



Mysore Chapter

eNewsletter

87th Edition

April 2011

CONGRATULATIONS!

**It is 50 years,
since Man entered Space!**

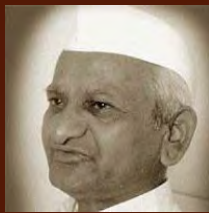
**Lokpal initiative
and World Cup:**

**India's
Yugadi Gifts!**



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"WORDS WORTH MILLIONS"



"Bliss does not come from outside,
it comes from inside, from serving
the people."

Anna Hazare
Social Activist
Born: 15 January 1940

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MESSAGE FROM CHAIRPERSON



Dear Members and Students of CS fraternity,

I hope the Yugadi has brought with it all the happiness and joy to
you all. I wish you all a very successful and prosperous year ahead.

The New financial year has begun with a lot of new things in its
pocket. The New Companies Bill is expected to be passed during this
year and with it, opens a lot of new challenges and opportunities for
the Company Secretaries. It is time to learn afresh and get updated
with the changing corporate scenario. Many of you may be aware
that the Institute has come up with a new initiative of introducing the
requirement of Program Credit Hours for Company Secretaries in
Whole time Employment too, in addition to the Practicing Company
Secretaries. This is a welcome step as attending these programs
would help us in the professional development as well as in building
new contacts and fellowship.

As far as the students are concerned, the Last date for completing the
Backlog of SIP / EDP is the end of June 2011. Those who have not
completed these training requirements please enroll and complete it
before end of June. We are happy to announce that for the first time
in India, the Institute has given special permission to Mysore Chapter
to hold the Week-end Student Induction Program stretched over
three Saturdays and four Sundays commencing from 16th April 2011.

Please note that it is a onetime permission given to us for the benefit
and the students who find it difficult to obtain continuous leave for a
week. So, make best use of this opportunity and register for the
program.

Thank you,

Yours in CS fraternity,

CS. Srilatha T G

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31st Foundation Day!

The Chapter celebrated its 31st Foundation Day on 8th March 2011. The program was well attended by the members and students of the chapter. The senior members of the chapter, past chairmen and other office bearers of the chapter shared their thoughts with the gathering. The ICSI Officials who inaugurated the Mysore Chapter 31 years ago were contacted over telephone.



Program on IFRS

Mysore Chapter in association with Sree Nataraja Residential First Grade College for woman conducted a full day seminar and panel discussion on "Understanding IFRS" on 9th March 2011 at the Nataraja College Auditorium. The program was inaugurated by Sri. Chidananda Swamiji & CS. Krishna M. Two Technical sessions were conducted followed by a panel discussion. The Resource persons were, CS. Anshuman A S, CA.Sivakumar, Mr. Chintamani & Mr. Anantha Prasad B K. The response to the seminar was overwhelming and was attended by graduate and post graduate commerce and Management students.



Two day Program on Corporate Challenges & Opportunities

The Mysore Chapter of ICSI organized two days seminar on "Corporate Challenges & Opportunities" at Rotary Centre, Mysore on 19th and 20th March, 2011 at Rotary Hall, JLB Road, Mysore.



The program was well attended by more than 50 participants from various places like Chennai, Coimbatore, Hyderabad, Cochin, Balgaum, Hospet, Bangalore etc. The seminar was inaugurated by Chief Guest, Mr. Raghavendra H.D., President, Chamber of Commerce and Industry, Mysore & CS. Kedarnath Swayambhu, Past Chairman of Bangalore Chapter. The program included a number of Technical sessions by eminent speakers like CS. Srinivasa Murthy

G.V., Bangalore (Global Investments), CS. M.R. Gopinath, Bangalore (New Company Bill), Shri Lokesh V., CEO, Innomantra Consulting, Mysore (IPR), and Mr. Mohan Krishna, Mysore (Self Development). The program included a dinner at Sports Club and visit to various tourist places in and around Mysore. The program was highly appreciated by all.

Student Interactive Session - Role of Scrutinizer:

An interactive session with the Central Council Member CS. Sudhir Babu was organized by the chapter on 26th March 2011. The program was well attended by the students and various queries on Training, Examinations, and e-learning were clarified.



The Interactive session was followed by a technical session on "Role of Scrutinizer" by CS. Ahalada Rao, PCS from Hyderabad. He shared a lot of information on the role of a Practicing Company Secretary as scrutinizer in meetings and during Poll. A number of students and members of the chapter participated in this program.

4th Student Induction Program

The Fourth Student Induction Program was conducted by the chapter from 21st March 2011 to 27th March 2011 at Mahajana Law College. 42



students participated in the program and the resource persons included CS. Sudhir Babu, Central Council Member, CS. Ahalada Rao, PCS from Hyderabad, Members of Mysore Chapter, Academicians and Industry Representatives. Ms. Priyanka Jain was awarded the Best Participant for the Program and Mr. Bharath S & Ms. Chaitali Sindhe were awarded best Participants in Group discussion.

Study Circle Meeting

The Chapter conducted study Circle programs for members and students of the chapter on 2/3/2011, 13/3/2011 and on 27/3/2011.

