



Mysore Chapter

eNewsletter - 74.

March 2010

"Happy and prosperous Yugadi"



Interaction
with
President and
CEO & Secretary of ICSI

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'Spectrum' Team

For past editions of eNewsletter click:
<http://www.icsi.edu/mysore> or
<http://www.esnips.com/web/icsimysore>

Mysore Chapter has its eParivaar "CSMysore".
To join, visit:
<http://www.groups.google.com/group/csmysore>

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From Chairperson's Desk



Dear CS Fraternity,

Happy Ugadi.....Wishing you great days of success, peace and happiness!

Hearty Congratulations to all those who have been successful in the examination of Dec 09! To all those who have not, you have an edge here, here's an opportunity to know, learn and master the subject!

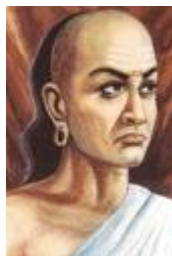
March has been a month of actions. The Budget and Umang have kept us on our feet. The ICSI leaders CS Vinayak Khanvalkar, President, CS N. K. Jain, CEO and Secretary and CS Jagannatham Puttapparthi, Chairman, SIRC graced the occasion. The students put up a good show. The efforts by the Coordinators is truly laudable. Well done, Students! The Umang punchline "Zeal to Excel" is to be adopted in letter and spirit both by the students and the members. 8th March was also the International Women's day, my best wishes to all the girls and women.

The economy is transiting into a new phase with the IFRS, the Direct tax code, the GST. We, as professionals, have to check our preparedness for these transitions. One more exciting change was the passing of the Women's Reservation Bill - one of the most controversial pieces of legislation - in the Rajya Sabha, It may be said that this is a milestone in the empowerment of women, An acceptance of the women's leadership. Hope you agree with me...!

Sincerely yours,

K. Sarina Chouta Harish

Words worth Millions



"There is some self-interest behind every friendship.

There is no Friendship without self-interests. This is a bitter truth."

Chanakya

(Indian politician, strategist and writer,
350 BC-275 BC)

The students of Mysore Chapter celebrated the Foundation day and Annual Talents' Day of the Chapter- UMANG'10 on Sunday, the 7th March, 2010 at Bahadur Institute of Management Sciences, Mysore.

The program was inaugurated by CS. Vinayak S Khanvalkar, President, ICSI, the Chief Guest, CS. Jagannatham Puttaparthi-Chairman, SIRC of ICSI, the Guest of Honour and CS. N K Jain, Secretary & CEO, ICSI, the Special Invitee for the program. Mr. President stressed on the success Mantra for a CS Professional ***"Initiative / Proactive attitude, Commitment to work and excel in one other area other than Company Law"***. Several meritorious and talented students of the Chapter were honoured on the occasion. The first ever Umang Souvenir was released on the occasion.

Competitions like Elocution, Business Quiz and Essay writing were organized a part of the program. The event to follow was the ***Technical Presentation*** by students from Mysore and Bangalore chapters on topics like IFRS, Right to Information, Venture Capital and so on. Then followed ***Management games and Mock Stock Market***. Winners of the competitions were awarded at the Valedictory session. In the Cultural Extravaganza which followed, the audience were thoroughly entertained by the versatile talents of the students.



The program was attended by over 250 delegates including students and members. The programme ***Umang'10 - the zeal to excel*** truly exhibited the zeal of students on both academic and non-academic front.

Milaap 2010



Since 6 years of its inception, Milaap 2010 has been a roadmap towards uniting students of various backgrounds towards common goal of development and growth at individual and group as a whole. Milaap 2010 was held on 20th & 21st of February 2010 at Sri Bhagwan Mahaveer Jain College, Bangalore - 560 002.

Milaap was inaugurated with thoughtful analysis of the stages of the development and reengineering oneself for attainment of goals by the Chief Guest Mr. Sameer Simha. The Chairman of Bangalore Chapter, Mr. Pramod called on students to be integral part of institute. The Students wing was inaugurated with name "UNNATI". Mr. Venkatesh Mallabadi was coopted to be its Chairman.

Then followed Showcase event "Stipulation on IPO Pricing" by students of Bangalore Chapter, wherein the students enacted the roles of Members of Committee on IPO Pricing, along with a meeting on Merchant Banker, Representatives of Financial Institutions and Foreign Institutional Investors. Then followed quiz prelims with 110 teams. Post Lunch,

Mr. Sreedharan, Practicing Company Secretary spoke to students on the particulars of training with an open house discussion. Then management games followed. The evening ended with fantabulous display of Cultural activities by the students of the Chapter.

