



Newsletter - 64

Mysore Chapter

May 2009

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“Mysore chapter is a role model to many chapters in the country.Many other chapters should draw inspiration from the Mysore chapter.”

**- CS. Datla Hanumantha Raju
President - ICSI**

Seminar

“A Re-look at Corporate Governance”



Mr. Sudhir Babu, Mr. V C Davey, Mr. C K Sabareeshan, Mr. Hanumantha Raju Datla, Mr. Anshuman and Mr. N K Jain

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Wedding Bells

CS. N. G. Omkar, Our Editorial team member tied the nuptial knot with Ms. Sangeeta on 20th April 2009. We wish the Couple "a Great journey ahead...!"

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CS. Anshuman A.S. Chairman, ICSI Mysore Chapter

Dear Readers,

President of the Institute, CS. Datla Hanumantha Raju. Secretary, CS. N.K. Jain and CS. Sudhir Babu C., member, Central Council, visited Mysore Chapter on 25th and 26th April 2009.

They not only interacted with the students and members of the chapter but also participated in a two hour seminar on 'A Re-look at Corporate Governance' along with the Registrar of Companies, Karnataka, Mr. V.C. Davey.

April 2009 will be remembered at the chapter as the month in which dream project of the chapter of having its own premises took a quantum leap towards reality. The visiting dignitaries have asked the chapter to submit its proposal for acquiring suitable land for construction of the chapter building.

During the month, I had the opportunity to visit Bangalore Chapter, CCRT and WIRC of the Institute. I had interaction with functionaries of these wings of the Institute on various professional and administrative matters. We are contemplating a joint program with CCRT during the year. At WIRC, Mumbai, I met council members CS. Jayshree S. Joshi and CS. K. Ragini Chokshi who have kindly consented to visit our chapter.

Many students of our chapter are going to take up the examinations in June 2009. I wish them all success in their endeavor.

* * *

Outstation Students are requested to contact CS. T.G. Srilatha @ 98863 95144 seeking limited free accommodation at the residences of members during June 2009 Examination.

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Please note:

You may find all past editions of this eNewsletter at <http://www.icsi.edu/mysore> and also at <http://www.esnips.com/web/icsimysore>

Mysore Chapter has its eParivaar "CSMysore". This is dedicated to the overall growth of the professionalism through sharing of knowledge. Its home page is <http://www.groups.google.com/group/csmysore>
You are welcome to join the eParivaar.

Words worth Millions

"We want the education by which character is formed, strength is increased, the intellect is expanded and by which one can stand on one's own feet."

- Swami Vivekananda

Seminar on “A Re-look at Corporate Governance”

A Seminar on Corporate Governance Standards was organized by the Chapter on 25th April 2009 at Rotary Centre, JLB Road, Mysore, jointly with Mysore Zone of Confederation of Indian Industries. The panel of speakers consisted of:

- CS. Datla Hanumantha Raju, President, ICSI;
- CS. N.K. Jain, Secretary & CEO, ICSI;
- CS. Sudhir Babu C., Member, Central Council
- Mr. Davey V.C., Registrar of Companies, Karnataka
- CS. Sabareeshan C.K., Chairman, CII – Mysore Zone

The session started with brief introduction about the topic by CS. Sabareeshan C.K. who set the tone for the afternoon’s deliberations. He said that the Corporate Governance should emanate from conscience of every person who is a part of corporate world.

Shri V.C. Davey highlighted the importance of amendments brought in Regulation 17 in Jan 2009. He remarked that MCA-21 is definitely a panacea for the problems faced hitherto by the corporates and professionals in tracking documents, status of filing of various documents, etc.

CS Sudhir Babu, PCS, Hyderabad began his address with a cautious note that frauds like Satyam may not be a one time event. He suggested precautionary measures in letter and spirit from the angle of corporate governance standards. He stressed that professionals like Company Secretaries have a special role in this. According to him, two control mechanisms namely, Whistle Blower Policy and Peer Review of Audited Accounts would go a long way in protecting the interest of the investors.

CS N.K. Jain, who is a also member of ASSOCHAM, highlighted the issues to be addressed presently: i.e.,

- How to ensure correctness of information to Board?
- Whether there is a suitable mechanism through which information reach the Board?