The speakers in these study circles were the members of the chapter and various topics of professional and academic interest were discussed. A number of students & members were benefited by these programs.

"Battle at Kruger"



and everywhere.....

"Battle at Kruger" is the title of a video clip. I have watched this small video clip many times. You can watch this video clip on *youtube* at <http://www.youtube.com/watch?v=LU8DDYz68kM>. So, before you move on with the rest of my story, I suggest that you watch this video.

The battle is about, how a bunch of buffaloes fight back a group of lions and make them run for life. That was a unique instance showing power of unity. A unique instance showing the power of buffaloes to fight back. It is the other way round normally, the big strong buffaloes run for their lives at the very sight of even a tiny lion.

Every time I watch this video, our societal conditions appear before my eyes.

How could a few thousand British rule this country which had about thirty crore citizens? How are these politicians ruling the roost? Though more in number and supposedly more powerful, it's all because we are a fearful lot. Bad elements dare to act, we do not!

Many years back, in the late hours of the evening, I was in the Mysore City bus stand, waiting for a city bus to take me back home. Few youths, rushed inside the bus stand chasing another fellow, caught hold of him and started brutally beating him in front of the public. Few hundreds of passengers kept gaping numbed by shock, with out action. Assault was on. Victim was losing consciousness... Suddenly some one in the crowd shouted in a commanding voice "Catch them and beat!".... What happened next second was a miracle. Passengers standing still until that second, rushed towards those assaulters,

who were by now running for life and the mob chased them until they disappeared in the dark of the night. When all were only watching and thinking in shock, one voice urged them to attack in retaliation.

One buffalo in the crowd, made all the others to turn around and chase the lions out.

If you observe the Battle at Kruger carefully, even as the buffaloes make a come back to charge, they take several steps backwards. Finally the leading buffalo, gorges on, launching a successful retaliation lest the calf should get killed.

Just imagine what would have happened, if only one buffalo ventured to attack back those lions? Simple, those lions would have killed that buffalo as well.

What is happening in government offices? What is happening in the corporate world? Few are scrupulous and move to act, only because of others' inaction. It is a shame that those who dare to act are not even supported and backed by others.

Somewhere an IAS officer gets burnt alive, somewhere another officer gets murdered, somewhere a Company Secretary gets killed... all because when they dare to fight back, they are loners in their fight and battles are won, only in the solidarity of the groups.

Now, Anna Hazare has set another example of the power of solidarity against evil.

Now, what is the way forward? It is clear.

**Suddenly some one in the crowd
shouted in a commanding voice "Catch
them and beat!".... What happened
next second was a miracle!**



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***"Today we will not just be like Gandhiji,
but if the government doesn't accept the peoples demands,
we will become like Chhatrapati Shivaji!"***

- Anna Hazare, Social Activist





GREED:

ONE WHO DESIRES MORE, LOSES ALL

Once upon a time there lived a farmer in a village with his wife and two children. They had just enough to keep them happy. Once he got a beautiful hen which was laying a golden egg every day. But the man was not satisfied with what he used to get daily. The man wanted to get all the golden eggs from his hen at one single go. He decided to kill the hen and get all the eggs together. So, the next day when the hen laid a golden egg, the man caught hold of it, took a sharp knife, chopped off its neck and cut its body open. There was nothing but blood all around & no trace of any egg at all. He was highly grieved because now he would not get even one single egg. The outcome of his **GREED** made him a pauper. How jinxed and how much foolish he was.

This is the one most famous story instilled to us when we were growing...(though we may refuse to believe now that we still are), but we could never reason out why our parents & teachers repeatedly narrate this particular one amongst the others; sour grapes, hare and the turtle etc.

Greediness is an adjective and one should leave it at that rather than turning it into an action.

You are learned, when you appropriately choose your investments in the Equity Market to make a consistent profit for an amount that is sufficient to take care of being the provider to your family. It is only otherwise, when you stumble upon your growing knowledge that is bringing in regular gains and then mistake it for you being an expert. What you do is increase your investing capacity to all that you have and you can certainly be assured that you have been bitten by GREED.

The next stage comes when you start demanding a return to a greater capacity because you have over leveraged outside to your capacity and you don't realise that GREED has overpowered now to only start demanding.

Thus investing all your Capital to gain faster confirmed benefits, i.e you enhance your Capital and over leverage

it...risk risk risk to loose it ALL!! The unreasonable belief in the possibility of getting rich quick is the primary reason people get burned.

Learn what happened from the Great Depression of 1929 – the story: Market was believed to be a no-risk, no-brain world where everything went up, many people poured all their savings into it without learning about the system or the underlying companies. (*This is where you must have felt you are an expert*).

With the flood of uneducated investors, the market was ripe for some manipulation and swindling Investment bankers, brokers, traders, and sometimes owners banded together to manipulate stock prices and get out with gains.

They did this by subtly acquiring large chunks of stock between them and trading them between each other for slightly more each time. When the public noticed the progression of price on the ticker tape, everyone would buy the stock (*Greed taking the action*). So, the market manipulators would then sell off their overpriced

shares for a healthy profit. On and on the cycle went as uneducated investors turned a profit by selling the manipulated, over-priced shares to someone who wanted to have a rising stock.