Day 2 started with technical presentation from students of Bangalore & Mysore chapters with topics covering the Officer in default to Environmental after effects. The quiz finals succeeded the technical presentation with top five teams in a streaming session for minds. Post lunch the management game took students for a joyful and enjoying ride. A skit "Life of a Trainee" elucidated students the practical aspects faced by the students pre-training and post-training period. Finally the valedictory session started with distribution of prizes and delighting speech by chief guest Mr. Bhaskar.

More than 300 participants enjoyed the conference with an exposure to new avenues. The event once again proved to be successful in bringing the talents together in a unique way.



Price -to-Earning Ratio

CS. Amar Kakaria ACS, ACA, ACWA
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Price-To-Earnings Ratio is one of the simplest and most popular method of valuation which measures the price paid for a single share in comparison to its earnings per share. It is calculated by using the following formula:

$$\frac{\text{Market Value Per Share}}{\text{Earnings Per Share (EPS)}}$$

P/E ratio can be either on trailing or forward basis. Trailing P/E is a historical approach in which the earnings of past 12 months are considered. Forward P/E is a futuristic approach in which projected earnings for next 12 months are taken into account for valuation. If some major shift is revenue pattern is expected in future, then it is recommended to use Forward P/E instead of Trailing P/E. Given the fact that stock prices of listed companies are usually volatile, their P/E will also be changing very frequently.

Higher P/E ratio usually means that investors are willing to pay more for each unit of net income.

A lower P/E ratio doesn't necessarily mean that it is undervalued. It may also mean that the company's earning could be subject to flat / negative growth due to financial trouble.

well as some other key sectoral indices consisting of India's largest and most reputed companies across diverse sectors as on February 26, 2010

Given the fact that Sensex is valued at a P/E of 20, we can generally assume that the sectors which are currently valued at P/E less than 20 are either undervalued or have lower growth potential as compared to Sensex. This is evident from the fact that PSU index is valued at a P/E of 15.33 despite having huge assets. In recent budget, there were some negative news for Automobile as well as Oil & Gas Companies in the form of higher indirect tax levy, etc. which will have negative impact on their future performance and hence, their P/E is also comparatively lower. However, it would not be a good idea to assume that Realty companies will essentially have high growth potential due to their high P/E; perhaps, it may be a time for correction.

Comparison of P/E ratios with other companies in the same sector, or to the capital markets in general, or against the company's own historical P/E ratios is done to identify better alternatives. A higher P/E ratio usually means that investors are willing to pay more for each unit of net income, so the stock is more expensive in comparison to one with lower P/E ratio.

However, it must be understood that even if a company has a low P/E ratio, it doesn't necessarily mean that it is undervalued. In fact it may also mean that the company's earning could be subject to flat / negative growth due to financial trouble.

P/E can be calculated for a particular industry or even for the entire stock market. Please see the box for the valuation matrix for Sensex as

In general, the P/E ratio is higher for a company with a soaring growth rate. Thus, using just the P/E ratio as a valuation tool can make high-growth companies overvalued than their peers.

If the P/E ratio is divided by the earnings growth rate, the resulting ratio called as Price/Earning to Growth Ration (PEG) can be a better alternative for comparing companies with different growth rates. Lower PEG is better option and vice-versa.

Though P/E is a very handy method of valuation, one need to understand that it does not cover the outstanding liabilities of the organization and hence, the

investors need to carefully review the balance sheet before making any investment commitments.

Index	As on 6/02/2010	Market Cap (Rs. Cr)	P/E Ratio
SENSEX	16429.55	2473984	20.15
MIDCAP	6397.82	943298	17.67
SMLCAP	8067.40	306883	14.01
AUTO	7170.99	220653	17.80
BANKEX	9828.68	514025	13.27
CONSUMER DURABLES	4001.78	19659	16.52
CAPITAL GOODS	13474.86	343585	27.83
FMCG	2662.05	236170	26.22
HEALTHCARE	4912.98	180690	35.64
IT	5173.99	484703	23.95
METAL	16401.52	613127	24.61
OIL & GAS	9596.24	799913	14.45
POWER	2961.56	618852	27.48
PSU	9414.28	1716820	15.33
REALTY	3236.69	106601	40.14





"Mutual Trust, Complete Disclosure and Transparency can save Mega firms" President of ICSI

CS. Vinayak S Khanwalkar, President, ICSI, CS. N K Jain, Secretary & CEO, ICSI and CS. Jagannatham Puttapparthi- Chairman, SIRC of ICSI graced the Foundation Day celebrations of Mysore Chapter "Umang" on 07th March 2010. On that occasion, CS. Dattatri H M had an exclusive interaction with President and CEO & Secretary of ICSI for eNewsletter. Here is the gist.



