



Mysore Chapter

eNewsletter - 76

May 2010

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An interesting
Valuation Method

'Breaking News'
Made out of
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For Private Circulation Only

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<http://www.esnips.com/web/icsimysore>

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From Chairperson's Desk



Dear CS Fraternity,

As yet another Newsletter rolls out, am sure most of the students are in examination frenzy. I would like to list a few lines from one of my favourite authors Robin Sharma, most of his publications are a great source of personal inspiration.

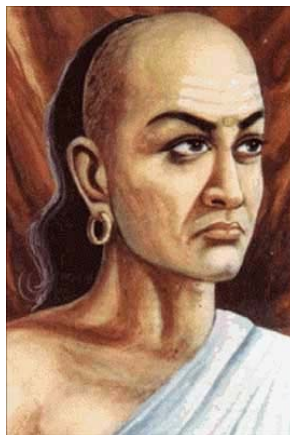
- "Set aside one hour every morning for personal development matters. Meditate, visualize your day, read inspirational texts to set the tone of your day, listen to motivational tapes or read great literature
- Light a candle beside you when you are reading in the evening. It is most relaxing and creates a wonderful, soothing atmosphere. Make your home an oasis from the frenzied world outside. Fill it with great music, great books and great friends.
- Enhance your will-power; it is likely one of the best training programs you can invest in. You can also build your will-power by restraint in your conduct with others.
- Make an effort to be humorous throughout the day. Not only is it beneficial from a physical viewpoint but it diffuses tension in difficult circumstances and creates an excellent atmosphere wherever you are....."

Good luck to each one of the Students, for your exams in June 10!

We had the opportunity of meeting Sri R. Bandyopadhyay, Secretary MCA and Sri B. N. Harish, the ROC, Karnataka, during their visit to Mysore on the 26th April. (Reported elsewhere in this edition) Sri Bandyopadhyay reiterated the MCA initiatives undertaken in the country and spoke of India's enhanced status lately in important forums overseas. It was heartening to note this.

Yours in CS fraternity,

CS K. Sarina Chouta Harish
Chairperson



Words worth Millions

"Once you start working on something, don't be afraid of failure and don't abandon it.

People who work sincerely are the happiest."

- Chanakya

Talk on preparation for examination

A talk on “Preparation for Examination” was organized by Chapter on 11th April, 2010 at 3:00 PM. by CS. Madhwesh K. He gave some important insight about how to prepare for the examination. This session was attended by 33 students.

Talk on Securities Law

A talk on “Securities Law” was organized by Chapter on 18th April, 2010 at 4:00 PM. The speaker was CS. Rashmi, who spoke eloquently on this topic. It was an interactive session. A number of students from all stages attended the seminar.

First Student Induction Programme

The First Student Induction Programme for Executive programme students of C.S. course was held by Mysore Chapter of ICSI from 19th April, 2010 to 25th April, 2010. This 7 Day program consisted of 14 Technical Sessions. Faculty for the technical sessions were experts in their own fields and comprised of a judicious mix of Industry Experts, Soft skills Trainers and professional Consultants. The feedback received from the students in respect of the choice of topics for the technical sessions, faculty, arrangements made at the venue were extremely encouraging. The Best Participant Award was awarded to Mr. Kunal M. The prizes were handed over by CS. Madhwesh K.



Talk on Corporate Restructuring

A talk on “Corporate Restructuring” was organized by Chapter on 25th April, 2010 at 3:00 PM. addressed by CS. Harish, the interactive session was helpful to members

as well as students of ICSI. About 10 participants benefited out of the programme.

Meeting with Secretary - MCA and KROC



Chairperson CS K Sarina Chouta Harish along with senior member and past Chairman CS M. C. Bhansali, Past Chairmen CS Anshuman A. S. and CS Jayalakshmi Anshuman had a meeting with MCA Secretary S. Bandhopadhyay and ROC B. N. Harish during their visit to Mysore. The Secretary addressed the gathering and highlighted the MCA endeavours in ensuring good corporate governance in the Country

Talk on Labour Laws

A talk on “Labour Laws” was organized by Chapter on 25th April, 2010 at 4:00 PM. , addressed by CS. Harish, the interactive session was helpful to executive students of ICSI. About 12 participants benefited out of the programme.

