

Angel tax row: Govt seeks to soften the blow for start-up businesses

The revenue department has stepped in to address the concern of start-ups about harassment by the income tax department.

The complaints relate to money being debited from frozen bank accounts of at least two start-ups.

Revenue Secretary Ajay Bhushan Pandey is learnt to have written to TiE, an entrepreneurs' collective, to make a list of start-ups that have received tax notices from the department.

Once the list is in, the revenue department is planning to instruct its officials to stop the proceedings, people involved in discussions told. Just as the dust on the issue of angel tax was settling, fresh trouble for start-ups surfaced. Last week, two start-ups — TravelKhana and Babygogo — alleged the I-T department withdrew lakhs of rupees from their accounts following a dispute over tax claims.

According to TravelKhana Founder Pushpinder Singh, the action was taken despite the fact that the company was cooperating with the authorities.

Soon after, the Central Board of Direct Taxes (CBDT) issued a statement saying that the start-up had not replied to a show-cause notice in a tax

case, and that led to the I-T department taking action.

Section 68 of the I-T Act, under which action was taken, is an anti-abuse measure meant to question private companies that receive abnormal or unexplained cash credit into their accounts. If booked under the Section, the tax department can demand the details of the origin of cash, the purpose of such an inflow, and financial documents of the investor.

The fact that the party under watch has to "fully satisfy the assessing officer" of the legitimacy of transactions has the potential to make it a tool of harassment. Moreover, in such cases, the "unexplained" cash credit is taxed at 83.25 per cent.

"This has rattled a number of start-up entrepreneurs and investors, and the sentiment (against the government) has gone south," said Siddharth Pai, founding partner at 3one4 Capital, a venture capital (VC) firm.

"People are rattled about what they will do with the money in their accounts. Angel investors have gone on record saying they will stop investing, start-ups are saying they'll move their companies (registered office) to Singapore," said Pai.

In the case of start-ups that

are facing tax demands, it gets difficult for founders to source sensitive financial documents from angel investors. This also scares the investor, who becomes reluctant to do any further business with the company, said Pai.

"We have recommended to the government that if start-ups tell them (tax officials) that they can't get these documents, they may go after the investors."

In any case, recent cases have been a damper for the start-up community as a whole. "I am suspending all angel investing till the time #AngelTax is abolished," tweeted Rajesh Sawhney, serial entrepreneur and founder of InnerChef.

Sunil Goyal of YourNest, a VC firm, said the whole case was "highly concerning. We will be very careful whenever individual investors are investing with us because founders' time is getting wasted", adding that his firm might "avoid" a start-up where angels are investors.

A start-up founder said the fresh incidents had caused massive uncertainty for the entrepreneurs. "If one gets a notice, one may have to shut shop because a) it's hard to convince the I-T officer that our operations, valuations, and cash-flow are legit, and b) if there's a notice, no new investor will touch us. It's a scary thing."

Amazon puts on hold plans to buy stake in Kishore Biyani's Future Group

Global online marketplace giant Amazon has indefinitely put on hold its plans to buy stake in Kishore Biyani's Future Group, it is learnt.

According to sources in the know, Amazon is also reassessing the More retail chain stake buy, as it is at the moment unsure of India's retail climate. The investment arm of Amazon had set aside close to \$2 billion to invest in various retail chains, to expand its

offline footprint.

Still assessing the damage caused by sudden change in foreign direct investment (FDI) in e-commerce norms, which forced it to overnight change its business strategy to become compliant, Amazon has decided to not continue with its retail plans via stake buys till it manages to get clarity from the government.

Last year Amazon had

been on an overdrive to acquire stakes in offline retail firms and was holding talks with multiple players.

From RP-SG's food and grocery retail chain Spencer's Retail to Future Group, Amazon was planning to buy minority stake in multiple players to increase its offline retail presence in the country. In August last year, the firm had signed a term sheet with Future Group to invest close to \$700 million

In the danger zone: Why regulating drones is a policy challenge for India

If you thought disruption of flights due to sightings of drones was a problem only for Heathrow and Gatwick airports in the UK or Newark in the US, think again.

