

LS clears Bill to end retro tax, Congress backs move

ADITI PHADNIS
New Delhi, 6 August

A Bill to end all retrospective taxation imposed on indirect transfer of Indian assets was passed by the Lok Sabha on Friday even as the Opposition continued protests against the alleged snooping through the Pegasus spyware and other issues. The government's move to scrap the tax law, however, found support from an unlikely corner — the Congress.

Union Finance Minister Nirmala Sitharaman described the 2012 legislation as “bad in law and bad for the investors' sentiments” and said there were 17 litigations due to the retrospective tax law and even the Supreme Court had said in 2012 that the tax could not be levied for indirect transfer of shares of foreign companies.

“The Bill has been brought as a clarification,” she said. Rajendra Agrawal, who was in the chair, declared the Bill passed after clause-wise discussions of the Bill and a brief statement by Sitharaman.

Sitharaman said in 2014 the then Finance Minister Arun Jaitley had made a commit-



"On the withdrawal of the retrospective tax (Vodafone), I am glad that we have put an end to an issue that has been troubling us for 8 years,"

P CHIDAMBARAM,
Former finance minister



"In 2014, then FM Arun Jaitley had made a commitment to set up a committee to look into the provisions of the 2012 law... We are fulfilling the words given in this House..."

NIRMALA SITHARAMAN,
Union finance minister

ment to set up a high-powered committee to look into the provisions of the 2012 law as the NDA government did not believe in retrospective taxes.

Backing the government's move, former Union Finance Minister P Chidambaram tweeted, “I am glad that we have put an end to an issue that has been troubling us for eight years”, underlining that the party was turning its back on a tax provision that it had introduced. The BJP has been in

power for seven years.

On Friday, the Lok Sabha witnessed continuous protests by the Opposition and if it had been business as usual in Parliament, the Congress might have been forced to side with the government in rejecting a Budget provision introduced by its own Finance Minister, Pranab Mukherjee.

Mukherjee acknowledged freely that when he made the proposal in the 2012 Budget, his entire party was opposed to

it. Mukherjee wrote in his memoirs that “Manmohan Singh was convinced that the proposed (retrospective tax) amendment in the IT Act would impact FDI inflows into the country. I explained to him that India was not a ‘no-tax’ or ‘low-tax’ country. Here all taxpayers, whether resident or non-resident, are treated equally. I insisted that as per our country's tax laws, if you pay tax in one country, you need not pay tax in the other country of your business operation which is covered by the Double Tax Avoidance Agreement (DTAA). But it cannot be a case that you pay no tax at all. I clarified that some entities had done their tax planning in such a way that they didn't have to pay tax at all. My intention was clear: where assets are created in one country, it will have to be taxed by that country unless it is covered by the DTAA.”

He added party president Sonia Gandhi, and ministers Kapil Sibal and P Chidambaram also expressed the apprehension that the retrospective amendments would create a negative sentiment for FDI.

With inputs from PTI

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Sebi relaxes...

“This liberalisation will provide impetus to promoters who were otherwise apprehensive towards listing, as the reduction in the tenure for lock-in assuages the liquidity concerns that promoters otherwise faced after the listing,” said Gaurav Mishra, associate partner, DSK Legal.

To reduce the disclosure burden at the time of IPO, Sebi has excluded companies having common financial investors from the definition of promoter group. Also, the disclosure requirements on group companies have been eased.

Controlling shareholders

In a move that will usher the domestic capital markets into a new era, the Sebi board agreed in-principle to replace the concept of promoter with ‘controlling shareholders’. However, as this will involve rewriting of several existing regulations, it will be done in a “smooth, progressive and holistic manner”.

Sebi has said it will engage with other regulators to resolve regulatory hurdles, prepare draft amendments to securities market regulations, and develop a road map for implementation of the proposed transition.

“In recent years, a number of businesses and new-age companies with diversified shareholding and professional management that are coming into the listed space are non-family owned and do not have a distinctly identifiable promoter group. Further, there is an increasing focus on better corporate governance with responsibilities and liabilities shifting to the board of directors and management,” Sebi said in a release.

ESOP framework eased

The Sebi board approved the merger of ‘sweat equity’ and ‘share-based employee benefits’ regulations into a single regulation called the Sebi (Share-Based Employee Benefits and Sweat Equity) Regulations, 2021. Under this, the time period for appropriating the unappropriated inventory has been extended from the existing one year to two years.

Also, the minimum vesting period and the lock-in period for all share benefit schemes in the event of death have been done away with. The maximum yearly limit of sweat equity shares has been set at 15 per cent of the existing share capital within the overall limit of 25 per cent for listed companies and 50 per cent in the case of companies listed on the Innovators Growth Platform.

