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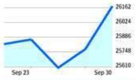

Sensex
26154.83
(+376.17)

	LATEST	CHANGE
CNX Nifty	7948.90	+105.60
P/E Ratio (Sensex)	21.11	+0.38
US Dollar (in ₹)	65.58	-0.38
Gold Std 10 gm (in ₹)	26270.00	-130
Silver 1 kg (in ₹)	34885.00	+25

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TECHNOPHILE
ASUS' flagship laptop Zenbook Pro UX501 packs hefty specs into an attractive package p12

TAX FOR DROUGHT
The Maharashtra government has decided to raise taxes on petrol, diesel, and liquor to deal with the drought p4

TAKING STOCK
You should never make predictions about the future, certainly not oil prices, says Arvind Subramanian, CEA p6

Ahmedabad Bengaluru Chennai Coimbatore Hubballi Hyderabad Kochi Kolkata Madurai Malappuram Mangaluru Mumbai Noida Thiruvananthapuram Tiruchirapalli Vijayawada Visakhapatnam
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QUICKLY

ECONOMY
Growth in core sectors slows in Aug

New Delhi, September 30

The growth of the eight core sectors slowed down to 2.6 per cent in August 2015 (year-on-year) compared with 5.9 per cent posted in the same month last year, largely owing to poor performance of the steel and coal sectors. The growth in output of the eight infrastructure sectors – which include coal, steel, electricity, crude oil, natural gas, fertiliser, cement and refinery products – was higher than the 1.1 per cent rise registered last month. p4

ECONOMY
April-Aug fiscal deficit touches ₹3.7 lak cr

New Delhi, September 30

The fiscal deficit in the first five months of the current fiscal ended August stood at ₹3.69 lakh crore, or 66.5 per cent, of Budget estimates for 2015-16. The fiscal situation in April-August showed some improvement over the corresponding period of the previous year as the deficit then stood at 74.9 per cent of the estimates. The fiscal deficit for the entire current financial year has been pegged at ₹5.55 lakh crore. p4

Foreign firms to breathe easy as Govt stands by MAT promise

Apex court disposes of Castleton case on Centre agreeing not to tax cos without India office

OUR BUREAU
New Delhi, September 30

In a big relief to Castleton Investments, the Supreme Court on Wednesday disposed of the company's SLP after the Centre told the court that it stood by its circular exempting foreign investors from paying minimum alternate tax (MAT) if they didn't have a permanent place of business in India.

The case had been followed keenly by foreign investors, who were jittery on the outcome and the impact it would have on them. But with Attorney-General Mukul Rohatgi assuring the apex court that the Centre would stand by its decision to exempt foreign companies from MAT if they don't have a place of business in India, the apex court noted that no dispute remains in the Castleton case, and disposed of the Special Leave Petition.

Mauritius-based Castleton had filed the SLP challenging a 2012 ruling of the Authority for Advance Ruling (AAR) on MAT applicability. The 2012 AAR ruling had said Castleton would have to pay MAT on capital gains arising from sale of shares.

Move welcomed

This puts to rest the entire controversy around the levy of MAT on foreign companies (including foreign portfolio investors) investing in India, say tax experts.

As expected after the issue of the CBDT press release dated September 24, the government has decided not to pursue the Castleton case before the Supreme Court, Ketan Dalal, Senior tax partner, PwC India, told *BusinessLine*. This is a welcome development and a manifestation of the government's intent to bring a logical close to this controversy, Dalal added.

Castleton case
- 2012 AAR Ruling says MAT applicable on Castleton
- Castleton goes in appeal to Supreme Court
- 2015 September: Govt decides to exempt certain foreign firms from MAT levy
- 2015 September: SC disposes of Castleton's SLP

Amit Maheshwari, Partner, Ashok Maheshwary & Associates, a Chartered Accountancy firm, said the government's decision is a welcome move to close the loop, prevent unnecessary litigation, and provide a sense of certainty to the tax system.

"Walking the talk in tax litigation definitely sends a positive signal. Continuing clarity, which started with not appealing the Shell and Vodafone share valuation case in the Supreme Court, is signalling positive intent to provide maximum certainty and create a non-adversarial tax regime for foreign investors," he said.

Rakesh Nangia, Managing Partner, Nangia & Co, another CA firm, said the apex court decision had brought the curtains down on the MAT controversy.