CS. Vinayak S Khanwalkar, President, ICSI, on his journey so far: I hail from Mumbai and studied till tenth in Mumbai. After tenth, I shifted to Pune. I did my commerce graduation in BMCC, Pune where Mr. Chandratre and Mr. Athavala, past presidents of ICSI also studied. I commenced my CS and Law Graduation. While continuing CS, I was also working with an NGO. My apprenticeship was with first PCS of Pune CS. M J Deshmukh and on getting CS membership I got into Practice in 1989. Practicing side of CS was not that popular in those days. It was a big challenge to set up and survive in the practice. There were hardly 10 PCSs in Pune. Financially also it was not lucrative. Getting retainership for an YEARLY remuneration of Rs.2500 was a big thing!



My association with CS activities also commenced during those days itself. I was getting involved in all activities. I got elected into Chapter in 1992. In 1996 I became the chairman of Pune chapter. In 2001 I got elected into WIRC. In my first tenure in WIRC itself, in 2003 I became the Chairman of WIRC. Likewise I became the president in my first term in central council too.

Megafirms - experiments: In the year 2000, there was a turning point in my practice. We five PCSs, myself, Mr. Mahesh Athavale, Mr. Vikas Khare, Mr. Dinesh Joshi and Mr. Sunil Nanand came together to form a Mega Firm "Kunj and Associates" with a view to face challenges of new era. All five of us were experts in different fields of corporate practice. We came together because of our chapter association. We discovered that our wavelengths were matching. We decided to have our individual practices to start with, except for big assignments, which can be handled by the partnership firm. That was like a testing phase. We had to ensure that our working styles matched and earn enough financial strength to establish single big office. In April 2005 we acquired premises and started working from one place. We practiced transparency and disclosure norms, which we had set for ourselves. *In our firm, we have got a veto system. If a decision is to be taken and one partner says no, we just abandon that decision. No rule of majority.* This ensures the highest level of confidence in each other.

Many mega firms were established in India but could not sustain for long. Faith and confidence are fundamental for sustaining mega firms. We can have independent associates working under one brand in different parts of the country. However, taking one as a partner is a tough decision. In CS profession, many feel comfortable in practicing individually, not even under one brand.

Balancing ICSI activities along with practice has turned a reality by delegation into second line. My clients also are made aware of my association with ICSI activities. In case of emergency, one of my partners will attend. This kind of arrangement would not be have been possible if we were practicing individually. On family front, I have got complete support all along these 21 years. I accommodate a lot of time for my family too, for family comes first. *Apart from profession, I have passion for reading. I read whatever comes in my way, except philosophy! Though I am a firm believer in god, I don't understand philosophy! I like to read history and biography more.*

These days we have lot of visibility for practising side of CS profession. However, *Passing of examination and professional success are two different things.* Today's generation is intelligent and is having lot of support for passing of the examination. *I have seen gold medalist professor, who was never successful in his profession.* In practice we have to be a bit aggressive. We have to be presentable in the way it gives confidence to the client. Yes, Knowledge and hard work

shall follow. Professional competence will come by their own efforts. We are aware that the quality of the professional passing out should be enhanced. Therefore we have come out with project "Vision 2020" to bridge the gap between knowledge, professional competency and expectation of the corporate sector.



Secretary & CEO CS. N. K. Jain on enhancement of quality of professionals:

With a view to enhancing the quality of the profession, Residential CS Course was discussed earlier. However, due to various reasons, it was abandoned. One of the reasons was that it may differentiate between students of the same profession. There was no much response from CS fraternity also. There was also proposal to convert entire structure of ICSI and transform it into a full time educational institution with permanent management, staff, faculty and facilities – like a postgraduation center of universities – with entry barrier and full time training, fully dedicated into bringing out of quality professionals. However Government felt that discrimination of students, who are educationally and economically weak, is not proper. Though pass percentage is very low, it is still acceptable to the government since talented students only are getting into the profession.

We have commissioned a study to understand the need of the hour. We have engaged the services of a reputed educational institution who are interviewing many professionals and students across the country and they are about to submit a report and recommendations on enhancing the competency and employability.