Changes to AIF regulations

Sebi has done away with the investment restrictions on the residual portion of investable funds of venture capital funds (VCFs). It has also allowed category-I AIF-VCF to invest at least 75 per cent of the investable funds in unlisted equity shares or in companies

listed or proposed to be listed on an SME exchange.

“Now category-I VCFs will have more flexibility to deploy the 25 per cent of the investible funds in debts of companies which they are not invested in, as well as investments in listed firms. This should make the category-I VCF structure more flexible for the investment managers,” said Yashesh Ashar, partner, Bhuta Shah & Co.

'Fit and proper' criteria

Sebi has said the ‘fit and proper’ status of persons acquiring less than 2 per cent of its shareholding will also be made applicable to unlisted stock exchanges and depositories. Also, the existing requirement of seeking post-facto approval of Sebi for acquisitions between 2 per cent and 5 per cent shareholding has been discontinued for all eligible shareholders. The stock exchanges and depositories being systematically important institutions, their shareholding is tightly regulated by Sebi.

J&J seeks...

The company said it looks forward to concluding its discussions to accelerate the availability of its vaccine.

“The Emergency Use Authorisation submission is based on topline efficacy and safety data from the Phase 3 ENSEMBLE clinical trial, which demonstrated our single-shot vaccine was 85 per cent effective in preventing severe disease across all regions studied, and showed protection against Covid-19 related hospitalization and death, beginning 28 days after vaccination,” J&J said.

Terminating it an ‘important milestone’, the J&J spokesperson the vaccine would come to India through its collaboration with Indian drug firm Biological E in Hyderabad which will produce it.

Earlier, Mahima Datla, MD and CEO of Biological E, had told Business Standard that J&J was looking to produce 500-600 million doses at its plant but did not specify whether this is a per annum figure or the total doses specified in the contract.

Petrol price...

“Petrol and diesel prices are linked to international prices of these commodities... Presently, the crude and product prices are higher with crude prices moving between \$70 and \$78 a barrel. It is expected that they will remain between \$70 and \$75 a barrel in the near future,” Surana added.

Prashant Vasishth, vice president and co-head (corporate ratings) at ICRA, said, “The impact of \$1 a barrel in the crude oil price is about 60 paise on petrol and 55 paise on diesel, considering the taxes in Delhi.”

“The impact of ₹1 depreciation in the exchange rate is about 65 paise on petrol and 60 paise on diesel in Delhi,” he said.

Amazon appeal...

The deal specified any disputes would be arbitrated under the Singapore International Arbitration Centre rules.

According to legal experts, the Supreme Court's decision on Friday means that last October's Singapore arbitrator's award — that had found merit in Amazon's objections and had restrained Future Retail from proceeding with the merger deal with Reliance Retail — is valid and enforceable in India.

The next phase of arbitration in Singapore is expected within weeks, after which the Future Group and Reliance could explore further legal action, sources said.

“It (SC verdict) puts all eyes on the arbitral tribunal,” said Faisal Sherwani, Partner, at law firm L&L Partners. “For now, the \$3.4-billion deal will remain on hold and subject to the order of the Emergency Arbitrator. Until the order is vacated or revisited by the tribunal, you can consider that Amazon has put a spanner in a valuable deal.” He added that the pronouncement appears to be fair and is a reminder that “party autonomy reigns supreme” when it comes to arbitration.

Reading out the judgment on Friday, Justice Nariman said, “We have framed two questions and answered them as Emergency Arbitrator's award holds good and can be enforced under Section 17(2). Appeal is allowed.” A division bench of the Delhi High Court had stayed an order passed by the single judge.

The single judge order of the high court had upheld the award of an emergency arbitrator. It directed attachment of the properties and restrained Future Retail Limited from merging with Reliance Retail. This order was subsequently stayed by a division bench, prompting Amazon to appeal.

“We welcome the verdict of the Supreme Court upholding the Emergency Arbitrator's award,” said an Amazon spokesperson. “We hope that this will hasten a resolution of this dispute with the Future Group.”

Future Retail said the judgment addresses two limited points related to the enforceability of the Emergency Arbitrator's order and not the merits of the disputes. “FRL is advised that it has remedies available in law, which it will exercise,” said Future Retail. The company added that the decision of the Arbitral Tribunal is awaited. “FRL intends to pursue all available avenues to conclude the deal to protect the interests of its stakeholders and workforce.”