In fact, after the government issued the circular, the issue was only academic and such foreign companies can now breathe easy, he added.

Natural gas price slashed by 16% to $4.24/unit

Lower than the APM rate; ONGC seeks review

OUR BUREAU
New Delhi, September 30

From October 1, domestically produced natural gas price will be at $4.24 a unit on net value for the next six months. This is slightly lower than what it was during the government controlled (administered price mechanism) regime at $4.66 a unit.

There was speculation if the government would reduce the price for domestically produced gas in sync with the global trend as the worst hit will be its own exploration major — ONGC. The government on Wednesday announced a price reduction of almost 16 per cent on net.

A government notification said the revised price will be $3.82 per million British thermal unit (mBtu) on a gross calorific value basis (or $4.24 a unit on net) for October to March 2016 (value of the gas is measured based on its heat). This is the third revision since the gas price was deregulated in November 2014.

If the benefit is passed onto consumers, it would result in cheaper electricity bills as well as lower rates for piped cooking gas and compressed natural gas (used for transportation). Every dollar change in gas price impacts the CNG price by about ₹3 a kg, piped natural gas rates by around ₹2 per standard cubic metre and the electricity tariff by 45-50 paise a unit.

ONGC Chairman and Managing Director Dinesh K Sarraf told *BusinessLine* that "as an E&P company, we had already appealed to the government to revise the natural gas price upwards or to put a floor price..."

He said the company believes that the phase of low oil and gas prices (since both are co-related) is temporary and therefore it is an opportune time to work on exploration assets as the cost of services is low. Sarraf said the company believes that these assets would start producing in a few years and give results when the market is good.

For the government, on the one side it means lower subsidy payout for power and fertiliser sectors and, on the other, reduced earnings from royalty and cess given by hydrocarbon exploration and production companies.

With ONGC and OIL's revenues taking a hit, the government's royalty and cess collections will also dip. In the first quarter of fiscal 2015-16, ONGC paid ₹5,662 crore as statutory levies, which included royalty payout.

Abbott, Carnival make big ticket real-estate buys

Deals worth over ₹3,200 crore bring commercial property market back in focus

BINDU D MENON
Mumbai, September 30

Commercial real estate deals appear to be making a strong comeback if the two big ticket acquisitions announced on Wednesday are anything to go by. While Mumbai-based media and entertainment firm Carnival Group has acquired engineering giant Larsen & Toubro's commercial real estate projects in Chandigarh for ₹1,785 crore, pharmaceutical firm Abbott India bought 4.35 lakh sq ft of commercial space from Godrej Developers in Mumbai's Bandra-Kurla Complex for ₹1,480 crore.

Carnival's acquisition includes the commercial real estate project Elante Mall, a Hyatt luxury hotel and a office premises with central courtyard in Chandigarh. Singapore-based sovereign fund GIC and private equity major Blackstone were also in the race for acquiring Elante.

Asset creation

"This acquisition is a part of asset creation for the group as an investment portfolio," said Srikanth Bhasi, Chairman Carnival Group. "This acquisition will help us expand our capabilities and allow us to make inroads into newer markets. This project will be operated as a separate unit and will be led by its current India-based management team."

Abbott, meanwhile, said the new corporate office will allow it to consolidate existing offices and operations in Mumbai into a single location. Godrej BKC is a large high-end commercial real estate project with approximately 1.3 million sq. ft. of saleable area in Bandra-Kurla Complex. Godrej Properties has partnered with Jet Airways to develop this project, which is expected to be completed and ready for occupancy by mid-2016.

Pirojsha Godrej, MD and CEO, Godrej Properties, said: "This deal will be an important driver of our plans to unlock capital invested in our commercial portfolio and will hasten the pace of our growth going forward."

Abbott Chairman and CEO Miles D White said in a statement, "India is one of the most important places in the world for Abbott, and we're investing here accordingly." The new office will house its 1,500 employees. Abbott anticipates occupying the building in 2016.

Office space

A recent Cushman & Wakefield report said the net office absorption for the top 8 cities will stand at 36.5 million square feet (msf) by the end of 2015, an increase of 18 per cent compared with 2014. Bengaluru is expected to lead with approximately 34 per cent share in the total Grade A Net absorption, ranging between 9-12 msf towards end of 2015. In the first half of 2015, overall vacancy shrunk to 18.5 per cent from 20.5 per cent during the same period last year, the report said.