- Does any information cause overload on the part of users of such information?

He mentioned that a Company Secretary needs to be judicious in ensuring a proper balance to face the above challenges.



CS Datla Hanumantha Raju, started his speech quoting Chanakya’s Arthashastra. He said that Corporate Governance has to come within the Board, whether mandatory or recommendatory. He said that Secretarial Standards, Clause 49 of the Listing Agreement, Disclosure requirements, Provisions of the Companies Act, 1956, Securities Contract Regulation Act and Corporate Governance Code would go a long way in investor protection. He congratulated Mysore Chapter for being pro-active in spreading the investor awareness in the vicinity.

Panel discussion witnessed active participation from audience.

STUDENT INTERACTION: The session was followed by an interaction of dignitaries from ICSI with students of Mysore chapter. Students were given an opportunity to express their difficulties to these dignitaries and also get first hand information about various issues relating to the Institute.

PRESS MEET: Earlier to the session, chapter conducted a press meet with the dignitaries from ICSI. Despite having election duty, the press participated in good number for the meet. CS. Dattatri H.M. coordinated the press meet.

- OTHER ACTIVITIES DURING THE MONTH -

CAREER GUIDANCE: JSS I Grade College, Kollegal by the chapter on 22nd April 2009. The session was attended by 100 Students. CS. Anshuman A.S., Chairman, addressed the students.

TALK ON FINANCIAL RATIOS: A talk on ‘usefulness of Ratios in Understanding Financial Statements’ was organized by the chapter on 5th April 2009. Mr. Sanketh S. Kamath spoke on the occasion. He described the financial ratios with reference to its relevance in understanding the financial statements.

TALK ON BODY LANGUAGE: Mr. B.B. Nagasubramanya talked on Body Language on 12th April 2009 at the Chapter. The speaker, who had good command over the subject, deftly covered this vast topic in a concise manner. Speaker made the audience realize that there is a lot to learn about an individual if we are able to interpret their body language properly.

ANNUAL GENERAL MEETING: The 29th Annual General Meeting of the chapter was held at the Chapter on 18th April 2009.

TALK ON OFFICE ETIQUETTE: Ms. Sarina Chouta K. Harish, Vice-Chairperson of the Chapter delivered a talk on ‘Office Etiquette’ at the Chapter on 19th April 2009. Drawing from her personal experiences, she explained the importance of following proper etiquette not only in office but also in personal life. There was good interaction between the speaker and the audience.

TALK ON ANNUAL GENERAL MEETING: Ms. Kavita Rao D.B. delivered a talk on ‘Annual General Meeting’ at the Chapter on 26th April 2009. In the one hour talk, Ms. Kavita discussed about various practical situations which arise in connection with AGMs.

COMPANY LAW QUIZ: Quiz program on Company Law was organized by the chapter at 4 PM on 5th April 2009. The students

formed into 4 teams. Ms. Reshma Anwar, winner of the National level Quiz Competition of ICSI in 2008 was the Quiz Master. The team led by Ms. Kavita Rao D.B. was acknowledged as the Winning Team.

ELOCUTION COMPETITION: An Elocution Competition on importance of voting in the present Indian Political situation was organized by the chapter on 12th April 2009 at 4.00 PM. The participants talked both in favour and against the topic bringing forth a variety of views. CS Anshuman A.S. provided rationale and significance of the topic.

PICK AND SPEAK COMPETITION: Date: 19th April 2009. The students spoke on topics like G-20 summit, Traffic Congestion, Use of Plastics etc. Mr. IVRN Harshvardhan, a foundation program student was declared winner of the Competition. Vice-

Chairperson of the Chapter, CS. Sarina Chouta Harish K. was the judge for the event.

GROUP DISCUSSION: Topic “Communal Disturbances – Is The Society To Be Blamed” Date: 29th March 2009. CS. Anshuman A.s., Chairman and CS. Srinivas M. Devadiga, Treasurer, of the Chapter were the judges for the event. The students participated with great interest in the group discussion. The first prize was shared by Mr. Nagasubramanya B.B. and Ms. Kavita Rao D.B.