Salman Waris, managing partner at technology law firm TechLegis Advocates and Solicitors, said, “This decision sends a very positive signal to international players and foreign companies, reaffirming that their rights would be protected in India under Indian

law and as such would have a long term impact on future investment deals and investors.” The decision comes after the case went back and forth across the Delhi High Court, NCLT (National Company Law Tribunal) and the Supreme Court, he noted.

RBI holds rates...

“A pre-emptive monetary policy response at this stage may kill the nascent and hesitant recovery that is trying to secure a foothold in extremely difficult conditions,” he said in his policy statement.

The inflation-targeting central bank now expects the consumer price index (CPI) at 5.7 per cent during 2021-22, up from its earlier projection of 5.1 per cent.

The governor reiterated the MPC was mindful of bringing down the inflation rate to foster the credibility of the central bank and anchoring inflation expectations.

In May and June, inflation came at 6.3 per cent, above the RBI's tolerance level of 6 per cent. The policy statement by the MPC read “inflationary pressures are being closely and continuously monitored. The MPC is conscious of its objective of anchoring inflation expectations”.

The RBI now expects inflation at 5.9 per cent in the second quarter; 5.3 per cent in the third quarter; and 5.8 per cent in the fourth quarter of 2021-22. For the first quarter of the next financial year, it expects inflation at 5.1 per cent.

The recent inflationary pressures “are evoking concerns, but the current assessment is that these pressures are transitory and largely driven by adverse supply-side factors”, the RBI governor said.

Harihar Krishnamurthy, head of treasury of First Rand Bank, said bond yields went up because of the inflation projection being revised upwards, and not necessarily for the liquidity measures.

“While the RBI says inflation is transitory, the projections point otherwise,” said Krishnamurthy. Das said the outlook for aggregate demand was improving, “but the underlying conditions are still weak. Aggregate supply is also lagging below pre-pandemic levels”. While several steps have been taken to ease supply constraints, “more needs to be done to restore supply-demand balance in a number of sectors of the economy”, he said in his speech.

The RBI governor defended his protracted rate pause and lengthy accommodative stance as a compulsion brought by the pandemic.

“The conduct of monetary policy during the pandemic has been geared to maintain congenial financial conditions that nurture and rejuvenate growth. At this stage, therefore, continued policy support from all sides -- fiscal, monetary, and sectoral -- is required to nurture the nascent and hesitant recovery.”



HINDALCO INDUSTRIES LIMITED

Regd. Office : Ahura Centre, 1st Floor, B - Wing, Mahakali Caves Road, Andheri (East), Mumbai 400 093.
Tel No. 6691 7000 Fax No. 6691 7001 | Email: hindalco@adityabirla.com | CIN No.: L27020MH1958PLC011238
Website: www.hindalco.com & www.adityabirla.com

EXTRACT OF STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2021

Particulars	₹ in Crore, except otherwise stated)			
	Quarter Ended			Year Ended
	30/06/2021	31/03/2021	30/06/2020	31/03/2021
(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
Revenue from Operations	41,358	40,507	25,283	1,31,985
Profit/(Loss) before Exceptional Items and Tax	3,977	3,220	(181)	8,397
Profit/(Loss) before Tax	4,553	3,254	(600)	7,905
Profit/(Loss) for the Period from Continuing Operations	3,254	1,945	(569)	5,182
Profit/(Loss) for the Period from Discontinued Operations	(467)	(17)	(140)	(1,699)
Profit/(Loss) for the Period	2,787	1,928	(709)	3,483
Total Comprehensive Income/(Loss) for the Period	2,946	3,324	182	8,267
Paid-up Equity Share Capital (Net of Treasury Shares)	223	222	222	222
Other Equity				66,311
Earnings Per Share				
(a) Basic - Continuing Operations (₹)	14.63	8.75	(2.56)	23.30
(b) Diluted - Continuing Operations (₹)	14.61	8.74	(2.56)	23.29
(c) Basic - Discontinued Operations (₹)	(2.10)	(0.08)	(0.63)	(7.64)
(d) Diluted - Discontinued Operations (₹)	(2.10)	(0.08)	(0.63)	(7.64)
(e) Basic - Continuing and Discontinued Operations (₹)	12.53	8.67	(3.19)	15.66
(f) Diluted - Continuing and Discontinued Operations (₹)	12.51	8.66	(3.19)	15.65

Notes:

1. Revenue from Operations, Profit/ (Loss) before Tax and Profit/ (Loss) for the Period on Standalone basis are given below: (₹ in Crore)

Particulars	Quarter Ended			Year Ended
	30/06/2021	31/03/2021	30/06/2020	31/03/2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(a) Revenue from Operations	13,298	14,412	7,420	42,701
(b) Profit/(Loss) before Tax	1,408	790	(66)	1,574
(c) Profit/(Loss) for the Period	910	495	(40)	993

2. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange websites, www.nseindia.com and www.bseindia.com, and on the Company's website, www.hindalco.com.

