double Taxation Avoidance Agreement (DTAA) between India and Singapore, the question of paying tax on such transactions arises only if Harsh Bender has a PE in India. Under the provisions of most DTAA's, tax is payable on payment of royalty or technical services and it is imperative to prove that the remittance do not amount to royalty or payment for technical services.

The ITAT did not accept the department’s contention that the remittance should be considered royalty because under the provisions of the agreement between Taj and Hirsh Bender, the designs and drawings are not to be used for any other purpose other than covered by the agreement between HBA and Taj. The ITAT held that Taj was not liable to deduct tax from the remittances to Hirsh Bender.

Source: Economic Times

ITAT:SPECIFIC PROVISIONS OF DTAA TO OVERRIDE GENERAL PROVISIONS OF DTAA

The Income Tax Appellate Tribunal (ITAT) has held in Metchem Canada Inc. case that a specific provision in the Double Taxation Avoidance Agreement would override any general provision and accordingly allowed deduction of fairly allocated share of Head Office expenses from the income of its Permanent Establishment (PE) in India.

Metchem Canada Inc. (MCI), a company incorporated in Canada had a PE in India. MCI had allocated the proportionate share of overhead expenses incurred by the Head Office to its PE in India and claimed the same as deduction from the income of its PE in India. MCI contended that in view of the provisions of Article 24 of the Double Taxation Avoidance Agreement between Canada & India (DTAA), Section 44AC of the Income Tax Act (the Act) would have no applicability. The assessing Officer rejected the contention of MCI on the ground that as per the provisions of Article 7(4) of the DTAA, the profits of the PE have to be computed in accordance with and subject to the limitations of the taxation laws in India and hence limitations contained in Section 44AC would apply.

The ITAT held that Article 24 being a specific provision would override the provisions of Article 7 which are in the nature of general provisions. It also further held that whenever there is a conflict between the provisions of the Act and the DTAA, the provisions of the Act are applicable only to the extent the same are beneficial to the assessee and in all other cases, the provisions of the DTAA would prevail. Therefore, the ITAT held that MCI is to be allowed deduction of head office expenses as can be fairly allocated to the PE.

DCIT V. Metchem Canada Inc. (2006) 99 TTJ 702 (Mum)

ITAT: CONSULTANCY SERVICES OF NON-TECHNICAL NATURE ARE NOT TAXABLE

The Income Tax Appellate Tribunal (ITAT) has held in the case of Mckinsey & Co. Inc. that consultancy services of non-technical nature will not be subject to tax in terms of India – USA Double Taxation Avoidance Agreement

Mckinsey & Co.Inc. (Philippines) (MCIP) did not have a Permanent Establishment (PE) in India. The Indian branch office of Mckinsey & Co. Inc. is engaged in the business of providing strategic consultancy services to its clients in India and it received certain geographical specific data and information inputs from MCIP for a consideration. MCIP argued that Article 12(4) of the India – USA Double Taxation Avoidance Agreement (DTAA) is not attracted since services are of a non-technical nature.

The Income Tax Appellate Tribunal (ITAT) held that geographical specific data and information inputs supplied by MCIP were in the nature of commercial and industrial information and such services are of non-technical nature. It therefore held that the consideration received for the supply of such information could not be treated as “fees for included services” under Article 12(4) of the DTAA.

ADIT V. Mckinsey & Co. Inc. (Philippines) (2006) 99 TTJ 857 (Mum)

SNAPSHOT OF GLOBAL MARKETS - MARCH 2006

KEY STOCK MARKET INDICES

INDEX	OPENING (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING (31/03/2006)
BSE SENSEX	10368.75	11356.95	10344.25	11279.20
S&P CNX NIFTY	3074.60	3433.85	3064.00	3402.10
DOW JONES I.A.	11012.30	11364.34	10885.35	11109.32
NASDAQ COMPOSITE	2306.42	2353.14	2239.54	2339.79
FTSE 100	5792.70	6047.00	5783.90	5964.60
NIKKEI	15657.79	17125.64	15553.14	17059.66

PRICES OF KEY COMMODITIES (US\$)

