

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5157  
ANSWERED ON:26.04.2013  
TAX PROBLEM OF COMPANIES  
Bhadana Shri Avtar Singh

**Will the Minister of FINANCE be pleased to state:**

- (a) whether some companies are having conflict with Income-tax Department on the issue of undervaluing share sales to parent companies;
- (h) if so, the details thereof, company-wise;
- (c) whether reports about the Income Tax Department making undue harassment in the process have been received; and
- (d) if so, the details thereof and reaction of the Government thereto ?

**Answer**

(a) & (b): Yes. In FY 2012-13, 27 cases (list attached) of undervaluation of shares sales by Indian companies to their Associated Enterprises had been detected and were subjected to appropriate transfer pricing adjustments, in accordance with the provisions of Income Tax Act, 1961.

(c) & (d) : Correspondence was made by some of such companies, emphasizing difference of opinion over this matter, which was suitably dealt with by the concerned Officers.

List of 27 cases involving share valuation in FY 2012-2013

- 1 Essar Telecom Infrastructure Pvt Ltd
- 2 Essar Technology Park BKC Pvt Ltd
- 3 Essar Power Ltd
- 4 Essar Construction Pvt Ltd
- 5 Essar Investments Ltd
- 6 HSBC Securities and Capital Markets (India) Pvt Ltd
- 7 Leighton Welspun Contractors Pvt Ltd
- 8 Firestone International Pvt Ltd
- 9 Anglo-Eastern Ship Management (I) Pvt Ltd
- 10 MSC Crewing Services Pvt Ltd
- 11 Shell India Markets Pvt Ltd
- 12 Solvay Specialities India Pvt Ltd
- 13 Sonata Software Ltd
- 14 Standard Chartered Securities India Ltd
- 15 Vodafone India Services Pvt Ltd
- 16 Selec Controls Pvt Ltd
- 17 Tops Equipments Ltd
- 18 Positive Packaging Industries Limited
- 19 Patel Engineering Ltd (AY 2008-09)
- 20 Patel Engineering Ltd (AY 2009-10)
- 21 Perot Systems TS1 (India) Pvt Ltd
- 22 Redington India Limited
- 23 VITP Pvt Limited
- 24 Huntsman Investment (Netherlands) BV
- 25 Havells India Ltd
- 26 Bharti Airtel Ltd
- 27 SMC Pneumatics India Pvt Ltd