STUDY CIRCLES: The chapter conducted study circle meetings for foundation, executive and professional program students on all the Sundays of the month. Special study circles were organized for the executive students undergoing oral Coaching at the chapter to maximize the benefits of attending oral coaching classes by such students.



Living Room

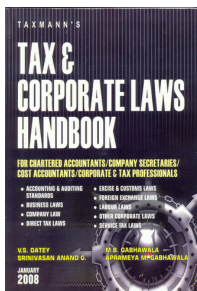
CS. Santosh Kumar Lahoti, Kolkata

The most successful of public figures become legends and live in the hearts of their admirers even after they are dead. Autographs of celebrities taken at different times indicate the inner qualities and outer achievements of those personalities. Such analysis is done by Graphologists. In fact, collectible autographs can fetch huge sums of money. In Western world there are people who collect the autographs as hobbyists and harvest a rich return when they sell them. Today the class of autograph collectors is increasing in India. It is a hobby of great educational value, kind of recreation, teaches the collector history of one's own country and builds friends circle.

In March 1993, me along with friends formed Autograph Collectors Club of India (ACCI) and got it registered under the West Bengal Societies Registration Act, 1961. It is the only club of its kind in India. The main objects are to promote and guide the study of Autographs; to co-operate with the Autograph Clubs/Societies of other countries by offering them information, advise and help about their collectors and to establish exchange relation with them; to organize exhibitions of Autographs in different cities of India; to check authenticity of Autographs by experts; and to help collectors get addresses of celebrities. If you are interested, reach me at sklahoti@vsnl.net

Collecting Autographs

Tax & Corporate Laws Handbook



Publisher: Taxmann **Edition:** January 08
Authors: V S Datey, Srinivasan Anand G, M B Gabhawala, Aprameya M R

“Points on Laws”, that’s what I like to call it! The book incorporates the Annual Compliance Calendar under various laws. It has an exhaustive coverage and one need not read the provisions of the Act. It is the best one-stop ready referencer for various corporate compliances.

Must Read Sections:

- Compliance Calendar, snapshot of labour laws
- List of orders appealable to CIT(A)

Follow link for more details: <http://www.taxmann.net/BookShop/productdetail.aspx?pid=1207&cid=7>

Book Review



CS. ANS Vijay
PCS, Chennai
Author:
“Only This Much”
Visit:
<http://yehseeves.blogspot.com>

- Case laws & circulars, gist of labour laws
- Model Resolutions & formats

How is it different?

- A4 size, easy to handle & refer
- Two-column presentation - a feel good reading ability
- Charts, tables, enables better understanding

The latest book available is of 2008 Edition and has not been updated thereafter. It’s the best ready referencer which every professional should possess 24 X 7, 365 days a year to enjoy reading, referring, opining...



Take-Over Code Amendments in 2009 – Part 1

CS. PR. Raamaanathan, M.Com, B.G.L, DTL, DFM, PGDFIM, FCS, Chennai, Tamil Nadu

Introduction: The Securities and Exchange Board of India has amended the takeover code twice since the beginning of New Year 2009, to deal with abnormal cases like massive accounting fraud in Satyam Computer Services Ltd. Amendments in Takeover code empower SEBI to grant exemptions to companies in distress from compliance of stringent disclosure requirements under the provisions of Regulations 10 to 29A of SEBI (Substantial Acquisition of Shares & Takeovers) Regulation, 1997. Earlier amendment to Takeover Code effective from 28-January-2009, mandating companies' promoters to disclose the shares pledged in two ways. That is on a quarterly basis along with the shareholding pattern and also a disclosure on the basis of such event of pledge of shares by promoters. The listing agreement was also suitably modified.

SEBI has amended the take over code twice in the year 2009. Amendments in Takeover code empower SEBI to grant exemptions to companies in distress from compliance of stringent disclosure requirements. In this edition let us discuss on first amendment.