President on Social responsibility: Each professional should engage himself in some kind of social services, may be in association with organisations known for it. If not financially, we can put in our services like helping students in association with CS institute. Grooming students is a good service to the society. Being corporate conscious keepers - we shall guide the management, create awareness on what is legal and what is not. It is our duty towards society.



LIVING ROOM

Savadhaan... do not miss it...

When the great library of Alexandria burned, the story goes, one book was saved. But it was not a valuable book; and so a poor man, who could read a little, bought it for a few coppers. The book wasn't very interesting, but between its pages there was something very interesting indeed. It was a thin strip of vellum on which was written the secret of the "Touchstone"!

The touchstone was a small pebble that could turn any common metal into pure gold. The writing explained that it was lying among thousands and thousands of other pebbles that looked exactly like it. But the secret was this: The real stone would feel warm, while ordinary pebbles are cold.

So the man sold his few belongings, bought some simple supplies, camped on the seashore, and began testing pebbles. He knew that if he picked up ordinary pebbles and threw them down again because they were cold, he might pick up the same pebble hundreds of times. So, when he felt one that was cold, he threw it into the sea. He spent a whole day doing this but none of them was the touchstone. Yet he went on and on this way. Pick up a pebble. Cold - throw it into the sea. Pick up another. Throw it into the sea.

The days stretched into weeks and the weeks into months. One day, however, about mid afternoon, he picked up a pebble and it was warm. He threw it into the sea before he realized what he had done. He had formed such a strong habit of throwing each pebble into the sea that when the one he wanted came along, he still threw it away.

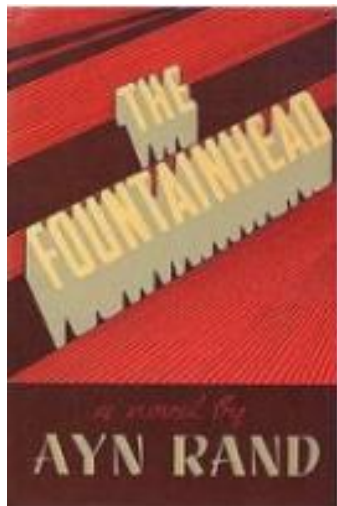
So it is with opportunity. Unless we are vigilant, it's easy to fail to recognize an opportunity when it is in hand and it's just as easy to throw it away.



The Fountainhead



Vishwas Krishna
CS (Final) CA (Final), Mysore



The more I read this, the more I get addicted to this book. "The Fountainhead" by Ayn Rand is a story of a professional- an architect, Howard Roark, who gets thrown out of college for not adhering to the "principles of architecture", joins an out of business architect to learn to build buildings, rapes a woman, opens an office after the death of his mentor, works as a construction company labourer, bombs a building and finally faces a trial. This book, though a work of fiction, is not just that. Rand, one of the most controversial authors, mixes fiction with her philosophy about individualism, which she later named it as objectivism.

Peter Keating, Ellsworth Toohey, Gail Wynand and Howard Roark are the major characters of this book and the four sections of the book are named after them, probably, to indicate the journey of one person from Keating to Roark travelling in the path of Toohey and Wynand. One name missing from the list is Dominique, a common link between all the four. Revealing anything else about her will give away the plot. What is interesting to note here is, before this book was first published, it was rejected by not less than 12 publishers. But today it is one of the most widely read books of all times, having sold over 5 million copies. If you decide to read just one book in your entire lifetime, let that book be this.

Wondershare: Office recovery



CS. Sunil Kumar B G
PCS, Mysore

What do you do when your important office files get corrupted due to many known and unknown technical errors? No answers, yet? Your worry is over; we have an answer for this question. Wondershare Office Recovery, from Wondershare Software, is a new powerful office recovery tool specially designed for recovering office files and PDF files lost caused by accidental deletion, formatted, virus infection, bad sectors, misuse of partition tools and so forth, allowing users to restore variety of office files formats, including DOC, DOCX, XLS, XLSX, PPT, PPTX, PST, DBX, ACCDB, MPP, PUB, ONE, XSN and PDF files. Main features are as follows:

- Easy 3-step to recover lost files - Select, scan and recover without special technical skills
- Restore lost office files and PDF files due to intentional deletion/formatting/virus attacks and other reasons
- Recover lost files from various storage devices including PC hard drive, external hard drive, memory stick, USB flash disk, DVD and more
- Choose precise file formats for accurate recovery
- Preview recoverable files before recovery
- Recovery result won't affect the original file format and layout
- Supports Office 97, XP, 2000, 2003 and 2007



The normal selling price of Wondershare Office Recovery is set at \$29.95. As **part of Wondershare free offer**, people who are interested in the Office Recovery software are entitled to **get the free license code** for Wondershare Office Recovery 1.5.0 to activate the application. This promotion **free offer will expire on April 10, 2010**, so grab your copy now.