Talk on Capital Budgeting

A talk on “Capital Budgeting” was organized by Chapter on 30th April, 2010 at # 54, 1st Stage, Gokulam, Mysore - 570002, at 5:30 PM. CA. Vagheesh Hegde was the speaker for the session. He explained the topic in detail and solved some problems, the interactive session was helpful to Professional students of ICSI. About 10 participants benefited out of the programme.

Study Circle Meetings

The chapter conducted study circle meeting for foundation, executive and professional programme students on 4th, 11th, 18th and 25th April, 2010. Various professional programme students and members like CS. Madhwesh K., CS. Rashmi M. R. CS. Sunil Kumar B. G. and CS. Harish answered the queries of foundation, executive and professional students.

From ICSI Delhi: “Constitution of National Company Law Tribunal has been upheld by the Hon’ble Supreme Court of India with some changes in appointment procedure of its members.”



EV/Sales – an interesting Ratio

CS. Amar Kakaria ACS, ACA, ACWA
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Enterprise Value / Sales (EV / Sales) is a financial ratio that compares the total enterprise value of the company to its sales. It is calculated by using the formula given in the Table 1.

EV / Sales ratio gives investors a fair idea as to how much it costs to investors to buy the company's sales. This ratio is an expansion of the Price / Sales valuation model, which considers market capitalization instead of enterprise value. EV / Sales is considered to be more realistic because market capitalization does not take into account the amount of long term liabilities / debt of the Company which will be paid back at a future date.

In exceptional cases, the EV / Sales measure may also be negative if liquid cash / bank balance of the company is more than its market capitalization as well as debt, indicating that the company can essentially be bought with its own cash.

As a thumb rule, higher the ratio costlier is the Company and vice-versa. Generally the lower the EV / Sales the stock is considered to be undervalued and perhaps, it can be a good investment opportunity.

However, it is recommended to take due precaution while applying EV / Sales ratio. A high EV / Sales multiple is not always a bad sign as it can be an indicator that investors believe that the sales turnover will witness quantum growth in future. Similarly, a lower EV / Sales multiple may also signal that the future sales predictions are not that bright. It is essential to compare the measure to that of other

companies in the same industry, and further look carefully into the company under analysis.

Paper Industry has shows signs of revival with some positive developments in last few weeks and future is expected to be bright if same trend continues. Table 2 highlights valuation of some of the large domestic Paper Companies using EV / Sales ratio.

Enterprise Value	

Sales	
Enterprise Value	Sales
Market Capitalisation	Total Sales of the Company
Add: Outstanding Debt	Less: Sales Return
Less: Cash & Bank Balances	

If we analyse table 2, we can find out that Ballarpur Industries and West Coast Paper have very high EV / Sales multiple as compared to peers, while companies like Paper Products and Pudumjee Pulp are getting traded at a very low multiple. Given the brand equity and market reach of large companies like Ballarpur Industries, they

Sl. No.	Company	Sales (FY08-09)	Market Capitalisation (As on 06/05/2010)	Long Term Debt (As on 31/03/09)	Cash & Bank (As on 31/03/09)	Enterprise Value	EV / Sales (X)
	Rs. Crores	(A)	(B)	(C)	(D)	(E=B+C-D)	(F=E/A)
1	Ballarpur Industries	1,022	1,954	889	10	2,833	2.77
2	Rama Newsprint	1,171	658	806	17	1,447	1.24
3	West Coast Paper	662	607	1,173	284	1,496	2.26
4	JK Paper	1,207	411	696	34	1,073	0.89
5	Paper Products	586	379	24	4	399	0.68
6	Sundaram Multipap	131	333	44	1	376	2.87
7	Pudumjee Pulp	228	88	52	1	139	0.61

are likely to get maximum benefit with the revival of paper industry and hence, Capital Market is giving them premium.

However, it would be safe to assume that the companies like Pudumjee Pulp and Paper Products are undervalued and there could be an upside potential in the days to come.