Disclosure of Pledged Shares

To raise personal loans, promoters or promoters' group of listed companies often resort to pledge their equity shares without disclosing the details of pledge. The promoters may resort to inflate the share prices both at top and bottom lines, which ultimately lead to a situation of an increase in stock prices and they would use it to their advantage for raising loans. Pledge of shares by promoters is an indication that they don't have enough funds to meet their commitments. When the promoters are unable to garner additional funds to repay the loan, the lender would start selling the pledged shares to recover the money advanced. This starts a chain reaction and the stock prices of such companies in the market would fall. This would heighten the risk of small investors.

In order to plug such loophole, a new regulation No.8A was inserted after regulation No.8 in the Takeover Code effective from 28-January-2009. So, SEBI has taken a step in the right direction by forcing companies to make such information public through stock exchanges. Key provisions of amendments are explained below:

Transitional provision – 8A (1)

A promoter or every person forming part of the promoter group of any company shall, within 7 working days from 28th January 2009 have to disclose details of shares of that company pledged by him, if any, to the company.

Disclosure by Promoter or Promoter Group to the Company – 8A (2) & (3)

Promoter or promoter group shall have to inform details of pledge of shares within 7 working days of creation of pledge on shares to the Company and details of invocation of pledge of shares within 7 working days of invocation of pledge on shares to the Company.

Disclosure by a company to Stock Exchanges – 8A (4)

The company shall have to inform the details of pledge received under sub-regulations (1), (2) and (3) from promoter or promoter group within 7 working days of receipt, to all stock exchanges on which the shares of company are listed, if during any quarter ending March, June, September and December of any year, the lower of the following limits are exceeded:

- The aggregate number of pledged shares by promoter or promoter group during the Quarter exceeds Rs.25, 000/-
- The total aggregate number of pledged shares by promoter or promoter group including that Quarter exceeds 1% of total shareholding or voting rights.

The table would depict the obligations that arise in respect of pledged shares by the promoter or promoter group.

New Regl No.	Who to Disclose	to whom	Time Frame
8A(1)	Promoter or every person forming part of the promoter group of any company	Listed Company	Within 7 working Days from 28-January- 2009.
8A(2)	-do-	-do-	Within 7 working days from the date of creation of pledge of shares.
8A(3)	-do-	-do-	-do-.
8A(4)	Listed Company	Stock Exchanges	Within 7 working days on receipt of information under sub-regulations (1), (2) and (3) of Regulation 8A.

Formats for Disclosure

Formats for disclosures under regulation 8A (1), 8A (2), 8A (3) and 8A (4) was notified on 3-February-2009. Annexure “A” is a format which is to be filed by the promoter or promoter group to the company and Annexure “B” is a format which is to be filed by the company to stock exchange.

Next Month: Second amendment: Exemption from Compliances of Public Offer

What Court Said About Service Tax on Rentals...

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

Section 65 of the Finance Act, 1994, was amended by the Finance Act 2007, pursuant to which Notification No. 24 /2007 dated 22/05/2007 was issued by the Finance Ministry, seeking to levy Service Tax on renting of immovable property. This brought renting, letting, leasing, licensing or other similar arrangements of immovable property for use in the course of furtherance of business and commerce, within the service tax net with effect from June 1, 2007. This led to an unexpected and significant increase in costs, impacting several business especially retail, hospitality, entertainment and the like which had begun to reel under high rentals. The Constitutional validity of this levy was challenged, primarily on two grounds. One, renting of immovable property does not constitute a service. Secondly, such levy would amount to a tax on land covered under Entry 49 of List II of the Constitution, which falls in the exclusive domain of the State Legislature and hence cannot be subject matter of Service Tax which is a levy by Parliament. To avoid multiplicity of litigation, the Union of India preferred a transfer petition to the Supreme Court for transfer of all different High Courts, to the Delhi High Court. The Delhi High Court on 18.4.2009 delivered its Order, being the first decision in India on the matter. A summary of the same is as follows-

1. In matters of taxation, courts permit greater latitude to the statute to pick and choose objects and rates for taxation. However, this has to be reasonable and valid under the given context.
2. The said levy is on a service provided 'in relation to' renting of immovable property; not on the renting per-se.
3. In case of such letting out, possession or permissive possession (as the case may be) of immovable property is transferred, which is to be distinguished from activity of utilization of premises (say, as a kalyana mantap), since, in the latter case, a host of

services are provided apart from allowing occupation of the premises.

