

# M&A costs to go up as tax relief on goodwill junked

Amendment is to be effective from FY21 and also applies to earlier acquisitions

DEV CHATTERJEE  
Mumbai, 3 February

Transactions on mergers and acquisitions (M&As) are set to become costlier because the Budget has proposed that goodwill, whether of a product or company, will not be eligible for tax depreciation.

The amendment is to be effective from FY21 and applies also to earlier acquisitions, and the consequent goodwill related to such transactions. Depreciation on any past goodwill, even if partly claimed, will not be available because the amendment takes effect from April 1, 1998, said tax experts.

This will affect also internal corporate restructuring where goodwill was claimed. “This may lead to more litigation,” said a top tax expert.

Several M&A transactions signed in the past, including Hindustan Unilever’s acquisition of Horlicks in December 2018 from GlaxoSmithKline Plc, had claimed high goodwill as depreciation and will now be affected by this amendment.

Hindustan Unilever had expected goodwill measured at around 1.3 billion euros to be deductible for tax purposes from the Horlicks deal.

“Depreciation is allowable on intangible assets such as goodwill, and there are judicial precedents on that, arising as a result of an acquisition and/or merger. The amendment seeks to do away with that, and will impact M&As, especially in relation to transactions where intangibles are the predominant chunk of the acquisition price. The ability of the seller to negotiate with the buyer to share the benefit of the tax break will be affected,” said Ketan Dalal, managing partner of



## ZERO GOODWILL

- M&A, internal restructuring included in amendment
- May lead to more litigations
- Amendment retrospective since 1998

tax advisory firm Katalyst.

“In that sense, the amendment is retroactive, and one wishes this was reconsidered and existing positions grandfathered,” he said.

Tax experts said the proposed amendments would render ineffective the judgment of the Supreme Court and various other subsequent verdicts. Consequently, the sound principles of commercial prudence evolved in the past, and especially over the past nine years, in relation to depreciation on goodwill, specifically in cases of acquisition of businesses between third parties, and the valuation of which is at arm’s length, would be neutralised by this amendment.

The axiom of “intended consequences” would squarely apply here since the benefit of tax breaks available to the acquirer on account of depreciation on goodwill

## WHAT THE BUDGET PROPOSES...

Goodwill (including existing goodwill) to be non-eligible for tax depreciation

- Where goodwill forms part of an asset block on which tax depreciation has been claimed, the asset block’s written down value and the short-term capital gains will be determined in a manner to be prescribed
- Acquisition cost of acquired goodwill will be the purchase price (as reduced by obtained tax depreciation); it will be nil for other cases

would not be available and, therefore, result in lower negotiating power to the seller while valuing the business.

“This will affect big-ticket transactions,” said Mahindra Chhajed, partner of Chhajed & Doshi and a noted tax expert.

According to Katalyst, the extant provisions of the Income Tax Act provide for depreciation on tangible as well as intangible assets. Intangible assets include know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature. However, the goodwill of a business was not specifically included in the definition of intangible assets.

After long litigation on whether goodwill should be considered an intangible asset and eligible for depreciation, the Supreme Court had held goodwill was a depreciable asset under the Income Tax Act.

## Adani’s energy biz joins top 20 global club

Thanks to a massive thrust on renewable energy (RE) segment in the last two years, Adani Group’s energy business has joined the top 20 global energy companies with its total valuation now touching \$31 billion (₹2.32 trillion) compared to \$6.5 billion two years ago. Nextera Energy of USA and Enel of Italy are topping the global list with \$151 billion and \$103 billion respectively, according to *Bloomberg* data.

The group is aiming to become world’s largest RE company by 2030. The group’s energy vertical includes Adani Green Energy, Adani Total Gas, Adani Transmission and Adani Power. Several global investors including Total and QIA have already invested in the group’s companies.