Download the setup installer of Wondershare Office Recovery 1.5.0: [ws-officerecovery_full578.exe](http://www.data-recovery-utilities.com/office-recovery/get-keycode.html) Go to the promotion page at <http://www.data-recovery-utilities.com/office-recovery/get-keycode.html> and register yourself to get free license code. Wondershare Office Recovery 1.5.0 is compatible with Windows 2000, 2003, XP, Vista and Windows 7 operating systems.

Letters from Readers



Thank you for sending me the latest update on the Mysore Chapter. I was delighted to see the impressive strides the Chapter has made over the years. It symbolizes vibrancy and high degree of professional activism.

I shall be always watching your progress with abiding interest and may be some day, after 25 years, I shall have an opportunity of visiting your Chapter again.

**R. Krishnan,
Founder President ICSI**

Received the email copy of E-newsletter of Mysore Chapter. I appreciate the efforts taken by the people behind this. The Mysore chapter is the roll model for small chapters in contributing for the development of our profession and the motivation given to the students. I congratulate the team of Mysore chapter of ICSI headed by Sri Anshuman.

CS. V S Subash, Coimbatore

It is nice to go through the content of e-newsletter of your chapter. The coverage is multi-facet in terms of subject. It is very interesting and knowledgeable. Please keep it up. My appreciation to all concerned with the e-newsletter.

**CS. Viswanath E.N,
Hyderabad**

Thank you for sending good and informative newsletter.

CS. Suresh Sharma, FCS, Jaipur

I appreciate the quality of the article which is really radiating positive energy everytime. I appreciate you and your team for making it an exceptionally a great news letter.

**Lokesh V.
IPR and Innovation, L&T Ltd Mysore Campus**

Many thanks for your enewsletter. It is fantastic and informative. My hearty congratulations to Mysore team for the excellent work you have been doing. We need to learn lot from Mysore.

**CS. S P Kamath,
Past Chairman, Cochin Chapter**

My heartiest congratulations and best wishes to you on bringing our wonderful newsletters month after month.

CS Umesh Oza, Pune

The Mysore Newsletter is the best one I have ever seen. It is very informative and I never miss reading this.

R. Raman, Chennai

ICSI Newsletter in 11 pages gives more information compared with newsletters of branches of professional institutes in India. It covers professional information/news up to date.

I rate ICSI Mysore Newsletter very high and recommend for all professionals-CA, CS, CMA, MBA, Lawyers etc.

**CA. Ramachandran M,
Bangalore**

The newsletter is very informative and useful. My best wishes to your team for the excellent work.

**CS. R. Ravichandran,
Chennai**

Good to see the coverage and high quality of contents! Keep it up!!

**CS. D D Bhat,
Past Chairman, Mysore Chapter**

Thanks for the eNewsletter. It was very informative and concise.

Vaidyanathan. N

The contents are very good and apt. By going through the news letter I too felt I should write on important topics of practical use as a Professional.

CS. Sathyaprakash K S.



Inter Corporate Loans, Investments, Guarantees and Securities

Part 2

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So far...

Sections 372A of the Companies Act, 1956 (The Act), clarifies the provision about the Inter Corporate Loans, Investment, Guarantees and Securities (hereinafter called as Proposal).

LOANS include the Debentures or any other money given by one company with another company. **INVESTMENT** includes investment in securities of any other body corporate, shares, debentures, convertible debentures, bonds etc. defined under the SCRA, 1956 and SEBI, 1992.

The Board can approve the proposal for any of the four transactions mentioned herein only up to

- a) 60% of Paid up share capital & free reserve "or"
- b) 100% of Free Reserve - Which ever is higher.

If the aggregate of all loans, investment, guarantee or security exceeds the above said limit, then the prior approval of shareholders in general meeting is necessary by passing the special resolution

If the Company received any term loan from any public financial institutions referred under Section 4A of the Act and there is any default in repayment or payment of interest, then the concerned company shall be required to take the prior approval of the concerned institute before making/ providing any loan, investment, guarantee or securities.