4. Service tax is a value added tax; it is tax on value addition by rendition of services. Further it is a tax on the service, not on the service provider. Thus if there is no value addition, there is no service and consequently no service tax. There seems no value addition in the mere act of renting immovable property.
5. The phrase 'in relation to' is to be interpreted as per its context. Where the subject matter of levy is a service, then "in relation to" refers to such subject matter as well as any other service connected with the subject matter. But where such subject matter is not a service, the expression "in relation to" refers only to some service which is connected to the subject matter – it would not imply that the subject matter itself is a service. Thus it can be inferred that the term 'service in relation to renting of immovable property' does not imply that such renting is a service.
6. There is no dispute that any service connected with the renting of such immovable property would fall within the ambit of the levy. Thus services such as air conditioning, standby power, sanitation, water management are not exempted by virtue of this decision.

The Constitutional validity of levying Service Tax on renting of immovable property was challenged, on two grounds. One, renting of immovable property does not constitute a service. Secondly, such levy would amount to a tax on land falls in the exclusive domain of the State Legislature.

writ petitions pending before High Court. The Delhi High

standby power, sanitation, water management are not exempted by virtue of this decision.

Case Summary

by Gowrishankar, Advocate, Bangalore

Citation:

Home Solution Retail India Ltd and others Vs. UOI.

Judged on: 18th April 2009

Effect: Notfn., No. 24/2007-ST dated 22nd May 2007 and also the Board Circular No. 98/1/2008-ST dt. 4/1/2008 are struck down.

Reason: Renting of immovable property for commercial use is not service under Sec. 65 (105) (zzzz) of the Finance Act, 2007. additional services would attract service tax and not the renting activity per-se does not attract service tax.

Case laws relied on:

Tamil Nadu Kalyana Mandapam Association Vs. UOI.

All India Federation of Tax Practitioners Vs. UOI.

7. The interpretation placed by Notification No. 24 /2007 dated 22/05/2007 and Circular No. 98/1/2008-ST dated 04/01/2008 that renting of immovable property by itself constitutes a service liable to service tax, is incorrect and consequently 'ultra vires' the Finance Act and are set aside to the extent they authorize levy of service tax on renting of immovable property.
8. The second ground as aforesaid, i.e., legislative competence of the Parliament to levy such tax has not been examined since the Court has already taken a view based on the first ground.

Considering the revenue involved, the Government of India is expected to go on appeal before the Supreme Court, challenging the above decision. Thus, businesses will have to wait before heaving a final sigh of relief.



How did you build your career?

I am a native of Balusupada, Guntur District AP. We are basically agriculturists. Amaravati, on the Krishna River Bank was the nearest place where primary education was available. That was 8 kilometers away from home. No means of transport except on foot. I walk 16 kilometers each day to school. CS was a new course slowly coming to lime light. Not many knew about it. Therefore I thought of venturing into it. For doing my CS, I moved to Mumbai. I returned in 1978 to Hyderabad and joined Karvy. Simultaneously I studied MBA and Law. In 1990, I got into practice. Even today, establishing in the market is a challenge for a beginner. I have been successful in handling all assignments including public issues.

Mumbai is the place which taught me the importance of punctuality. That is the city which follows the hands of clock. I have been following this principle through out, even in classes.

In 1991, I contested, for the first ever time, elections for Hyderabad Chapter along with Mr Sudhirbabu. I have worked in all positions at chapter level, SIRC level and at National level. I have got elected with highest number of votes in all these elections.

What is your dream?

I want to be like a tree that gives shadow, fruits, flowers, oxygen... with out expecting even 'thanks'.

What is your passion?

Teaching. I have been taking classes for many professional courses since 1992. In the last 25 years of teaching, I have never gone late to my classes. I derive great satisfaction when my students succeed in examinations and win the race of life. I have taken class for more than 50,000 students. Knowledge is to share, not to store.

Teaching and encouraging juniors is building the career. Discouraging is killing the career. A teacher should go to the level of a student to bring him up.

I made a record of teaching for 27 hours 27 minutes 27 seconds continuously for 1132 students. My point is, if a teacher can teach for incessant hours, why can't a student study like that? It is the commitment that makes all the difference.