Real estate consultant Colliers said that office market recorded approximately 19 million sq ft absorption in first half across major cities in India. "We expect the momentum in office market to continue with cities such as Bengaluru, Mumbai, Pune and Gurgaon to witness maximum office uptake in coming quarters," it added.

Also read p2

In buying mode
- Carnival Group has acquired L&T's commercial real estate project in Chandigarh for ₹1,785 crore
- Abbott India has bought 4.35 lakh sq.ft commercial space from Godrej Developers in Mumbai's Bandra-Kurla Complex for ₹1,480 crore

Dabhol power plant to be revived after more than two years

OUR BUREAU
New Delhi, September 30

Ratnagiri Gas and Power Private Ltd, the erstwhile Dabhol project, will fire up its power plant on November 1, more than two-and-a-half years after fuel supply constraints left the asset stranded.

Apart from GAIL (India) and NTPC, the Maharashtra State Electricity Board, State Bank of India, ICICI Bank, IDBI Bank and IFCI also hold a stake in the company.

Power Minister Piyush Goyal said on Wednesday that RGPPL's board has agreed on a short-term and long-term strategy to revive the LNG terminal and the power plant.

"In the short-term, we expect RGPPL to start generating 500 MW using the gas pooling arrangement where the Power System Development Fund will provide subsidy. The Maharashtra government has waived VAT and other taxes as well as let go of transmission and cross subsidy charges. The power will be supplied to the Railways as the anchor customer," said Goyal.

Cost saving for Railways

The Railways will get the power at ₹4.79 a unit. Sourcing power from Dabhol will help the Railways save ₹250-300 crore in the short term, said Goyal.

For the long term, RGPPL will be split into two companies — one for the 3-million-tonne-per-annum LNG terminal and the other for 1,967-MW unit — having the same shareholding.

Further investments will be made in the LNG terminal to make it viable on a standalone basis.

Goyal said the power company will go to the market to look for procurers for the remaining capacity over the 500 MW which will be sold to the Indian Railways.

Chanda Kochhar, MD and CEO, ICICI Bank, said: "The restarting of the Dabhol power plant will go a long way in boosting the investment climate in the country."

Plugging back

- State-run GAIL and NTPC are the founders of Ratnagiri Gas & Power, each holding 25.51%
- Ratnagiri Gas & Power, which owns an LNG terminal and an adjoining power plant built by now-defunct Enron, will split the businesses
- Ratnagiri Gas has a debt of about ₹9,000 crore, taken from lenders including SBI, ICICI Bank and IDBI Bank

Airtel's 4G campaign misleading, says ASCI

Telco gets time till Oct 7 to withdraw or modify the promotion

VARUN AGGARWAL
Mumbai, September 30

Airtel's claim to be the fastest data network on its 4G network has been termed misleading by the ad industry watchdog Advertising Standards Council of India (ASCI), which has asked the telco to withdraw or modify the campaign.

Based on consumer complaints, ASCI has asked Airtel to comply with the order by October 7. The campaign 'Airtel Challenge' projects Airtel 4G as being the fastest network and proposes that if a consumer can find a faster data network, their mobile bills will be paid by Airtel for life.

ASCI said in a note, seen by *BusinessLine*, that "The Consumer Complaints Council concluded that though 4G provides better services than 3G under the same operating conditions, it is not right to claim it as 'the fastest network ever'. The claim in the ad, 'Airtel 4G is the fastest network ever' and 'If your network is faster, we will pay your mobile bills for life', is misleading by omission in the absence of appropriate disclaimers in the print, TV, hoarding advertisements itself."

Company to seek a review

An Airtel spokesperson said the company will seek a review of the ASCI decision. "We are engaging with ASCI to provide them with the technical data in support of our advertising claims and are following the prescribed process to schedule a review of the issue," the spokesperson said.

Airtel added that it was going by the global standards of 4G to call it the fastest network.

"4G technology is proven to deliver the fastest internet experience and the same has been accepted globally. As the only commercial provider of this world class technology in India, our advertising campaign revolves around the 4G promise of fastest internet speeds and features a set of claims that are based on rigorous test conditions," the spokesperson added.

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