With over an estimated half a million commercial drones already in the Indian skies — roughly a ratio of 700 to a single aircraft — the risk of drones to airplanes could be as serious as in developed countries.

According to estimates based on Business Insider Intelligence of global shipments of commercial drones between 2014 and 2018, there are over 40 million commercial drones flying across the globe. The number of aircraft is only 50,000.

This works out to 800 drones to every aircraft. So India is quite close to the world average. Last year, a pilot spotted a drone just before Independence Day in Delhi and another pilot saw one in Bhubaneswar.

The problem in India is that most of these drones are illegal and unmonitored. A comprehensive drone policy was announced last year, permitting drones to fly from December 1, 2018, with a permit. However, the existing drones in the skies cannot be registered under the new regulations as they are illegal. This is because the Centre imposed a virtual ban on the use of commercial drones in October 2014. For instance, under the new rules, a drone will require an import licence from the Directorate General of Foreign Trade as well as clearance from the Directorate General of Civil Aviation (DGCA) if it is an imported drone.

As a bulk of existing drones were smuggled in or imported under a different classification, they will not have a drone licence. The bulk of drones were manufactured in China. The drone manufacturer or importer will now also require approval of their equipment from the Department of Telecommunications for using a de-licensed frequency band before the machines are sold. Clearly, none of the manufacturers or importers who sold illegal drones could have obtained such clearances.

Moreover, the drones have to be 'No Permission No

Takeoff or NPNT-compliant', namely, the manufacturer has to load either software or certain hardware to ensure the DGCA can oversee its operations and ensure that any drone without permission cannot fly.

Under the new policy, an operator also has to submit its flight path to the government through a digital platform and it can fly only after it is given permission.

"The problem is how do we legalise this huge number of drones and ensure the government knows where they are located and what their flight plans are so that it can have control. Until the new regulations are tweaked, this cannot happen," said Sai Pattabiram who runs Sree Sai Aerotech Innovations, which designs and develops drone technology.

The result of this situation is that the government has not been able to give permission to a single drone to fly legally. Since there are no NPNT-enabled drones available, commercial drones in India are already being used without permission for aerial photography, movies, real estate, the oil and gas sector, factories, and for surveillance and security.

Discussions are underway with the industry on the best course of action. A proposal to retrofit the old drones with a tracking device or a GPS cleared by the regulators, under which the NPNT can be enabled, is under discussion.

Through the device, mounted on the old drones, the government can oversee details of drone locations, owners' names, and control of the flight path. "The Ministry of Civil Aviation has been positive to this suggestion and we are working on a detailed plan on how this can be done," said an executive, who was part of a meeting on the implementation of the drone policy.

Experts say this is similar to what the Ministry of Roadways has undertaken for public vehicles such as buses which will have to install a location tracking device by April, so that the government can oversee the movement of the vehicle.

Industry experts say that some aspect of the new drone regulations, such as the requirement for an import licence, will also require relaxing.

Jet Airways cancels more than 10 flights due to operational reasons

Crisis-hit Jet Airways Sunday cancelled more than 10 flights due to operational reasons, according to a source.

On February 7, the airline said four of its aircraft have been grounded due to non-payment of lease rentals.

"A few flights of Jet Airways were today cancelled due to operational reasons," an airline spokesperson said.

The source in the aviation

industry said that more than 10 flights were cancelled from Mumbai airport alone.

"The airline regrets the inconvenience it caused to its guests. Affected guests have been re-accommodated while those seeking refunds have been compensated as per appropriate guidelines," the spokesperson said.

Faced with acute financial problems, the airline is looking to restructure debt and raise fresh funds.

SimYog plans to venture into aerospace, consumer and medical electronics

Top officials at Robert Bosch Engineering Solutions (RBEI) took an instant liking to a unique software tool developed by SimYog Technologies, a deep tech start-up incubated at the Indian Institute of Science (IISc). The firm promised to reduce the time taken to develop electronic controllers that are used in passenger vehicles and goods carriers.

hardware framework, which has simulation at its core," said Gope.