So often, investors get caught up in GREED (excessive desire). Politically driven investors tend to choose any facet to be market influencers, it's like the proverb says – All is fair in (Love), War and more War...As consumers of by far the greatest share of the world's resources, our greed for more and our unwillingness to be content has led us to despise all efforts to spare the planet from our predatory demands to get rich and get it quick – so lets' carry on a WAR today!

Being Greedy is only enhancing national economy and not your life – remember!!

Learn what happened from the Great Depression of 1929 – the story: Market was believed to be a no-risk, no-brain world where everything went up, many people poured all their savings into it without learning about the system or the underlying companies.



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SHARE THE BEST

There was a farmer who grew superior quality and award-winning corn.

Each year he entered his corn in the state fair where it won honour and prizes. One year a newspaper reporter interviewed him and learnt something interesting about how he grew it. The reporter discovered that the farmer shared his seed corn with his neighbours!

"How can you afford to share your best seed corn with your neighbours when they are entering corn in competition with yours each year?" the reporter asked. "Why sir, "said the farmer, "didn't you know? The wind picks up pollen from the ripening corn and swirls it from field to field. If my neighbours grow inferior, sub-standard and poor quality corn, cross-pollination will steadily degrade the quality of my corn.

If I am to grow good corn, I must help my neighbours grow good corn."

The farmer gave a superb insight into the connectedness of life. His corn cannot improve unless his neighbour's corn also improves. So it is in the other dimensions!

Those who choose to be at harmony must help their neighbours and colleagues to be at peace. Those who choose to live well must help others to live well. The value of a life is measured by the lives it touches....



WELCOME INITIATIVES FROM MCA

PAN mandatory in DIN application of Indian nationals

All DIN applications of Indian nationals must contain PAN number. All existing DIN holders, who are being Indian nationals not furnished their PAN, must furnish their PAN by filing Form DIN 4 before **31st May 2011**.

General Circular No.11/2011 F.No.2/1/2011 CL.V dtd 07.04.2011

Sec 217(2A) disclosure limit enhanced

MCA has issued notification dated 31st March 2011 to amend the Companies (Particulars of Employees) Rules 1975 to enhance disclosure limit. Now on disclosure is required only if remuneration paid to any employee exceeds INR 60 lakhs PA or Rs. 5Lakhs PM if employed part of the year.

F.No. 2/29/1998-CL-V dtd 31.03.2011

DIN process simplified

In order to speed up the DIN allotment, MCA has decided to make it mandatory to apply for DIN online and issued General Circular No.5/2011 F.No.2/1/2011 CL.V dtd 04.03.2011 with:

1. Application for DIN will be made in eForm.
2. The application can also be submitted online by the applicant himself using his DSC.
3. DIN 1 eForm can be digitally signed by the professional who shall also confirm that he has verified the particulars of the Applicant given in the application.
4. Where the DIN 1 is verified by the professional, the DIN will be approved by the system immediately online.

5. In other cases the DIN cell will examine the application and same shall be disposed of within one or two days.

The Companies (Director Identification Number) Rules, 2006 amended vide notification dated **26th March 2011** to incorporate the simplified procedure.

Revised Schedule VI is applicable from financial year commencing on or after 1.4.2011

MCA vide Notification has clarified that the Revised Schedule VI to the Companies Act, 1956 shall be applicable for the Balance Sheet and Profit and Loss Account to be prepared for the financial year commencing on or after 1.4.2011.

F. No. 2/6/2008-C.L-V dtd 28.03.2011

Filing of Balance Sheet and Profit and Loss Account in XBRL mode.

It has been decided by the Ministry of Corporate Affairs to mandate certain class of companies to file balance sheets and profit and loss account for the year 2010-11 onwards by using eXtensible Business Reporting Language (XBRL) taxonomy.

General Circular No. 09/2011 17/70/2011 - CL.V dtd 31.03.2011

New rules to replace existing name availability Rules

MCA has decided to replace the existing name availability rules with Companies (Name Availability) Rules, 2011. The new rules would reduce the time taken in the process of getting the name.



CA. Kamlesh C. Agrawal
B.Com; LL.B; FCA

Allahabad
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DECIDING TO INVEST IN FD - I

Who can deposit: An adult individual, a minor through his guardian, an HUF through its Karta, a partnership firm through its partner, a trust or a society, if authorized by its bye laws, may make fixed deposit in a company. Where deposit is made in the name of a minor, application form is signed by his / her natural guardian. However, the interest and repayment cheques are drawn in favour of minor only.

Non-residents may invest their fund, lying in the NRO account in a bank, in the FD Scheme of companies on non-repatriation basis. However, such deposit shall be subject to Foreign Exchange Management (Deposit) Regulation 2000 and RBI Guidelines. However, some companies accept deposit from NRIs and OCBs on a repatriation basis.

Where the first named depositor after placing deposit becomes Non-Resident Indian the principal amount of deposit and interest thereon is not credited to any non-resident external account or allowed to be repatriated out of India.