Non applicability of section:

The Section is not applicable on the following:

1. Banking & Insurance Companies
2. Housing finance Company, in the ordinary course of its business or the Company established with the object of financing industries or for providing infrastructure facilities.
3. A Company having principal business is the acquisition of shares, stocks, debenture or other securities.
4. Private Company unless it is subsidiary of public limited Company

5. Investment made in shares allotted in pursuance of Section 81 (1)(a) i.e right issue
6. Loan made by holding to its wholly owned subsidiary
7. Any Guarantee given or securities provided by a holding Company in respect of a loan made to its subsidiary.
8. Acquire the securities of subsidiary by holding company.

Inter Corporate Loans, Investment, Guarantees and Securities are integral part of corporate affairs. Provisions relating to these transactions are liberalized and penal provisions for violations are made severe.

Therefore, understanding the provisions of law takes significant importance.

Rate of interest: Interest rate should not be lower than the prevailing bank rate

Default under section 58A: If the Company makes any default in repayment of deposit from the public or payment of interest under section 58A, then the company cannot make/ provide any inter corporate loan, investment, guarantee or securities.

Penalty: If any default is made in complying with any provisions of Section 372A, then the Company and every officer of the Company, who is in default shall be punishable with imprisonment

up to two years or with fine which may be extended to Rs. 50,000/-

Register: Every Company, which provides the loan and gives guarantee, security, shall maintain a Statutory Register for the purpose, with the following contents:

1. Name of the body corporate
2. Amount, term and purpose
3. Date of the transaction

The particulars of the loan, investment, guarantee and security shall be chronologically entered in the register within the 7 days from the date of transaction.

The Register should be kept at the registered office of the Company and shall kept open for inspection and extract may be taken there from and the copies thereof may be taken by any member of the Company.

Non maintenance of the register is liable to be punishable with fine up to Rs.5000 and with a further fine up to Rs. 500 for every day during which the default continues.



Compilation:
Ravishankar Kandhi, CS Final, Bangalore

Sufficiency of Management training depends on both trainer and trainee. There are students who are not having proactive attitude, commitment and initiative but consider complete training as just another formality. There are other set who demand work and learn the profession. For latter kind of trainees, 15 months duration is enough.

As a trainer, after first two months of understanding the nature of work and work environment, I expect to have atleast 70% dependability which should get enhanced to 95% in later part of the training. This is possible for students who have initiative and who are proactive. These qualities can not be forced. A trainer too should delegate the work right from day one and guide.

Desire to learn can only bring the result.

Pick of the month



Learners' Corner:

External Commercial Borrowings:

A Bird's Eye View



Mr. Rame Gowda
LLB, CS Final

External Commercial Borrowing (ECB) is the loan availed from the lenders of other nations and availed of by residents. ECBs are governed by clause (d) of Sub-section 3 of Section 6 of the Foreign Exchange Management Act, 1999 read with Regulation 6 of Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) (Second Amendment) Regulations, 2002 [hereinafter referred to as Regulations] as amended from time to time.

A basic criterion for ECB is maturity of minimum three years and can be accessed by Automatic Route as well as Approval Route. The main sources of ECBs (Recognized lenders) are international banks, international capital markets, multilateral financial institutions (such as IFC, ADB, CDC, etc.), and export credit agencies, suppliers of equipment, foreign collaborators and foreign equity holders. Foreign Exchange Management Act, 1999 has prescribed different set of parameters to adjudge the 'recognised lender' under both Automatic and Approval routes.

The maximum amount of ECBs which can be raised is limited to USD 500 million or its equivalent during any financial year. However this limit is not applicable to corporate borrower engaged in hotel, hospital and software sectors. In India, External Commercial Borrowings are being permitted by the Government for providing an additional source of funds to Indian Corporate and Public sector Units for financing expansion of existing capacity and as well as for fresh investment, to augment the resources available domestically. ECBs can be used for any purpose (rupee-related expenditure as well as imports) except for investment in stock market and speculation in real estate.



Did you Know?

What is BOLT?

BOLT means BSE On-line Trading system. It is totally automated, screen based trading in securities was put into practice nation-wide within a record time of 50 days.

Bombay Stock Exchange had replaced its open outcry system with BOLT facility in 1995.

This was brought into existence to facilitate smooth transaction and presently the capacity of BOLT platform stands enhanced to 80 lakh orders per day.



CENVAT

Case Laws

Refund of Service Tax on "input Services" used for manufacture and export of final product allowed.

Semco Electrical Pvt. Ltd. Vs. CCE, Pune (2010-VIL-02-CESTAT-MUM)

While claiming input credit, detailed one-on-one CO relation of inputs with goods exported need not be provided.