By and on behalf of the Board

Place : Mumbai

Date : August 6, 2021

Satish Pai

Managing Director

An Aditya Birla Group Company

Partners of Everyday Happiness

VOLTAS

A TATA Enterprise

Driving value through smart engineering

NEELAM NO.1 AC BRAND

Extract of Unaudited Consolidated Financial Results for the quarter ended 30th June, 2021

Particulars	₹ In Crores)			
	Quarter ended			Year ended
	30.06.2021 (Unaudited)	30.06.2020 (Unaudited)	31.03.2021 (Audited) (Refer note 7)	31.03.2021 (Audited)
Total Income	1860.17	1364.34	2683.24	7744.64
Profit before tax	168.07	107.53	320.85	709.21
Net Profit for the period	122.44	81.77	238.72	528.79
Total Comprehensive Income for the period	106.41	117.73	410.52	850.04
Paid up equity share capital (Face value ₹ 1/- each)	33.08	33.08	33.08	33.08
Earning per share (* not annualised)				
Basic and diluted (₹)	*3.68	*2.45	*7.18	15.87

Notes:

1. These results have been reviewed by the Board Audit Committee at its Meeting held on 5th August, 2021 and approved by the Board of Directors at its Meeting held on 6th August, 2021.

2. Information on Standalone Financial Results:

Particulars	₹ In Crores)			
	Quarter ended			Year ended
	30.06.2021 (Unaudited)	30.06.2020 (Unaudited)	31.03.2021 (Audited) (Refer note 7)	31.03.2021 (Audited)
Total Income	1510.26	1265.37	2267.00	6597.93
Profit before tax	175.15	139.05	288.36	733.42
Net Profit for the period	135.33	113.84	214.59	570.30

3. The Group has considered the possible impact of COVID-19 pandemic on its operations, liquidity position and recoverability of its asset balances as at 30th June, 2021 based on the internal and external information upto the date of approval of these financial results. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial results and management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Group and take necessary measures to address the situation.

4. The Code on Social Security, 2020 ('Code') has been notified in the Official Gazette in September 2020 which could impact the contribution by the Group towards certain employment benefits. The effective date from which the changes and rules would become applicable is yet to be notified. Impact of the changes will be assessed and accounted in the relevant period of notification of relevant provisions.

5. The Board of Directors of Voltas Limited ('Parent Company') at its meeting held on 12th February, 2021, have approved the transfer of domestic B2B businesses of the Parent Company relating to Projects business comprising Mechanical, Electrical and Plumbing (MEP)/ Heating, Ventilation and Air-Conditioning (HVAC) and Water projects, Mining and Construction Equipment (M&CE) business and Textile Machinery Division (TMD) business to its wholly owned subsidiary viz. Universal MEP Projects & Engineering Services Limited ('UMPEL') (formerly Rohini Industrial Electricals Limited) by slump sale through a Business Transfer Agreement ('BTA'). The Parent Company has executed the BTA on 24th March, 2021 and the transaction is expected to be consummated by end of September 2021 or such other date as may be mutually agreed between the Parent Company and UMPEL.

6. Effective 1st April, 2021, the Group has re-organised Commercial Air-conditioner (CAC) and Customer care business from Segment - B (Electro - Mechanical Projects and Services) to Segment - A (Unitary Cooling Products for Comfort and Commercial use) to align with business objectives and accordingly, segment information for comparative periods have been restated in the above financial results.

7. Figures of the quarter ended 31st March, 2021 are the balancing figures between audited figures in respect of the full financial year and the year to date figures upto the third quarter of the relevant financial year which were subjected to limited review by Auditors.

8. The above is an extract of the detailed format of the standalone and consolidated Financial Results for the quarter ended 30th June, 2021 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The full format of the standalone and consolidated Financial Results for the quarter ended 30th June, 2021 are available on the Stock Exchange websites, www.bseindia.com and www.nseindia.com and on the Company's website www.voltas.com.

For and on behalf of the Board of Directors of Voltas Limited
Pradeep Bakshi
Managing Director & CEO

Mumbai, 6th August, 2021

VOLTAS LIMITED

Registered Office : Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033, India.
Tel. No. : 91 22 66656666 Fax No. : 91 22 66656231
e-mail : shareservices@voltas.com Website : www.voltas.com
CIN : L29308MH1954PLC009371



Consumer Durables



Projects



Textile Machinery



Mining & Construction Equipment