Yield on deposit: Different companies offer different rate of interest. Generally it is found that companies with poor financials and having not so good management and reputation, in a desperate bid to procure funds, offer higher rate of interest on their Fixed Deposits. Normally investors should abstain from such companies.

Investment Philosophy: A depositor should get compensated by way of extra interest for the risk he undertakes by investing in a company. Normally an investor should aspire for 3-4% extra interest in company F. D. in comparison to Bank F. D.

Some salient features of company Fixed deposit scheme:

1. Depositors have option of deposit from 6 months to 36 months. In NBFCs deposit period is between 12 months and 60 months. Whereas, in Housing Finance Companies, deposit may be placed between 12 months and 84 months.
2. Interest on deposit up to 12.5 % p.a. is permissible. Interest is calculated on the basis of days in a year i.e. 365 / 366 days depending up on leap or non-leap year.
3. Cumulative and interest payment options are generally available.
4. Facility of nomination is provided by companies. However, only individual can appoint a nominee. That means an HUF or Firm can not nominate. Even a minor depositor can nominate. Moreover, a minor can also be nominated. However, where a minor is nominated, a major has to be appointed to collect the deposit proceed on behalf of the minor, in case of death of minor deposit holder. Resident Indian as well as non-residents may be appointed as nominee. Moreover, payment of deposit proceed may be on repatriation basis in case of non-resident nominee.
5. The deposit in joint names is permitted subject to maximum of three.
6. Premature payment is possible. However, in such a case generally companies insist for discharge of FDR by all the joint

holders. Moreover, company generally reserve the right to recover from depositor the proportionate brokerage, if paid to FD Brokers in respect of that deposit.

7. In case of NBFCs, loan against deposit is available to the extent of 75 % of deposit amount.
8. Under present income tax law no TDS is required to be made on interest on deposit provided the interest does not exceed Rs. 5,000/- in one financial year.
9. Some companies offer 0.25 % to 0.50 % extra interest to its depositors who are either company's share holders, senior citizens, handicapped, defense personnel or widows.
10. Deposits are not transferable.
11. No lien or assignment of deposit or interest is recognized by company.
12. If at the time of renewal of deposit, name of any joint depositor is to be deleted or a new name is to be added, a consent letter, to this effect, from out going depositor is required to be furnished to the company.
13. In case of death of sole depositor, the deposit is repaid to legal representative of deceased forthwith along with simple interest till the date of death. Thus, even if the deposit was under cumulative scheme, only simple interest is paid.
14. Even if company makes pre-mature payment of deposit on its own still the rate of interest is reduced as required under the Companies Acceptance (Deposits) Rules, 1975
15. In case of premature payment of cumulative deposit, no compounding of interest is made, only simple Interest is paid.
16. Company may at its sole discretion renew deposit w.e.f the date of its maturity, where request for the renewal is made by the depositor even much after the maturity.
17. Some companies, especially Housing Finance Companies, offer insurance cover against accidental death to the depositor free of any charge. Such offers are not perceived as a contravention of the Deposit Rules.
18. Know Your Customer (KYC) norms compliance is compulsory in relation to the Fixed Deposit Scheme of NBFCs and optional for other companies.
19. Fixed deposits are unsecured and rank pari - passu with other unsecured liabilities of the company.
20. If sole depositor dies with out appointing any nominee, companies generally ask for a legal document like succession certificate, letter of administration, probate of will from legal heir. However, company at its sole discretion may dispense with such document upon such term(s) as it may consider adequate.
21. Every depositor of company shall on demand be entitled to be furnished, free of cost, with a copy of the latest Balance

Sheet of the company and of every document required by law to be annexed or attached there to, including the Profit and Loss Account and the Auditors' Report. (Section. 219(2) of the Companies Act, 1956).

While selecting a company for Fixed Deposit, following should carefully be looked into:

1. Go for a Listed Company

2. Go for established companies rather than new ones.

3. Look to which industry company belongs: Some industries where government intervention is frequent by way of price control or subsidy etc. like, petroleum, fertilizer, should be avoided. Some times a particular sector like software does not do well due to government policies, economic conditions in a particular country, world economy or other reasons. Companies belonging to such sectors may be avoided.

4. Look for the reputation of MD and other Directors.

5. Lift Corporate veil and see who is behind the Company. For example, Tata, ADAG, Reliance, Birla, Bharti, Godrej, Piramal, Videocon, J.K., Future, ITC, Unilever etc. will have its own reputation.

6. How much Promoters hold in the company: If the shareholding of promoters in a company is high, say, more than 50% of total equity, it shows that promoter has high level of confidence in that company and will put his best in that company. Therefore, it may be perceived as a good sign.

7. Level of Domestic and Foreign Institutional Institutions' stake in the company.

8. Mutual Funds' stake in the company: No mutual fund invests in the equity of a company unless it has thoroughly analyzed the financials and future prospects of that company. Therefore, if a company is selected for investment by a MF, a depositor can go in for that company.