'Breaking' News made out of judgments

K Vijayshyam Acharya, B Com, LLB, ACS, CA, Bangalore



Legal concepts often pose a challenge - they need substantial research, reading, analysis and assimilation before they can be understood. Unless the understanding is proper, commenting thereon with authenticity is not possible.

However, it can be often seen that media reports on legal pronouncements tend to give an incomplete, or sometimes a misleading picture. It may not be true that a wrong impression was deliberately sought to be created, and may just be an unintended act of faulty or disfigured communication. Ordinary communication itself poses queer situations, many a time; what was sought to be communicated, and what is ultimately understood can be different. Therefore, while communicating legal concepts which could be complex, conceptual, abstract and inexplicable, improper communication and consequent improper understanding cannot be completely eliminated. A few recent instances could be cited:

Report: "Court legalizes gay sex":

The Delhi High Court, while interpreting Section 377 of the Indian Penal Code held that the said section would not apply where two consenting adult individuals privately engage in some acts. But the media reporting coupled with the euphoria and celebration which spilled to the streets gave an impression that the Court had granted unrestricted license of a new kind!

Report: Supreme Court legalizes 'live-in' relationships:

The Court said, under a given context, that subject to the provisions of Section 497 of the Indian Penal Code which makes adultery an offence, two consenting adult individuals cannot be prevented from having physical relationships. This has been the position of law for decades. However, this was interpreted in media reports to mean that a new law has been created whereby anybody can have any kind of relationship with anybody else! Moreover, the Court despised the misquoted reference, in

this context, to the relationship between Lord Krishna and Radha, which was seemingly projected as a justification for certain kinds of relationships.



In its constant quest for 'new' news, media often tends to give a new colour to a mere interpretation of an old position in law. Reporting should be responsible and unbiased. In media centers legal subjects should be dealt with by persons with adequate qualification and experience.

Report: Supreme Court supports pre-marital sex!

A recent Supreme Court stand in connection with some statements allegedly made by a famous film star in response to a specific situation has been blown out of context and reported to mean that Supreme Court has supported pre-marital sex!

Report: Supreme Court holds use of narco-analysis, brain mapping and polygraph tests illegal:

The Court has commented on the administration of such tests by force, and has not per-se held that the same is illegal.

In all such cases, it is to be first understood that Courts merely interpret the law as laid down by the Legislature. While Courts may consider the constitutionality or otherwise of legislation, they do not draft or pass laws. In its constant quest for 'new' news, media often tends to give a new colour to a mere interpretation of an old position in law. It was reported that China has recently banned the country's

media from reporting on a range of subjects, including yuan revaluation, corruption, disparity of wealth, housing shortage, rising real estate prices and the like. So much so that an official at a Chinese newspaper commented that most of the topics people are interested in, is banned, and the newspaper could not know what to report on. India being a democratic country supports freedom of speech. The solution lies in responsible and unbiased reporting. The intention should be to educate the reader and not to merely attract eyeballs. The report should clearly state that it is only a summary or a jist, and for more specific understanding of the subject, the reader is to resort to a complete reading of the Court's pronouncements.

More importantly, legal subjects should be dealt with by persons with adequate qualification and experience.



In today's world it is essential for professional to be aware of the recent enactments, notifications, rules & regulations issued by the government of India. Unfortunately we find it difficult to trace when we are in need of it. Here is one click solution for removing the hurdles coming in the way of providing legal assistance. Logon to www.indlii.org

Index of legal latin words with its meaning in English is provided under tab "Glossary". Site provides e-Library with articles and e-Books on law. Site also provides discussion forum on different wings of law where in we will be clarified with our doubts. We can get hot links to Supreme Court of India, Ministry of Law and Justice, Law commission of India site. In this website you can find Statutes and Regulations, State and Federal Luminaries, State and Federal Bodies, Legal Education, Law schools and Law firms. Further, site provides online assistance in respective fields. **EVERY PERSON HAS THE RIGHT TO KNOW THE LAW OF THE LAND.** Hope you will enjoy reading and Learning law through this site.