## Leading the pack: Top companies by market capitalisation

Excludes oil & gas companies

| Utility               | Country | M-cap 2018 (\$ bn) | Rank in 2018 | M-cap 2021 (\$ bn) | Rank in 2021 | M-cap (%) | Change in rank |
|-----------------------|---------|--------------------|--------------|--------------------|--------------|-----------|----------------|
| NextEra Energy        | US      | 83                 | 1            | 151                | 1            | 82.0      | 0 ▼            |
| Enel                  | Italy   | 59                 | 3            | 103                | 2            | 75.0      | 1 ▲            |
| Iberdrola             | Spain   | 50                 | 5            | 87                 | 3            | 74.0      | 2 ▲            |
| Ørsted                | Denmark | 28                 | 15           | 86                 | 4            | 207.0     | 11 ▲           |
| Duke Energy           | US      | 63                 | 2            | 67                 | 5            | 7.0       | -3 ▼           |
| China Yangtze Power   | China   | 53                 | 4            | 65                 | 6            | 22.0      | -2 ▼           |
| Southern Company      | US      | 45                 | 8            | 65                 | 7            | 43.0      | 1 ▲            |
| Dominion Resources    | US      | 49                 | 6            | 61                 | 8            | 26.0      | -2 ▼           |
| EDF                   | France  | 47                 | 7            | 49                 | 9            | 4.0       | -2 ▼           |
| National Grid         | UK      | 33                 | 12           | 42                 | 10           | 27.0      | 2 ▲            |
| Exelon Corporation    | US      | 44                 | 9            | 41                 | 11           | -6.0      | -2 ▼           |
| AEP                   | US      | 37                 | 10           | 41                 | 12           | 11.0      | -2 ▼           |
| ENGIE                 | France  | 37                 | 10           | 37                 | 13           | 0         | -3 ▼           |
| Sempra Energy         | US      | 30                 | 13           | 37                 | 14           | 24.0      | -1 ▼           |
| Xcel Energy           | US      | 25                 | 18           | 36                 | 15           | 41.0      | 3 ▲            |
| Adani energy vertical | India   | 6                  | 33           | 31                 | 16           | 384.0     | 17 ▲           |
| Verbund               | Austria | 16                 | 26           | 30                 | 17           | 88.0      | 9 ▲            |
| Eversource Energy     | US      | 21                 | 21           | 30                 | 18           | 44.0      | 3 ▲            |
| PSEG                  | US      | 26                 | 16           | 29                 | 19           | 12.0      | -3 ▼           |
| E.ON                  | Germany | 23                 | 20           | 29                 | 19           | 26.0      | 1 ▲            |

DEV CHATTERJEE

## Adani wins big in Andhra solar auction

SHREYA JAI  
New Delhi, 3 February

Adani Green Energy (AGEL) won five mega solar power projects of 600 Megawatt (MW) each in the bidding held by Andhra Pradesh Green Energy Corporation (APGEC) for awarding 6.4 Gigawatt (GW) of ultra mega solar projects.

State-owned NTPC won 600 MW in the auction quoting the lowest tariff of ₹2.48 per kWh (unit).

The lowest tariff discovered in the whole auction process was ₹2.47 per unit by Torrent Power for a 300 MW solar project.

AGEL quoted tariff in the range of ₹2.49-2.58 per unit for the five projects, thereby winning half the capacity offered by the state.

The solar plants are planned to be built in the districts of Kurnool, Ananthapuramu, Prakasam and Kadapa. The final award of the projects is subject to the outcome of a writ petition filed in the High court of Andhra Pradesh.

In January, the High Court stopped the state from awarding the 6.4 GW tender. The case was filed by Tata Power Renewable Energy, to quash the requests for selection (RfS) and draft power purchase agreements (PPAs) issued by APGEC.

# Adani, GMR among others in race for rebuilding New Delhi railway station

TWESH MISHRA  
New Delhi, 3 February

Arabian Construction Company, Adani Railways Transport, Kalpataru Power Transmission, GMR Highways, and Omaze have expressed interest in redeveloping the New Delhi railway station.

A statement from the Rail Land Development Authority (RLDA) said that BIF IV India Infrastructure Holding (DIFC), ISQ Asia Infrastructure Investments, Anchorage Infrastructure Investments Holdings, and Elpis Ventures also participated in the Request for quotation (RFQ).

“These companies will now undergo technical evaluation. In the next stage RLDA will float the Request for Proposal (RFP) for selected participants who get qualified in the technical process,” the statement said.