9. Company's shares Pledged by its promoters : Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2009 dated 28.01.2009, mandates disclosures regarding pledge of shares by the promoter to the company and by the company to the stock exchanges in the formats given in the Annexure to the circular. This ensures the information to Stock Exchange about the possibility of change or the change in the management of company because of invocation of pledge and consequent change of ownership of promoter's shareholding. In such cases there is always a risk of change in the management of company. Depositors need to be careful while dealing with such Companies.

10. Auditors, Directors and Corporate Governance Report: These are vital reports appearing in the Annual Accounts of every listed Company. These can easily be accessed through internet. There are many web-sites like www.moneycontrol.com, www.icidirect.com etc. where complete data and annual account etc. of almost all listed companies in India are available. If a prospective depositor goes through these reports, he can easily know about company's financial soundness, manner of conduct of its business, its corporate philosophy, and attitude towards its stakeholders, creditors, and others.

(a) The Auditors Report : If a prospective depositor finds from Auditors Report that company has defaulted in making payment(s), or failed to comply with statutory requirement in connection with F.D. he must avoid such company and deposit his money in some other good companies.

(b) The Directors Report: This document provides an insight into the company's business model, its strength, weakness, opportunities and threats and thus reveals the present and future of the company. If after going through the directors' report the depositor does not feel comfortable with the company he must not park his fund in that company.

(c) The Corporate Governance Report: In fact, Corporate Governance Report is not a separate report but is a part of Board of Directors Report. Every company in order to get its share listed in the Stock Exchange is required to enter into an agreement with that Exchange. This is called Listing Agreement. It has several clauses but its Clause No. 49, monitored by the SEBI, deals with Corporate Governance norms and is very important clause having wide ramification.

On going through the Report, if depositor finds that the company is fully code of conduct compliant and is good at corporate governance, then the depositor may expect a fair deal for himself too from such company. However, if reverse is the case, the depositor should avoid such company.

11. Financials of the company:

An investor has to ensure that in the near future **company shall earn sufficient profit regularly and realize it.** Following are some parameters which may be used as an acid test to evaluate the financials of a company.

(a) Net Worth of a company and Book value per share: The net worth of a company is worked out by deducting its total liabilities from its total assets (excluding intangible assets). The Net Worth is also called as Net Asset of a company and is also represented by the total of its capital and reserves. The capital of a company is raised from promoters at the beginning of the company and there after from shareholders as right issue and from public as FPO from time to time. The reserve is the amount of profit which the company has earned and retained over a period of time. The efficiency or strength of a company can be judged by the amount of reserve it has created / accumulated. However, to study this phenomenon financial analysts have devised a tool called "Book Value Per Share". This simply means "Net Asset" of company per share. This is arrived at by dividing the figure of company's Net Asset by the total number of shares issued by the company. Thus, the net worth of a company is translated into the net worth per share.

For example, if Net Asset (Capital + Reserve) of the company is Rs. 50 crore and total number of shares issued by it is 2 crore (Face value Rs. 10 each), the book value per share would come Rs. 50 crore / 2 crore = Rs. 25/- each. The thumb rule is that higher the book value per share as compared to its face value, better the company. The difference of face value and book value represents the amount of reserve attached with each share. In the above example, Rs.15/- denotes the amount of reserve appended with each share. It is general perception of the market that if book value of a share is five times or more of its face value, it is respectable one.

(b) Balance Sheet: The depositor should study the Balance Sheet of the company for last 3-5 years. Many developments in the company may be known with the help of Balance Sheet study only. For example, some adverse development like reduction of Paid-capital of the company by adjusting its heavy accumulated losses can be known, if one goes through the Balance Sheets. Some times one finds that equity dividend rate of a company has gone down in the current year and therefore, forms a adverse opinion about the company. However, if he goes through the Balance Sheets of the company, he may find that there was a Bonus Issue or a Right Issue or a Follow-on Public offer in the company which enlarged its capital base, necessitating the reduction in the dividend rate.

[to be continued...]



WEB YATRA

*Pavan Kumar MS,
Student of CS Professional Program, Mysore*

Governance Knowledge Centre

Promoted by Department of Administrative Reforms & Public Grievances

Good governance is dependent on transparency not only for mitigating corrupt practices but also for knowledge sharing. www.indiagovernance.gov.in is a knowledge portal which contains documents on several aspects of public service. The intention of the Government Knowledge Centre (GKC) is to provide everyone with knowledge about the current governance related issues, programmes and policies for advanced planning and monitoring for the prospect of our Motherland.

Menu 'Knowledge Repository' serves as an excellent repository for primary stakeholders and governance practitioners to store information and resources acquired by various Ministries and other government departments for sharing. Yes, document library enables open access to the relevant content from Government, NGO, Research Institutions and their reports, Publications, Case studies, multimedia content (audio, video, films and presentations).

This portal has panel of experts who have rendered their valuable services in the field of Governance. PEER Interface facilitates exchange of ideas between experts which intensifies understanding of good governance. Further, portal provides link to prestigious establishments like, World Bank, Harvard University, etc.

Being an Accountable Citizens of India let's take active participation and provide our Valuable Inputs. Let our (professionals) valuable input serve as building block for our nation.