PassKeep: To secure passwords

IT for Professionals

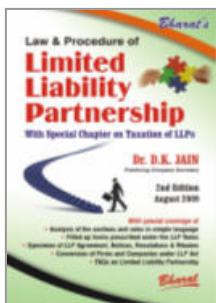
Amitkumar Hegde B.Com, MCA,
Bangalore



Now a days, we need to remember many passwords: our online banking login/transaction password, online email passwords, user names and passwords for many other sites where we have registered, office login password and so on. And many of the systems force us to change them periodically. Now it becomes really complicated because we need to remember which password and user name is used in which place. So how do we come out of this password mess..?

Well here is a solution at hand. **KeePass** Password Safe, an all in one password manager can remember all your passwords. All you need to remember is one password used to login to KeePass. It stores the passwords in a highly encrypted database which would require all the time in this world to crack. You can store all your passwords in the database and transfer it from one computer to another. You can create a recovery disk also in case if you forget the password. Without the recovery disk there is no other way to recover the passwords if you forget the master password.

You can either download a standalone installable version or a portable version which you can carry on you pen drive. Once you are done, create a master password and login to the software. You will see two pans; left pan will have categories such as internet, Windows etc. On the right pan you can maintain your user id and password list. Once you have your user names and passwords stored, you can copy user name and password from the database whenever required. It comes with a help file which explains all the aspects neatly. Download PassKeep from: <http://keepass.info/>



Law & Procedure of LLP

By Dr. D.K. Jain
Publisher: Bharat.
Price: Rs. 850/-

Book Review

CS. Sunil Kumar B.G , PCS,
Mysore



LLP is now a reality with more than 100 LLPs already incorporated. Need to know about LLP in depth is an acute necessity today. This book is a comprehensive and a clear introductory guide to the principles and practice of laws relating to the LLP, which became operative from 1st April, 2009. It contains 18 chapters, including a special chapter on 'Frequently Asked Questions' on the LLP as it is entirely a new concept in Indian laws. More importance has been given in the book relating to chapters for partners, incorporation of LLP and conversion of partnership firms and companies under the LLP Act, which are relevant immediately. The book has been prepared based on the LLP Act, 2008 and the LLP Rules, 2009. The striking feature of this book is the explanation of the sections and rules in simple language, provides specimens of various notices, resolutions, minutes, filled up forms prescribed under the LLP Rules, conversion of Firms & Companies under LLP Act and also contains Specimen LLP Agreement. Book accompanies a CD with text of LLP Act, Rules, FAQs and e-Forms in Word & PDF format. Author is a Practicing Company Secretary.



Career & Job

Are these two different?

Anand Wadadekar, M.Com, M.A (Eco), MBA, DIT, Pune
anandwadadekar@gmail.com

I have observed that many people still have a traditional & a typical mindset. As soon they complete their education, majority of them hunt for a job based on the parameters like good earning potential, growth in terms of promotion, type & potential of the industry, etc. Once they bag a job which satisfies all those parameters, the next most important aspiration they have is to get promotion or more money (salary rise) in the same organisation or with another. I could also hear someone say that, career growth can be attained only by two ways - one, by changing jobs after a certain period and second, by promotion in the current organisation. This is very much true in a way. And these two ways are somewhat also seen as a definite path to great & successful careers.



Career and Job are two different things, where a Career is holistic and a Job is narrow in nature.

But is this really so and so simple? If this was the case, then everybody would and could have managed to have highly successful careers in their life.

I, as an education consultant, get to see that almost all consider 'career' and 'job' as same and use those two terms, inter-changeably. But that is not the same and it should not be done that way. It is fact that we all should accept that having done a wonderful job may not necessarily mean that the person has been having a wonderful career, however a person having a wonderful career may also or may not mean that the person has been having a wonderful job.

Career and Job are two different things, where a Career is holistic and a Job is narrow in nature. Career growth *cannot* be depicted through a graph showing a person's qualitative movement, whereas job growth *can* be depicted through a graph showing a person's quantitative movement like salary figures, upward change of designation in organisation, tenure of service, etc.

We need to understand that a job is a step towards reaching the goal and that goal is nothing but, 'Career'.

We should aim to have a successful career and not just a successful job. It's like making our life count and not just years count. So what can be done to reach this goal called 'Career'?