Chemplast Sanmar Ltd. Vs. CCE, Salem (2010-TIOL-180-CESTAT-MAD)

Central Excise

Case Laws

Supervening public Interest needs to be established before withdrawing or modifying an exemption.

Sal Steel Ltd. & Anr. Vs. UOI & Ors. (2010-TIOL-112-HC-AHM-CX)

Customs

Notifications/Circulars

AC/DC can sanction the refund of 4% (SAD) even where original BOE or TR-6 Challans are not available.

(Notice No. 05/2010 dated 27/01/2010)

Domestic Cargo facility extended by CG, between domestic airports and international flights to all Private airlines.

(Customs Circular No. 4/2010 dated 15/02/2010)

Classification of artware/handicraft items and composite goods in the Drawback Schedule simplified.

(Customs Circular No. 3/2010 dated 12/02/2010)

Case Law - Classification

In case of composite functions, the predominant function should form the basis of classification of the equipment.

Wipre GE Medical Systems Pvt. Ltd. Vs CC (2010-TIOL-206)

Others

Duty paid by mistake, the refund U/s 27 is allowable even where no appeal has been filed against the assessed BOE.

Aman Medical Products Ltd. Vs CC (2010 (250) ELT 30)

Settlement application is maintainable only if the applicant has disclosed the additional duty liability.

Sanghvi Reconditioners Pvt. Ltd Vs Union of India (2010-TIOL-10)

SVB order passed without giving an opportunity for the assessee to represent

the matter is in violation of natural justice.

Cooper Bussman India Ltd. Vs ACC (2010- TIOL-123)

Goods manufactured in the customs bonded area could not be considered as manufactured in DTA, and will not attract central excise duty.

CC Vs. Boiler Tube Co Pvt. Ltd. (2010-TIOL- 270)

Tribunal should strictly follow the principles of consistency while deciding stay applications.

HPCL Vs UOI (2010 (250) ELT 212)

Commissioner of Customs to allow the conversion of free shipping bills to drawback shipping bills under Rule 12(1)(a).

Midex Global Pvt. Ltd Vs. CC (2010) (172) ECR 154)

Amendment in the BOE U/s 149 can be made on the basis of documentary evidence at the time of import.

CC Vs Bekaert Industries Pvt. Ltd. (2010 (172) ECR 158)

Foreign Trade Policy (FTP)

Notifications/ Circulars

CG allows the import of new vehicles from the following new ports: Chennai Airport, Mumbai Air Cargo Complex and ICD, Talegaon Pune.

(Notification No. 30/2009-14 dated 10/02/2010)

A new Appendix 11B has been added to the Handbook of Procedures.

(Public Notice No. 42/2009-14 dated 6/02/2010)

CG issues guidelines for re-credit of the 4% SAD of Customs in the DEP, VKGUY, FPS, FMS, MLFPS Scrips.

(Circular No. 22/2009-2014 dated 03/02/2010)

Antidumping Duty

Notifications/ Circulars

CG imposes duty on imports of carbon black used in rubber applications, exported from Australia, China PR, Russia, and Thailand, for a period of 5 years.

(6/2010 dated 28/01/2010 and 7/2010 dated 28/01/2010)

CG imposed a final duty on import of Bus and Truck Radial Tyres, originating in or exported from China PR and Thailand.

(Customs Notification No. 12/2010 dated 19/02/2010)

CG has imposed a provisional duty on import of cold rolled flat products of stainless steel, originating in or exported from China PR, Korea, European Union,

South Africa, Taiwan, Japan, USA and Thailand.

(Customs Notification No. 14/2010 dated 20/02/2010)

Service Tax

Case Laws

No Service Tax to be paid on the sale of component of a works contract.

CCE, Ludhiana Vs. M/s Vahoo Colors Lab & Others (AIT-2010-51 HC)

Consideration for services is convertible foreign exchange for export benefit mandatory only w.e.f. 1.3.2007

Muthoot Fincorp Ltd. Vs. CCE, Vishakhapatnam (2010 (17) STR 303 (Bangalore)

Sales Tax

Case Law

Sales Tax Exemption under the industrial policy cannot be withdrawn once the industry is allured into making investment.

State of Bihar Vs. Kalyanpur cements Ltd. (2010-VIL-01-SC)

Notification to be construed harmoniously with tax laws.

Commissioner Trade Tax, UP Vs. Amco Binel Pvt. Ltd. (27 VST 202)

Entry Tax is not akin to Sales Tax: exemption from sales tax does not automatically qualify for exemption from entry tax.