IT FOR PROFESSIONALS

*Amitkumar Hegde, B.Com, MCA,
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Storing files online so as to make sure it is available on the go has become quite popular now a days. Here is a nifty utility which maps a folder on your computer to cloud.

What is the benefit? You no longer have to login to the online interface and upload files. All you have to do is map your cloud space to a local folder, drag and drop your files to the folder and the application takes care of uploading files. Sounds interesting? Then read on to see what more it can do for you.

First of all download "Gladinet Management Console" and install. Once installed, it will ask for which cloud service you would like to map to your desktop. You can select any service such as MS skydrive. I will opt for Amzaon Cloud Drive, which was launched just a couple of days back. Best part with amazon's service is it supports file size up to 2 GB and provides 5 GB of free space.

Once you select the cloud service, provide your login credentials and map a drive such as Z: to the cloud service. Now you can view all your cloud files just by opening windows explorer. If you would like to upload your files to cloud, just drag and drop the files.

The software provides many other features such as syncing files across multiple desktops such as home and office computer. Those features are for advanced users.

Download Location: http://www.gladinet.com/p/download_starter_direct.htm



Compilation:
CS. Ravishankar Kandhi,
Bangalore

Learners' Corner

RBI BROUGHT CHANGES TO FC-GPR REQUIREMENTS

The Reserve Bank of India has replaced the Part B of the Form FC-GPR by a separate form i.e., 'Annual Return on Foreign Liabilities and Assets' to collect more statistical information relating to Foreign Direct Investment (FDI) in a comprehensive way and to line up with the international best practices vide circular dated 15 March 2011.

The endeavour of RBI was to capture the statistics relating to foreign direct investment (FDI) both inward and outward in a more comprehensive manner as also to align it with international best practices. The return should be submitted by July 15 of every year to the Director, External Liabilities, Assets Statistics division, RBI, Mumbai. The Return should be submitted by all the Indian companies which have received FDI and/or made Overseas Investment in the previous year(s) including the current year.

The information given in the return should be based on audited balance sheet. But in case the return is filed on the basis of unaudited figures, then the audited balance sheet shall also be submitted in due course. In case of any major differences in the reported figures, then a revised return is to be submitted by the company on the basis of audited balance sheet along with a copy of the audited balance sheet.

RBI has further informed the Authorised Dealers that necessary amendments Foreign Exchange Management (Transfer or issue of securities by a person resident outside India) Regulations, 2000 and the Foreign Exchange Management (Transfer or issue of any foreign security)(Amendment) regulations.

WHAT IS XBRL?

<http://www.xbrl.org/>

MCA has made it mandatory for certain class of companies to file financials for the year 2010-11 onwards by using eXtensible Business Reporting Language (XBRL) taxonomy.

XBRL is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. It is an open standard and free of license fees. XBRL is being developed by an international non-profit consortium of major companies, organizations and government agencies. These include the world's leading accounting, technology, government and financial services bodies.

XBRL increases the usability of financial statement information. The need to re-key financial data for analytical and other purposes can be eliminated. By presenting its statements in XBRL, a company can benefit investors and raise its profile. It will also meet the requirements of regulators, lenders and others consumers of financial information, who are increasingly demanding reporting in XBRL. This will improve business relations and lead to a range of benefits.

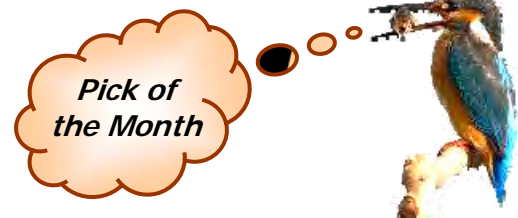
TECH FIRSTS IN NYSE



New York Stock Exchange is the first to use following technologies in its trading floor in the history of stock exchanges.

- Ticker: 1867
- Telephones: 1878
- Electric lights: 1883
- Automated quotation service: 1953
- Radio pagers, 1966
- Electronic ticker display boards: 1966
- Designated Order Turnaround (DOT) System: 1976
- Intermarket Trading System (ITS): 1978
- Electronic Display Book: 1983
- SuperDot 250: 1984
- Integrated Technology Network: 1994-1996
- Wireless Data System: 1997
- NYSE Direct+®: 2000
- NYSE Open Book: 2002
- NYSE Hybrid Market: 2005

Courtesy: www.nyse.com



LEGAL ROUNDUP

CENVAT

Notifications/Circular

A quarterly excise return filing facility has been introduced for manufacturers claiming benefit of reduced rate of duty of 1% under Notification No. 01/2011-CE dt. 01-03-2011 provided that only the goods covered by that notification are manufactured by such an entity.

Notn. No. 08/2011-CE dt. 24-03-2011

The CBEC has clarified that in view of the recent apex court decision in the case of Ind- Swift Labs., interest on erroneously availed credit is chargeable from the date of such availment, regardless of its utilisation.