Firstly, we need to understand & identify one's own potential & strengths. SWOT analysis will help in this. The gaps which we will then identify can be filled up, may be by doing some relevant training programmes / courses, some bit of self grooming, confidence building, attitude correction, etc. which will help us get equipped with the required skill-sets to launch ourselves into the career of our choice.

Secondly, we need to understand and accept the reality that being employable is different and having qualifications for an employment is different. It may happen that having excellent qualifications may not land us in a job and there may be cases, that without much qualification, we may bag a great job. Having relevant qualifications with required skill-sets is most important factor for being employable in the industry. Skill-sets not only include technical skills but also inter-personal skills, behavioral skills, leadership, being team player skill, people management skills, learning skills and the most important, attitude.

Thirdly, construct our own definition of 'Success' not dominated or based upon worlds', since that will give you a direction to your career.

Management Thinker Peter Drucker once said "Indian working women are the best managers in the world". I would like to propose that a housewife can also have a wonderful & successful career since doing a job of a 'housewife' has both - qualitative as well as quantitative growth projectory. A housewife's job is no less than a normal job, since it has scope to apply and implement almost all management strategies in the world and may be doing that can give the housewife the satisfaction of having a successful career.



Compilation:
Ravishankar Kandhi,
CS Qualified, Bangalore

Learners' Corner

Landmark ruling on CENVAT CREDIT



Pratibha Sanghi
CS Qualified, Bangalore

In a manufacturing process, there are many raw materials and capital goods used to produce a final product. The excise duty paid on such raw materials and capital goods used in manufacturing of final products are eligible as CENVAT Credit under the CENVAT Credit Scheme.

Input and capital goods as defined under Rule 2(k) and Rule 2(a) of the CENVAT Credit Rules, 2004 are exhaustive to cover majority of the goods used in manufacture of final product, including immovable or embedded in the earth.



Now the question is 'would it also cover cement, angles, channels, Centrally Twisted Deform bar(CTD) or Thermo Mechanically Treated bar(TMT) and other items used for construction?' or 'would these items be classified as "building material used for constructing plant & machinery"?' and CENVAT credit will be allowed on such goods or not.

There are number of cases in which the cement, angles, channels, CTD or TMT bars and other items are regarded as forming part of the capital goods and so CENVAT credit is allowed on that.

However, now, in the case of *Vandan Global Holdings vs Commissioner of Central Excise* the larger bench of CESTAT has pronounced a ruling on 30.4.2010 that term "capital goods" cannot include plant, structures embedded to earth, overruling the decision in the case of *Bhushan Steel and Strips Ltd.* and held that credit is not admissible on cement, angles, channels, CTD or TMT and other items under CENVAT Credit Rules as these are neither inputs nor capital goods.

As a result of the fallout of the Ruling, the demands of around Rs 2500 Crore are expected to be confirmed as the litigation on the issue is going all-over India.

Is it not a Rs. 2500 Crore bonanza for Central Excise Department?

Pick Of the Month

5 Critical aspects of FEMA

(For Executive Group II)



Are you finding FEMA very critical to study? Here is solution for that; There are Five critical aspects in FEMA a person as a student or a beginner professional must learn, the same may be charted out as below:

- o How foreign investment can be entertained in India? - Through Foreign Direct Investment
- o How Indians can invest outside India? - Through Overseas Direct Investment
- o Procedure for Import of goods under FEMA
- o Procedure for Export of Goods under FEMA
- o Current Account Transactions and Capital Account Transactions

You will find separate regulations for each topic charted out under FEMA for detailed study.

NOC for NBFC



All Non-Banking Financial Corporations desirous of making any overseas investment must obtain 'No Objection' (NoC) of the Department of Non-Banking Supervision (DNBS) of Reserve Bank of India (RBI) before making such investment, from the Regional Office in whose jurisdiction the head office of the company is registered.

Legal Roundup



CS. Abhishek Bharadwaj,
Bangalore

CS. Alagar,
Team Genicon, Chennai

and

CA. Ashit Shah, Pune



CENVAT

Notifications/Circulars

Various parts of capital equipment which are essential for its functioning will qualify for CENVAT credit.