COMMODITY	OPENING (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING (31/03/2006)
GOLD - SPOT (NY)	561.50	586.50	534.00	581.50
SILVER - SPOT (NY)	9.74	11.68	9.72	11.49
PLATINUM - SPOT(NY)	1041.00	1082.00	999.00	1061.00
COPPER (COMEX)	2.194	2.533	2.153	2.488
ALUMINIUM (COMEX)	1.0955	1.170	1.083	1.118
BRENT CRUDE (IPE)	62.71	67.05	59.96	65.91
NYMEX CRUDE OIL	63.25	67.30	61.00	66.63

KEY GLOBAL CURRENCY RATES AGAINST USD

CURRENCY	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
EURO/USD	1.1874	1.2206	1.1834	1.2076
GBP/USD	1.7443	1.7623	1.7228	1.7398
USD/JPY	116.19	119.20	115.95	117.59
USD/INR	44.40	44.66	44.03	44.62

MAJOR CURRENCIES AGAINST INR

CURRENCY	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
USD/INR	44.40	44.66	44.03	44.62
EURO/INR	52.73	54.09	52.73	53.88
GBP/INR	77.45	78.09	76.65	77.62
JPY/INR	38.22	38.29	37.34	37.95

INTEREST RATES

MIBOR

PERIOD	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
OVERNIGHT	6.64	7.16	5.99	6.81
14 DAY	7.16	8.06	7.15	7.91
1-MONTH	7.32	8.34	7.32	8.24
3-MONTH	7.68	8.63	7.68	8.48

LIBOR - USD

PERIOD	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
1-MONTH	4.64	4.83	4.64	4.83
3-MONTH	4.83	5.00	4.83	5.00
6-MONTH	4.98	5.14	4.98	5.14
12-MONTH	5.12	5.29	5.12	5.29

LIBOR - EURO

PERIOD	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
1-MONTH	2.60	2.65	2.60	2.65
3-MONTH	2.67	2.82	2.67	2.82
6-MONTH	2.79	2.99	2.79	2.99
12-MONTH	2.99	3.23	2.99	3.23

LIBOR - GBP

PERIOD	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
1-MONTH	4.58	4.59	4.57	4.59
3-MONTH	4.58	4.61	4.58	4.61
6-MONTH	4.60	4.66	4.60	4.66
12-MONTH	4.67	4.78	4.67	4.78

LIBOR - JPY

PERIOD	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
1-MONTH	0.064	0.083	0.063	0.079
3-MONTH	0.093	0.113	0.091	0.112
6-MONTH	0.121	0.169	0.121	0.169
12-MONTH	0.221	0.344	0.221	0.344

US T-BILL

PERIOD	OPENING RATE (01/03/2006)	HIGHEST IN MARCH 2006	LOWEST IN MARCH 2006	CLOSING RATE (31/03/2006)
	Discount/Yield	Discount/Yield	Discount/Yield	Discount/Yield
1-MONTH	4.37/4.45	4.63/4.71	4.35/4.44	4.57/4.65
3-MONTH	4.49/4.60	4.57/4.69	4.47/4.59	4.52/4.63
6-MONTH	4.58/4.75	4.66/4.84	4.58/4.75	4.64/4.81

KEY CENTRAL BANK RATES

	31/03/2006	1 MONTH PRIOR	3 MONTH PRIOR	6 MONTH PRIOR	1 YEAR PRIOR
US FEDERAL RESERVE FUNDS RATE	4.75	4.50	4.25	3.75	2.75
EUROPEAN CENTRAL BANK RATE*	2.50	2.25	2.25	2.00	2.00
BANK OF ENGLAND RATE	4.50	4.50	4.50	4.50	4.75
RESERVE BANK OF INDIA - BANK RATE	6.00	6.00	6.00	6.00	6.00

* ECB RATE has been increased to 2.5% w.e.f. 8th March 2006

PRIME RATES

CURRENCY	RATE (31/03/2006)
USD	7.75
EURO	3.50
GBP	4.50
JPY	1.38
INR	10.25 to 10.75

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