Circ. No. 92/03/2011- CX dt. 14th March, 2011

Case Law- Valuation

The Supreme Court has held that where an assessee sold goods to a related person, freight charges arising between the factory of the assessee and the depot of related person cannot be claimed as a deduction from the value, since the place of removal of the goods is the depot of the related person.

CCE Vs. Pepsi Foods Ltd. (2011 (183) ECR 180

The Bombay High Court has held that no duty is payable on samples where such samples are used up during the process of testing within the factory premises.

CCE Vs. RPG Life Sciences Limited (2011 (264) ELT 346

There is no requirement of reversal of credit under Rule 6 of the Credit Rules, in relation to exempted by-products emerging during the manufacture of dutiable product.

Madras Vanaspati Ltd. Vs. CCE (2010 (262) ELT 400

When the goods are sold at the factory gate, the transport services from the factory to the buyer's premises do not qualify as 'input services' for the seller.

Lafarge India Pvt. Ltd. Vs. CCE (2011 (183) ECR 335

Shapes and sections used for fabrication of moulds are not covered under the definition of capital goods and hence no credit is allowable on such goods.

Srinathji Ispat Ltd. Vs. CCE (2011-TIOL-152

Refund of CENVAT credit is admissible on export of exempted finished goods and cannot be denied on the ground that the goods are not exported under bond.

e-Newsletter from ICSI – Mysore Chapter. Edition – 87; April 2011

**Pavan Kumar M S,
Mysore**



**Team Genicon,
Chennai**



**CA. Ashit Shah,
Mumbai**

*CCE Vs. Gujarat Ambuja Exports Ltd
(2011-TIOL-287-CESTAT*

The payment of price and excise duty to the supplier is not a pre-condition for availment of credit on the inputs received in the factory.

*Praveen Jain & Co. Pvt. Ltd. Vs.
CST(2011 (265) ELT 239*

Sales Tax

The Madras High Court held that the benefit of penultimate export under Section 5(3) of the Central Sales Tax Act can be claimed where there exists an inextricable link between the sale of goods by the manufacturer to an exporter and the final export of such goods outside the territory of India.

*Sri Rama Vilas Services Limited Vs. The Tamilnadu Taxation
Special Tribunal [(2011) NTN (Vol45) - 79]ty*

Customs

Case Law - Valuation

The value of goods in the local market cannot form the basis of valuation of imported goods.

Asia Impex Vs CC (2011 (184) ECR 147)

Others

The Gujarat High Court held that drawback erroneously paid to the exporter can be recovered beyond the period of limitation, Rule 16 of Customs, Central Excise Duties and Service Tax Drawback Rules, 1995.

Dadri Inorganics Pvt. Ltd. Vs. CC (2011 (184) ECR 59)

Foreign Trade Policy (FTP)

Notifications/Circulars

The Central Government has started the facility of enabling the filing of one common bond for imports under various export promotional (EP) Schemes like the EPCG Scheme, Advance Authorisation Scheme, etc in place of the earlier requirement to execute bonds against each EP authorization.

Customs Circ. No. 11(A)/2011 Dt. 25/02/2011

All consignments of exports packed with wood packaging material will be cleared only if the wood packaging material conforms to the requirements of the International Standards for Phytosanitary Measures (ISPM-15)

Customs Circ. No. 13 Dt. 28/02/2011

The Central Government has stated that for procurement of goods under the Export Promotion Capital Goods (EPCG) Scheme, the Bond/Bank Guarantee (BG) has to be executed for a minimum period of three years along with an undertaking to keep the BG alive for the entire period of export obligation.

Public Notice No. 38, Dt. 09/03/2011

Case Law

The High Court of Bombay held that the Director General of Foreign Trade (DGFT) has the power to amend the EPCG Licence retrospectively.

Bhilwara Spinners Limited Vs Union of India (2011-TIOL-159)

Service Tax

Recent Changes:

1. Introduction of the Point of Taxation Rules, 2011 effective from 01.04.2011;
2. Switch over from receipt basis to accrual basis;
3. Service tax to be paid by the date - earliest of:
 - i. Date on which service is provided or to be provided
 - ii. Date of invoice
 - iii. Date of payment
4. Determination of Point of Taxation in case of Continuous Supply of Service, point of taxation would be -
 - (i) Date of invoice or payment whichever is earlier; or
 - (ii) If the invoice is not issued within 14 days from the date of completion of the provision of service, point of taxation would be the date of completion of such services.
5. Interest rate for delayed payment of ST is being increased to 18% per annum effective 01.04.2011
6. The maximum penalty for delay in filing of return under Sec.70 is increased from Rs.2,000/- to Rs.20,000/-.
7. Prosecution provisions shall apply in following cases:
 - (i) Provision of service without issuing invoice;
 - (ii) Availment and utilization of Cenvat credit without actual receipt of inputs or input services;
 - (iii) Maintaining false books of accounts or failure to supply any information or submitting false information;
 - (iv) Non-payment of amount collected as service tax for a period of more than six months.
8. Cenvat Credit in respect of Input Services would be eligible on receipt of invoice and payment for such services to be made within three months. In case payment is made under reverse charge mechanism, Cenvat credit would be eligible on actual payment of value of invoice and service tax indicated thereon.