“New Delhi Railway Station Redevelopment is a flagship project of the Rail Land Development Authority, and the first to be undertaken on the Transit-Oriented Development concept in Delhi-NCR. It will incur the capital expenditure



The station will be developed to ensure multimodal transport integration and development

at \$680 million and will be developed on a Design-Build-Finance-Operate-Transfer model. The project offers multiple revenue streams to the developer, including revenue from real estate rights and is slated to be completed in around four years. The concession period is for 60 years,” the statement added.

The New Delhi station will be redeveloped with dome-shaped terminal build-

ings, with 2-Arrival and 2-Departure at the concourse level, two multimodal transport hubs (MMTH) on its every side. In addition, there will be 40-floor high-rise twin towers (with hotels/ offices and retail at podium) and pedestrian boulevard with high- street shopping among the salient features of the proposed development. Pedestrian movement, cycle tracks, green tracks, and non-motorised vehicles have been integrated into the proposed development plan.

The station will be developed to ensure multimodal transport integration and development. It is connected to the IGI Airport through the Airport Express Line Metro and with Delhi NCR via Yellow Line of Delhi Metro. DTC bus stops lie on both sides of the station.

The station has a master plan area of 120 hectares, of which 88 hectares is being planned in Phase 1 (of the project). RLDA is the approving authority for the master plan. To expedite the approvals and clearances, an apex committee under the chairmanship of lieutenant governor of Delhi has also been constituted.

**BAFNA PHARMACEUTICALS LIMITED**  
CIN : L24294TN1995PLC030698  
Regd. Office: No.299, Tambu Chetty Street, Chennai-600 001  
Tel: 044 - 2526 7517 / 2527 0992; Fax: 044 - 2523 1264  
E-mail: info@bafnapharma.com, Website: www.bafnapharma.com

**NOTICE OF BOARD MEETING**  
Pursuant to Regulation 29 read with Regulation 47(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 notice is hereby given that a **meeting of the Board of Directors of the Company** will be held on **Friday, 12th February, 2021** inter alia, to consider and approve **Un-audited Financial Results for the Quarter & Nine Months Ending 31<sup>st</sup> Dec, 2020** and any other business with the permission of the Chair.  
**Thanking you.**  
Place : Chennai  
Date : 03.02.2021  
Yours faithfully,  
**For BAFNA PHARMACEUTICALS LIMITED**  
Jitendra Kumar Pal, Company Secretary

**EIH Limited**  
A MEMBER OF THE OBEROI GROUP  
Registered Office: 4 Mangoe Lane, Kolkata – 700 001  
Website: www.eihltd.com, CIN: L55101WB1949PLC017981  
Phone: 91-33-22486751

**PUBLIC ANNOUNCEMENT FOR DELISTING THE EQUITY SHARES FROM THE CALCUTTA STOCK EXCHANGE LIMITED**  
Notice is hereby given that pursuant to Regulations 6 and 7 of the Securities and Exchange Board of India (Delisting of equity shares), Regulation, 2009 (“Delisting Regulations”), as amended from time to time, the Board of Directors if the Company as its meeting held on 29th January 2021, has approved, inter-alia, a proposal for voluntary delisting of the Company’s equity shares from the Calcutta Stock Exchange Limited (“CSE”) (Scrip Code: 05) as there has been no trading in the equity shares of the Company listed on the CSE for several years. The Company is in the process of making necessary application for voluntary delisting of its equity shares from the CSE. The equity shares of the Company shall continue to remain listed of National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), having nationwide trading terminals.  
**NECESSITY AND OBJECT OF DELISTING**  
There has been no trading in the equity shares of the Company listed on the CSE for the past several years and CSE does not have a nationwide trading terminal. Therefore, the continued listing on the CSE is serving no useful purpose. We intend to delist the equity shares of the Company from the CSE but the equity shares will continue to be listed on the NSE and BSE, having nationwide trading terminals. The shareholders of the Company shall continue to avail the benefits of the listing and trading on the NSE and BSE.  
for EIH Limited  
**S.N.Sridhar**  
Company Secretary  
Place: Delhi  
3rd February 2021

**SOLARA**  
Active Pharma Sciences  
**SOLARA ACTIVE PHARMA SCIENCES LIMITED**  
CIN: L24230MH2017PLC291636  
Regd. Office: No. 201 Devavrata, Sector 17, Vashi, Navi Mumbai 400 703.  
Corp. Office: No 28, Sardar Patel Road, Guindy, Chennai - 600 032