Amba Carbonisation Pvt. Ltd. Vs. State of Bihar & Others (27 VST 220)

FEMA

Definition with respect to the term infrastructure for availing ECB's is expanded.

AP DIR Circular No.39 dated March 02, 2010

Online Reporting for AD's allowed in case of Overseas Direct Investment

AP DIR Circular No.36 dated February 24, 2010

It is decided to introduce fourth category of NBFC's as Infrastructure Finance Companies

DNBS.PD.CC.No.168/03.02.089 /2009-10 dated February 12, 2010

Others

Acquisitions between close business relations cannot be considered as parties acting in concert under SEBI (Substantial Acquisition of Shares and Take Over) Regulations 2007

Triumph International Finance India Limited Vs SEBI



Compilation by :
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2010 Shaping Up as a Bad Year for Doha Deal, Climate Talks

2010 was the year in which two long-running sets of global negotiations were supposed to finally end in agreement: the WTO's Doha Round of trade talks and multilateral negotiations to secure a deal to curb emissions of greenhouse gases. But fewer than 10 weeks into the year, officials involved in both sets of talks are issuing gloomy predictions for the odds of deals being struck during the remainder of 2010.

Brazil Raises Tariffs on 102 U.S. Goods in WTO Cotton Dispute

Brazil has published a list of 102 U.S. products on which it will raise tariffs for 365 days in retaliation for American cotton subsidies as allowed by the World Trade Organization.

The list, published in the Official Gazette, raises tariffs on American-made cars, boats and refrigerators among other industrial goods. Potatoes, raisins, cherries and pears are among the agricultural exports that will be sanctioned. The tariffs range from 14 percent to 100 percent. Brazil may take additional measures, according to the statement published in the Gazette.

G20 governments containing protectionism: WTO

Some G20 countries, in contradiction to pledges at their London and Pittsburgh summits last year, have implemented new measures to restrict trade but their scope has been limited and the group has continued to avoid an escalation of protectionism, it said in a report. The report calls on G20 leaders to reinforce recovery from the crisis by reaffirming their commitment to open markets and putting their many calls for an early conclusion of the Doha trade round into effect.

WTO Director-General Pascal Lamy said that, the figures released show that G20 governments have, on the whole, managed to contain protectionism. In order to have a sustainable economic recovery, it is necessary to keep the markets open.

US increases shrimp tariffs almost 300 pct

The US Department of Commerce (DoC) has said that the anti-dumping duty on shrimp imported from India was being increased from 0.79 per cent to 2.67 per cent. Industry sources have said that this was due to the failure of the Indian seafood export industry to present its case before US officials with sufficient data.

Frozen shrimp exports constitute almost 44 per cent of the value of India's total seafood exports and these actions will likely have negative effects on the numerous aquaculture farms spread all over coastal India. The bulk of India's frozen shrimp is exported to the US.

OECD, WTO and UNCTAD urge G20 to resist protectionism

The OECD, World Trade Organization (WTO) and the UN's Conference on Trade and Development (UNCTAD) have called on the leaders of the G20 countries to resist protectionism or the prospects for economic recovery may be wiped out. In their second combined report on G20 Trade and Investment Measures, the three organisations find that most G20 members are holding to their commitments to open trade and investment in the wake of the global economic crisis. However, they say protectionist pressures may continue to gather force in the face of job losses and high unemployment.

Thailand seeks WTO solution on generic drugs

A senior Thai official voiced hope for a WTO solution on the production of low-cost generic drugs, an issue that has stirred friction with Western companies. A military-backed government in 2006 suspended patent protections for expensive cutting-edge treatments for AIDS, cancer and heart disease, giving Thais access to cheap copycat versions. Activists against AIDS and poverty hailed Thailand as a global leader, but has faced heavy pressure and threats of legal action from Western pharmaceutical firms.

Major pharmaceutical firms argue that generic drugs ultimately hurt patients by depriving the companies of funding for research and development. Former US president Bill Clinton in 2007 struck a deal with two generic drug makers in India that now provides lower-cost AIDS treatment to more than two million people in developing countries, including Thailand.

Brazil becomes world's third largest exporter of agricultural products

Brazil has overtaken Canada to become the third largest world exporter of agricultural products, behind the United States and the European Union (EU); according WTO. In 2000 Brazil was the world's sixth biggest agricultural exporter, but it has overtaken Australia and China in the last 10 years, the WTO said.