So, what made Bosch back SimYog? "We realised that they can do it faster as compared to the standard way followed by Bosch," said R K Shenoy, senior vice-president at RBEI. An increasing number of electronics in automobile and the need for a shorter time-to-market swung the deal in SimYog's favour. If anything, stricter legislation on safety, emission and fuel efficiency are set to further add to the use of electronic contents in automobiles and make solutions such as the one developed by SimYog popular, said Shenoy. This is RBEI's first India venture investment.

Its deep learning-based software solution called the compliance score allows hardware developers to test electronic components' resistance to electromagnetic interference (EMI) in the design

stage itself. Auto component manufacturers end up developing multiple prototypes and test for EMI before mass production. The tool helps component makers reduce the number of iterations and thereby shorten the development cycle. Gope and his team are also working on a solution for the full vehicles for OEMs (original equipment manufacturers).

It is able to reduce the time a developer takes to get feedback in terms of identifying where the hot-spots are and where the failure happens in terms of EMI. The tool allows one to do the testing through simulation instead in a laboratory. On average, a lab requires \$4-5 million of investment and with the huge number of electronics being built, there's also a significant wait time to use the lab, said Shenoy. The beta version of the tool "looks very promising" and Bosch will be able to depend on it fully in a few months.

HDFC Capital plans to form 3 investment platforms for affordable housing

HDFC Capital, the real estate fund management arm of HDFC, is looking to form three platform investment deals with property developers for affordable housing, said sources in the know.

Platforms are like joint ventures wherein the partners bring in capital and the developer partner develops projects.

HDFC Capital has in principle agreed to form a platform deal with Mumbai-based Rustomjee and is in talks with two other developers for similar deals, sources said. "They have realised that affordable homes are selling well despite the slowdown. That's why they are looking at tie-ups with serious players," said a source. An email sent to HDFC did not elicit any response.

HDFC Capital has raised over \$1 billion from the Abu Dhabi Investment Authority (ADIA), National Investment and Infrastructure Fund (NIIF) and others, said sources in the know.

In February last year, Prestige and HDFC Capital

announced a Rs 2,500-crore platform to invest in affordable housing projects. A month earlier, HDFC Capital formed a Rs 500-crore investment platform with Mahindra Lifespaces.

HDFC Capital formed a similar deal with NCR-based ATS Infrastructure.

While US-based Blackstone recently bought a controlling stake in Aadhar Housing Finance, domestic fund managers are getting into this segment. SBI Ventures, a step-down subsidiary of SBI, is launching a Rs 350-crore affordable housing fund. It will target top eight cities in the country.

Another Mumbai-based fund manager, Nisus Finance, is looking to launch a Rs 500-crore fund and raise money from domestic institutions and family offices.

The fund manager plans to invest Rs 50-60 crore per deal and looking at an internal rate of return of 20-21 per cent, said Amit Goenka, managing director and chief executive, Nisus Finance.

"We are focusing on projects that meet PMAY

(Pradhan Mantri Awas Yojana) criteria," Goenka said.

In 2015, the Centre announced the credit-linked subsidy scheme (CLSS) under PMAY (Urban), offering an interest subvention of 6.5 per cent on housing loans up to Rs 6 lakh for a tenure of 20 years to economically weaker sections (EWS) and low-income groups (LIG).

The scope of the CLSS was widened to include the middle-income category. With effect from January 1, 2017, the MIG scheme was rolled out, with an upfront interest subsidy of up to Rs 2.3-2.35 lakh to borrowers, covering two income segments — Rs 600,001 to Rs 1,200,000 (MIG-I) and Rs 1,200,001 to Rs 1,800,000 (MIG-II) per annum.

Anuj Puri, chairman at Anarock Property Consultants, said the government was trying to fuel the affordable housing segment by incentivising both supply and demand. According to Anarock research, 38 per cent of the launches between 2013 and 2018 pertained to the affordable segment (units priced less than Rs 40 lakh).