**CONDENSED CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020**  
(Rs. in Crores except per share data)

| Sl. No. | Particulars   | 3 months ended | Preceding 3 months ended | Corresponding 3 months ended in the previous year | Year to date figures for the current period ended | Year to date figures for the previous period ended | Previous Financial Year ended |
|---------|---|----------------|--------------------------|---|---|--|-------------------------------|
|         |   | 31.12.2020     | 30.09.2020               | 31.12.2019  | 31.12.2020  | 31.12.2019   | 31.03.2020                    |
|         |   | UNAUDITED      | UNAUDITED                | UNAUDITED   | UNAUDITED   | UNAUDITED  | AUDITED                       |
|         | <b>Continuing operations:</b>                                       |                |                          |   |   |  |                               |
| 1       | Total income from operations  | 434.98         | 403.68                   | 349.76  | 1,191.66  | 1,040.37   | 1,349.27                      |
| 2       | Net Profit for the period before tax                                | 65.79          | 56.77                    | 41.33   | 164.88  | 97.01  | 114.91                        |
| 3       | Net Profit for the period after tax                                 | 65.78          | 56.69                    | 41.33   | 164.74  | 96.71  | 114.52                        |
| 4       | Other Comprehensive Income for the period                           | 0.05           | (3.09)                   | (0.04)  | (3.03)  | (0.15)   | (3.71)                        |
| 5       | Total Comprehensive Income for the period (3 + 4)                   | 65.83          | 53.60                    | 41.29   | 161.71  | 96.56  | 110.81                        |
| 6       | Equity Share Capital  | 35.90          | 35.81                    | 26.04   | 35.90   | 26.04  | 26.85                         |
| 7       | Other Equity  |                |                          |   |   |  | 1,059.09                      |
| 8       | Earnings Per Share (of Rs. 10/- each) (for continuing operations) - |                |                          |   |   |  |                               |
|         | Basic (Rs.)   | 18.47          | 19.21                    | 16.00   | 53.43   | 37.51  | 44.29                         |
|         | Diluted (Rs.)   | 17.29          | 17.25                    | 15.24   | 49.28   | 36.61  | 42.82                         |

**Notes:**  
1 The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarter and Nine months Financial Results are available on the websites of the NSE Limited (www.nseindia.com), BSE Limited (www.bseindia.com) and at the Company’s website (www.solara.co.in)  
2 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 3, 2021. The above results for the quarter ended and nine months ended December 31, 2020 have been reviewed by Deloitte Haskins & Sells LLP, the statutory auditor of the Company, on which they have given an unmodified report.  
3 Previous period figures have been regrouped to conform with the classification adopted in these financial results.  
**For and on behalf of board**  
**Bharath R Seshha**  
Managing Director & CEO  
Place : Bengaluru  
Date : February 03, 2021

**V-GUARD INDUSTRIES LTD.**  
Registered Office: 42/962, Vennala High School Road, Vennala, Ernakulam-682 028, Kerala.  
Tel : 0484-4335000, Email : mail@vguard.in CIN: L31200KL1996PLC010010