Case Law

The Chennai High Court held that an assessee is not liable for payment of service tax on services received from outside India prior to the enactment of Section 66A on 18/04/2006.

VTM Limited Vs. Union of India (2010 (21) STR 498)

No EC/SHE if whole of service tax is exempt:

In view of CESTAT Kolkata Order in the matter of M/s. Balasore Alloys Ltd. Vs CCE, (2010-TIOL-1659-CESTAT-KOL), the CBEC has issued a Circ. that as Education Cess and Secondary and Higher Education Cess are leviable and collected as service tax, and when whole of service tax is exempt, the same applies to cesses as well. Since Cess is levied and collected as percentage of service tax, when and wherever service tax is NIL by virtue of exemption, Cess would also be NIL.

Circ. No. 134 /3 / 2011 - ST dtd 08.04.2011

FEMA

Consolidated FDI Policy:

The DIPP has been issued Consolidated FDI Policy which is updated upto March 31, 2011 through the Circular 3 for the year 2011. This is valid up to September 30, 2011.

Press Release: IPP F. No. 5(1)/2011-FC Dated 31.03.2011

Major changes incorporated in the policy:

- When the Company issues convertible instruments, they are permitted to arrive the value of underlying equity shares either at the time of issuance of convertible instruments or on the date of conversion into equity at the option of the Company subject to the fulfilling of certain conditions.
- The Indian Company can now issue shares against Import of capital goods/ machinery/ equipment (including second-hand machinery) and Pre-operative/ pre-incorporation expenses (including payments of rent etc.) subject to prior approval from FIPB.
- No need to get prior approval from FIPB for making investment and technical collaborations with Indian Companies in the same filed wherein already foreign investors have investment / Collaboration in India.
- The Companies have now been classified into only two categories - 'companies owned or controlled by foreign investors' and 'companies owned and controlled by Indian residents for the purpose of computing indirect foreign investment i.e downstream investment.



Amend Drug Seizure Rules to conclude WTO case: India

India said that it will withdraw its case from the WTO against EU on wrongful seizure of drug consignments of Indian companies, only when all the members of the 27-nation bloc amend their rules to prevent recurrence of such incidents. In the last couple of years, there had been about 17 such cases where consignments belonging to reputed Indian drug manufacturers have been seized. India argues that such seizures are against the multilateral intellectual property agreement, Trips, as the medicines were off-patent both in India and the importing country.

India against inclusion of data exclusivity in any FTA

Data exclusivity provides protection to the technical data generated by innovator companies to prove the usefulness of their products. In pharmaceutical sector, drug companies generate the data through expensive global clinical trials to prove the efficacy and safety of their new medicine. By gaining exclusive rights over this data, innovator companies can prevent their competitors from obtaining marketing license for low-cost versions during the tenure of this exclusivity. The 27-nation EU, with which India is negotiating a comprehensive market opening pact, is pressing hard to include data exclusivity in the proposed Bilateral Trade and Investment Agreement (BTIA).

High inflation can derail India's growth, warns S&P

Soon after the Reserve Bank expressed concern over rising inflation, global credit ratings agency Standard & Poor (S&P) warned today that the high rate of price rise could derail India's growth. The agency, however, retained India's long-term rating outlook at 'stable', citing strong external position and positive investment trends.

Hong Kong invites Indian firms to raise funds

Hong Kong has invited Indian private and public sector firms to consider its territory for fund-raising through initial public offers (IPOs), private equity and venture capital. Hong Kong is the world's largest listing market in terms of fund-raising size, with a record HK\$445 billion raised in 2010. However, the participation of Indian corporate has not yet begun.

India among worst affected by food inflation: Report of UN

Climbing food prices across Asia, especially India, Bangladesh, Nepal and Laos, might hamper and slow down by at least five years the region's efforts to eradicate extreme poverty and hunger under the Millennium Development Goals, a UN ESCAP (Economic and Social Commission for Asia and the Pacific) report has cautioned. The report says India is among the most affected countries on account of rising food prices. According to it, this prevented more than 19 million people in the region, a good chunk of them Indian, from pulling themselves out of poverty last year.

India Prepares to Use WTO to Stop Fee Increases on H-1B Visas

India has sent informal written communications to the US, saying the recent hike in professional visa fees and imposition of additional import taxes on government purchases violated World Trade Organization rules.

India, WIPO Connect On Traditional Knowledge Protection

The World Intellectual Property Organization highlighted India's success in creating a digital library of Indian traditional knowledge, which it uses to prevent illegitimate patenting of its resources. But whether WIPO found a way to fit the Indian project into the UN agency's mission to protect and promote intellectual property rights was unclear.

Black Money: FM to study on Modus Operandi

The Finance Ministry will conduct a study on the "modus operandi of concealment" of black money in the country by major business and public sectors and other channels. The study report will be based on the investigation and intelligence reports of the Income Tax department which conducts nation-wide searches and raids in the country to unearth tax evasion and flow of black money.

The Income Tax orders and tax demand notices which were raised after such searches will form a part of this report which will have both public and restricted versions.