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2018 (Rs. In Lacs)					
PARTICULARS	For the quarter ended 31st December, 2018 Unaudited	For the quarter ended 30th September, 2018 Unaudited	For the quarter ended 31st December, 2017 Unaudited	For the Nine months ended 31st December, 2018 Unaudited	For the Nine months ended 31st December, 2017 Unaudited
Revenue from Operations	1,017.57	1,546.22	1,079.82	3,697.81	3,345.33
Net Profit/(Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	33.89	150.95	64.01	265.01	161.94
Net Profit/(Loss) for the period before tax (after Exceptional and/or Extraordinary items)	33.89	150.95	64.01	265.01	161.94
Net Profit/(Loss) for the period after tax (after Exceptional and/or Extraordinary items)	23.46	102.73	32.59	181.40	93.99
Total Comprehensive Income for the period [comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	24.44	103.69	30.48	184.26	88.01
Equity Share Capital	478.17	478.17	478.17	478.17	478.17
Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	737.66	715.15	525.20	737.66	525.20
Earnings Per Share (of Rs.10/- each) (for continuing operations)	0.49	2.15	0.62	3.79	1.68
Basic & Diluted (Rs.)					

Notes:
1. The above is an extract of the detailed format of Annual Financial Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Annual Financial Results is available on the Company's website at www.polymechplast.com and the Stock Exchange's Website at www.bseindia.com.

**By order of the Board
For, Polymechplast Machines Limited
Sd/-
M. R. Bhuvra
Executive Director
DIN : 00054562**

Place : Vadodara
Date : 12-02-2019

DYNAMIC INDUSTRIES LIMITED			
CIN : L24110GJ1989PLC011989			
Regd Office : Plot No. 5501/2, Phase III, Nr. Trikampura Cross Road, G.I.D.C., Vatva, Ahmedabad - 382 445			
Tel : 25897221-22-23, Fax: 25834292			
Email : accounts@dynamind.com Website : www.dynamind.com			
Extract of Standalone Unaudited Financial Results for the Quarter and Nine Months ended on 31st December, 2018 (Rs. In Lakhs except earning per share)			
PARTICULARS	Quarter Ended on 31.12.2018	Nine Months Ended on 31.12.2018	Corresponding quarter ended in the previous year 31.12.2017
Total Income from the operations	1211.14	5217.07	1387.21
Net Profit/(Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	102.03	457.91	118.73
Net Profit/(Loss) for the period before tax (after Exceptional and/or Extraordinary items)	102.03	457.91	118.73
Net Profit/(Loss) for the period after tax (after Exceptional and/or Extraordinary items)	72.48	333.09	83.93
Total Comprehensive Income for the period [Comprising Profit/(Loss) for the period (after tax) and other comprehensive Income (after tax)]	71.00	332.12	84.85
Equity Share Capital	302.85	302.85	302.85
Earning per share (of Rs.10 each) (for continuing and discontinued operations)			
Basic:	2.39	11.00	2.77
Diluted:	2.39	11.00	2.77

Notes:
1. The above is an extract of the detailed format of Quarter and Nine Months ended Financial Results as per IND AS filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results as on 31st December, 2018 are available on the Stock Exchange website (https://www.bseindia.com/stock-share-price/dynamic-industries-ltd/dynamind/524818/#equity) and on website of the company at (http://www.dynamind.com/investors_zone.html).
2. The above financial results of the Company were reviewed by the Audit Committee in its meeting held on February 11, 2019. The Board of Directors in its meeting held on February 11, 2019 approved the same and also Limited Review were carried out by the Statutory Auditors.
3. As the company is having only one segment, there are no reportable segment in accordance with the requirement of Ind AS 108 "Operating Segment" specified under Section 133 of the Companies Act, 2013.
4. Figures of the previous quarter/period have been regrouped, wherever necessary.

**For, Dynamic Industries Ltd.
Sd/-
Dipakkumar Choksi
Chairman & Whole Time Director
DIN : 00536345**

Date : 11th February, 2019
Place : Ahmedabad