**Extract of Unaudited Standalone Financial Results for the Quarter and Nine months ended 31.12.2020**  
(₹ in Lakhs)

| Sl. No. | Particulars   | For the three months ended |             |             | For the nine months ended |             | For the year ended |
|---------|---|----------------------------|-------------|-------------|---------------------------|-------------|--------------------|
|         |   | 31.12.2020                 | 30.09.2020  | 31.12.2019  | 31.12.2020                | 31.12.2019  | 31.03.2020         |
|         |   | (Unaudited)                | (Unaudited) | (Unaudited) | (Unaudited)               | (Unaudited) | Audited            |
| 1.      | Total income from operations (net)  | 82,741.43                  | 61,665.93   | 62,664.12   | 1,84,990.53               | 1,94,533.71 | 2,48,196.29        |
| 2.      | Net Profit / (Loss) from ordinary activities after tax  | 7,701.54                   | 5,000.92    | 4,288.30    | 13,064.72                 | 15,265.18   | 18,516.34          |
| 3.      | Net Profit / (Loss) for the period after tax (after Extraordinary items)  | 7,701.54                   | 5,000.92    | 4,288.30    | 13,064.72                 | 15,265.18   | 18,516.34          |
| 4.      | Total Comprehensive Income for the period [comprising profit/(loss) for the period (after tax) and other Comprehensive income] after tax. | 7,701.54                   | 5,000.92    | 4,288.30    | 13,064.72                 | 15,265.18   | 18,290.36          |
| 5.      | Equity Share Capital  | 4,294.88                   | 4,289.14    | 4,276.79    | 4,294.88                  | 4,276.79    | 4,282.88           |
| 6.      | Earnings per share of ₹ 1/- each (before extra ordinary items)  |                            |             |             |                           |             |                    |
|         | (a) Basic:  | 1.80                       | 1.17        | 1.00        | 3.05                      | 3.57        | 4.33               |
|         | (b) Diluted:  | 1.78                       | 1.16        | 0.99        | 3.02                      | 3.53        | 4.28               |
| 7.      | Earnings per share of ₹ 1/- each (after extra ordinary items)   |                            |             |             |                           |             |                    |
|         | (a) Basic:  | 1.80                       | 1.17        | 1.00        | 3.05                      | 3.57        | 4.33               |
|         | (b) Diluted:  | 1.78                       | 1.16        | 0.99        | 3.02                      | 3.53        | 4.28               |

**Extract of Unaudited Consolidated Financial Results for the Quarter and Nine months ended 31.12.2020**  
(₹ in Lakhs)

| Sl. No. | Particulars   | For the three months ended |             |             | For the nine months ended |             | For the year ended |
|---------|---|----------------------------|-------------|-------------|---------------------------|-------------|--------------------|
|         |   | 31.12.2020                 | 30.09.2020  | 31.12.2019  | 31.12.2020                | 31.12.2019  | 31.03.2020         |
|         |   | (Unaudited)                | (Unaudited) | (Unaudited) | (Unaudited)               | (Unaudited) | Audited            |
| 1.      | Total income from operations (net)  | 83,503.51                  | 62,300.64   | 63,188.79   | 1,86,604.48               | 1,96,180.51 | 2,50,294.25        |
| 2.      | Net Profit / (Loss) from ordinary activities after tax  | 7,824.81                   | 5,161.72    | 4,424.07    | 13,350.47                 | 15,602.09   | 18,825.36          |
| 3.      | Net Profit / (Loss) for the period after tax (after Extraordinary items)  | 7,824.81                   | 5,161.72    | 4,424.07    | 13,350.47                 | 15,602.09   | 18,825.36          |
| 4.      | Total Comprehensive Income for the period [comprising profit/(loss) for the period (after tax) and other Comprehensive income] after tax. | 7,824.81                   | 5,161.72    | 4,424.07    | 13,350.47                 | 15,602.09   | 18,596.81          |
| 5.      | Equity Share Capital  | 4,294.88                   | 4,289.14    | 4,276.79    | 4,294.88                  | 4,276.79    | 4,282.88           |
| 6.      | Earnings per share of ₹ 1/- each (before extra ordinary items)  |                            |             |             |                           |             |                    |
|         | (a) Basic:  | 1.82                       | 1.20        | 1.03        | 3.10                      | 3.63        | 4.38               |
|         | (b) Diluted:  | 1.80                       | 1.19        | 1.01        | 3.08                      | 3.58        | 4.32               |
| 7.      | Earnings per share of ₹ 1/- each (after extra ordinary items)   |                            |             |             |                           |             |                    |
|         | (a) Basic:  | 1.82                       | 1.20        | 1.03        | 3.10                      | 3.63        | 4.38               |
|         | (b) Diluted:  | 1.80                       | 1.19        | 1.01        | 3.08                      | 3.58        | 4.32               |

**Notes:**  
1. The above standalone and consolidated unaudited financial results for the quarter and nine months ended December 31, 2020 were reviewed by the Audit Committee at the meeting held on February 03, 2021 and approved by the Board of Directors and taken on record at the meeting held on February 03, 2021.  
2. The above is an extract of unaudited financial results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the unaudited financial results are available in the Company’s website (www.vguard.in) and on the websites of the National Stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com).  
**For V-GUARD INDUSTRIES LIMITED**  
sd/-  
**Managing Director**  
Place: Kochi  
Date: 03.02.2021