(CBEC Circular No. 920/10/2010-CX dated 01-04-2010)

Case Laws - Valuation

Third party inspection charges incurred at the behest of the buyers and subsequently reimbursed is not includible in the value of excisable goods.

Jaipur Golden Transport Co. P. Ltd. Vs. CC (2010 (251) ELT 562)

Excess amounts collected towards road delivery charges are includible in the value of goods.

Mercedes-Benz India Pvt. Ltd. Vs. CCE (2010 (252) ELT 193)

Amounts recovered towards MTOP are in the nature of liquidated damages and not includible in the value of excisable goods.

CCE Vs. Praxair India Ltd. (2010 (174) ECR 109)

Case Laws - CENVAT/MODVAT

Duty in case of supplementary invoices raised, arises when such invoices are issued and not on actual clearance of goods.

Essar Steel Limited Vs. CCE (2010 (251) ELT 255)

Payment of 10% of amount is not required in case of clearances of exempted by-products.

Mangalore Refinery & Petrochem Ltd. Vs. CCE (2010 (251) ELT 309)

In case of export of goods on FOB basis, GTA services from the factory gate to the port of shipment will qualify as 'input services'.

Cauvery Stones Impex Private Limited Vs. CCE (2010-TIOL-418)

In the absence of any specific provision, input credits can be availed even after elapse of a prolonged period.

A Habeebur Rahman Sons Vs. CCE (2010- TIOL-441)

Manufacturer need not necessarily avail 50% credit in the year of purchase of capital goods itself, as there are no restrictions.

Progressive Systems Vs CCE (2010 (251) LT 536)

CENVAT credit is admissible on raw materials used during the trial production of the final product.

Tetrapak India Pvt Ltd Vs CCE (2010(252) ELT 283)

Credit is admissible on EPABX installed and used for communication between departments within the factory premises.

Kopran Ltd Vs CCE (2010 (252) ELT 285)

Absence of any variation of the duty paid at the supplier's end, credit is not deniable to a manufacturer.

Syngenta Crop Protection (P) Ltd Vs CCE (2010- TIOL-450)

Customs

Notifications/Circulars

The CG has imposed export duty @ 3% ad valorem on the export of cotton waste from the country.

(Notification No. 44/2010 dated 9/04/2010)

Case Law - Valuation

The declared TV will be accepted, where the importer establishes that the price has not been influenced on account of the relationship between the parties.

Nestle India Ltd. Vs. CC (2010 (252) ELT 208)

Custom authorities cannot reject the TV on the basis of contemporaneous imports of the goods by another importer.

Indian Farmers Fertilisers Co-op Ltd. Vs. CC (2010 (252) ELT 523)

Case Laws - Others

The principle of unjust enrichment is not applicable to claims for refund of redemption fines.

Anand Silk Mills Vs CC (2010 (174) ECR 294)

In case of belated filing of the essentiality certificate, benefit of exemption cannot be denied.

Allseas Marine Contractors Vs CC (2010 (174) ECR 296)

Payment of excess duty due to mistake or by oversight can be claimed as a refund by the importer.

JPP Mills Pvt. Ltd. Vs. CC (2010-TIOL-581)

Foreign Trade Policy

Notifications/ Circulars

The CG has notified that authorizations for import of restricted items shall be issued for import through one port.

(Public Notice No. 51/2009-2014 dated 30/03/2010)

The CG has extended the benefits under the Market Linked Focus Product (MLFP) Scheme to exports of various electronic products.

(Public Notice No. 52/2009-14 dated 31/03/2010)

The CG has removed the benefit under the Duty Entitlement Pass Book (DEPB) Scheme to "Cotton yarn including mélange yarn".

(Public Notice No. 57/2009-14 dated 21/04/2010)

Case Law

Textile cess leviable under the Textiles Committees Act, 1963, is payable in case of imports under the EPCG.

Shree Rajasthan Texchem Limited Vs Union of India (2010 (252) ELT 8)

The Customs Authorities can demand repayment of DEPB credit from the assessee who has obtained the DEPB under fraud.

Sravani Impex Pvt. Ltd. Vs DRI (2010 (252) ELT 19)

Goods cannot be confiscated merely on the ground of wrong declaration of the serial number of the drawback schedule.

Link Up Textiles Vs CC (2010- TIOL-536)

Duty cannot be demanded from the transferee for an advance licence in case the conditions are not fulfilled at the transferor's end.

Hico Enterprises Vs CC (2010-TIOL-495)

Failure to fulfill the post importation condition under the Advance Licence Scheme, the duty payable has to be determined on the date of clearance.

BEML Vs CC (2010-TIOL-458)

Antidumping Duty

Notifications/ Circulars

The CG has imposed provisional anti dumping duty on the following:

On imports of Recordable Digital Video Discs from Malaysia, Thailand and Vietnam.

(Customs Notification No. 48/2010 dated 12/04/2010)

On imports of circular weaving machines, originating in or exported from China.

(Customs Notification No. 49/2010 dated 12/04/2010)



On imports of Acetone, originating in or exported from Thailand

and Japan.

(Customs Notification No. 45/2010 dated 09/04/2010)

On imports of Phenol, originating in or exported from Malaysia, Thailand and Vietnam.

(Customs Notification No. 53/2010 Dated 12/04/2010)

Service Tax

Notifications/ Circulars

The existing exemption on Transport of Goods by Rail Services has been extended till 30/06/2010.

(Notification Nos. 20/2010-ST and 21/2010-S.T., dated 30/03/2010)

Case Laws

The Rules cannot provide for credit and rebate of service tax in respect of services which are not consumed for providing output services.

Kbace Tech Pvt Ltd and Ors. Vs. CCE, CST, (2010-TIOL-564)

Eligible CENVAT Credit availed by an assessee on inputs lying in stock/work in progress/final product is not required to be reversed upon a subsequent exemption from duty on the final product.

CCE Vs. United Vanaspati Ltd. (2010 (25) STT 125)

Unjust enrichment is not applicable to claims for refund arising on account of export of services.

CST Vs. S. Mohanlal Services 2010 (18) S.T.R. 173)

The services provided by one unit of a corporate entity to another unit of the same entity are not liable to service tax.

M/s. Chemplast Sanmar Ltd. Vs. CCE (2010-TIOL-443)

Updates from CA Ashit Shah:

Changes proposed by Finance Minister under Service Tax Law:

1. Journey by Air Travel not to be costly
2. Abatement of 75% is proposed for construction industry
3. Service Tax on Construction under JNNURM and RAY to be exempted
4. Vocational training institutes are exempted from service tax

Notifications/Circulars

"Associated Enterprise" can avail Cenvat Credit when the payment has been made to the service provider in terms of section 67 (4) (c) of Finance Act, 1994 and the service tax has been paid to the Government Account

[Circular No. 122/03/210 - dated 30-04-2010]

Case Law

Tyre retreading activity is reconditioning activity to give economic life to tyre and same is liable to tax.

[CCE, Ludhiana vs. Balwinder Singh 2010 (18) STR 70 (Tri-Del)]

Scrutiny fee, building license fee etc. collected by municipality is not liable to Tax.

[Mysore City Corporation 2010 (18) STR 127 (Commr. Appl.)]

Service tax is not payable on service provided by HUF to its constituents.

[CCE, Hyderabad vs. Universal Travels 2010 (18) STR 157 (Tri-Bang.)]

Sales Tax

Case Law

Penalty for failure to produce transit documents cannot be imposed in the absence of malafide intention to evade tax.

Commissioner of Trade Tax Vs. JJ Enterprises [(2010 29 VST 486)]

Once the requisite F forms covering the transactions of stock transfers have been scrutinized, verified and accepted, no further clarifications are required.

Seagram Manufacturing Pvt. Ltd Vs. commissioner of Commercial Taxes [(2010) NTN (Vol. 42) 191]

FEMA & SEBI

Updates from CS Alagar:

Notifications/Circulars

EDIFAR System is discontinued to be applicable for listed Companies.

CIR/CFD/DCR/3/2010 dated April 16, 2010.

ASBA facility extended to QIP while applying shares in public issues.

CIR/CFD/DIL/2/2010 dated April 06, 2010

Final guidelines notified with regard to take over of the Management of the Borrower under the SARFAESI Act, 2002.

RBI Notification dated April 22, 2010.

SEBI prescribed certain pre-requisite for claiming exemption under Regulation 3(e)(i) of the SEBI Takeover Code.

SEBI Informal Guideline date January 21, 2010

DCF method needs to be followed for transfer of shares of an Indian Company by way sale between resident and non-resident and vice-versa under FDI.

AP DIR Circular 49 dated May 04, 2010

Infrastructure Financing Companies (IFCs) can avail ECB under the automatic route upto 50% of their owned funds.

AP DIR Circular 51 dated May 11, 2010

LIVING ROOM

Source:
World Wide Web



2007
2007



2057
2057

Global Warming

If we don't act now, future looks blue



Doha deal still possible in '10: Lamy

A deal in long-running world trade talks is possible in 2010 if key countries are willing to make the politically difficult final decisions, the head of WTO said. "Technically speaking, it's perfectly doable," Lamy said. But until the end game begins, countries are keeping their most prized negotiating "chips in their pockets," he said. Since no one wants to go first, there "has to be a collective understanding that they all empty their pockets" at the same time.

Tourism losses by the volcano € 1.725 million: WTO

Secretary general of the World Tourism Organization (WTO), Taleb Rifai, has estimated the European tourism sector losses to the tune of 2,300 billion (EUR 1.725 million) caused by the ash cloud Icelandic volcano, a figure that excludes damage to the airline industry.

Vietnam sues US over anti-dumping tax

Vietnam has filed a lawsuit with the WTO over anti-dumping tax imposed by the US on its frozen shrimp. This is the first time Vietnam takes such an action since it joined the WTO in January 2007.

India moves WTO on ambiguity in import duties

India has suggested at the WTO that there should be an objective benchmark for countries levying penal duties on imports that originate from countries that provide various subsidies to their exporters. This benchmark could be linked to the annual average yield on government securities, India has proposed.

Will India-EU deal make drugs dearer?

That's a fear being expressed by civil society groups in the developing world. The group expressed regret at the way the FTA being negotiated was against the EU's avowed commitment to placing public health protection over commercial interests. It has urged the commissioner to ensure that the negotiations on behalf of the EU did not contain clauses that went beyond the requirements of the trade-related intellectual property rights (TRIPS) agreement under the WTO.

EU files WTO complaint against China over steel fasteners

The European Union has filed a complaint against China at the WTO, in a tit-for-tat battle over trade in steel fasteners worth hundreds of millions of euros. The EU challenged anti-dumping duties imposed by Beijing on imports of screws, nuts and bolts which affect some 140 million euros (179 million dollars) of the 27-nation European bloc's exports to China per year, officials said. This move followed a separate but similar WTO complaint filed by China against the European Union last year over EU anti-dumping duties on fasteners.

India opposes move to link CSR, trade

India is trying to mobilise opinion against the proposed international standard on corporate social responsibility that could give legal sanction to developed countries to reject exports from developing countries like India. ISO 26000 sets out the basic minimum goals corporates should achieve in areas such as labour, environment and human rights. Complying with this could increase costs for companies from developing countries, eroding export competitiveness of the products produced by them.

Brazil, India Challenge Generic Drug Detentions

Brazil and India's complaint is against series of detentions of generic drugs that took place in 2008 and 2009. The first such case concerned a shipment of a generic version of the hypertension drug Losartan potassium that was confiscated in Netherlands in December 2008. The Dutch authorities held the shipment, which was bound for Brazil, for 36 days before it was returned to India, where the drugs had been manufactured. The medicine is protected by patent in Europe, but not in Brazil or India. "The seizure of goods is a clear violation of the WTO disciplines on the freedom of transit" said a statement released by the Brazilian Mission.

Bio-piracy: India wins 15 cases

The European Patent Office (EPO) has rejected 15 patent applications of various international companies during the past one year after it found they had used India's traditional medicinal knowledge to prepare certain products.

Source: Rediff News