How do you manage your practice, president ship and personal life?

I believe in Delegation. Managing diversified tasks is easy! We shall take rest by changing the work.

How do you see the future for the CS Profession?

I suggest practicing secretaries to diversify into various fields and not to confine to company law matters only. They shall become inevitable for the growth of corporate India.

I urge company secretaries to treat trainees under them as their own kids and train them utmost. Students are the future of the profession.

Which teacher you remember most?


Mr. Lakshmiapati. He is my teacher from high school. I learnt discipline, sincerity and punctuality from him, which I have made a part of my life.

What should the emerging trainees of today stress on?

Soft skills. Communication. Command over the subject.

How many of us go to bed every day night with out taking food? On contrast, how may go to bed with out having studied? It's all the priority that makes all the difference.

How many study after exams are over until results are announced? It is the 'Shradhdha' (Dedication) that makes all the difference.



“Mysore chapter is a role model to many chapters in the country. Students, members and management committee are very vibrant. Many other chapters in the country should set inspiration from Mysore chapter. Mysore chapter is a chapter whine converted raw materials (Students) into finished products (Members) and exporting them to other cites.”

“Amazing activities of Mysore chapter are indeed worth studying and implementation in other chapters in the country. Best wishes to Mysore chapter in all its endeavors.”

CS. Datla Hanumantha Raju – President ICSI,
CS. N K Jain - CEO & Secretary ICSI and
CS. Sudhir Babu – Central Council Member ICSI
- on their visit to Mysore chapter wrote as above
in the visitors' book of the chapter.



Co-relating Economics and Law

Anand Wadadekar, M.Com, M.A (Eco), MBA, DIT, & Monika Bhardwaj, B.Com (Hons.), ACS, Pune, Maharashtra

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Sanjay and Deepak co-incidentally met in a restaurant some months after they completed their graduation in Commerce...

Sanjay: Hey, Deepak! How're you buddy? How's life?

Deepak: Hey, Sanjay! What a pleasant surprise to see you here! I am fine, thank you! Life is cool... How about you?

Sanjay: I am doing well! Just got myself admitted to ICSI's Company Secretary course and also simultaneously registered for Masters in Economics (M.A) from our University.

Deepak: What? CS and Economics? How can Economics and Law be studied together? There is no co-relation between the two. These two are completely different fields. To me, this sounds weird, Sanjay! Is there any logic?

Sanjay: Yeah...See, as we all know and studied, Economics is the study of human behaviour in relation to the unlimited wants and scarce means to satisfy them. But then, any Law emerges taking into consideration the same human behaviour. Economics tries to make a balance between the unlimited wants and scarce means and Law tries to avoid and penalize the human act which results from the same desire of satisfying unlimited wants but scarce means i.e. Frauds and Scams.

Co-existence of Economics, Commerce and Law makes for a complete economic atmosphere. I feel Economics & Law need to go hand-in-hand in order to make the whole system work smoothly and efficiently and to get the desired results from the economic activity. We need to understand that any economic activity to derive desired results should be backed and complimented by favourable legal environment.

Deepak: Sorry to interrupt you! Can you give me an example?

Sanjay: A classic example can be given of The Industrial Policy of 1991. Liberalization of the legal compliances and deregulation proved to be a boon for industries and that resulted in increased economic activities, growth and progress, the fruits of which we are witnessing now. New legislations were enacted by the Government and amendments to the existing ones were done to accommodate the changes proposed in the Industrial Policy. Likewise, the Companies Amendment Act, 2000 which brought some forward looking provisions like Postal Ballot Voting, Buyback of shares, Directors Responsibility Statement, etc. and ten-fold increase in penalties for non-compliance, has proved to be a boon for the shareholders. Shareholders are now assured of

transparency, corporate governance which will lead to increase in confidence in companies, their goods and services and thereby results in increased demand and ultimately increase in economic activity. Do you agree, Deepak?

Deepak: Hmm... yes, I agree!

Sanjay: Economic phenomenon – National and International – also initiates changes in the legal structure of a country. If the laws are extremely or unnecessarily stringent, then the transition to the particular economic change may become difficult and ultimately the country suffers. A classic example can be given of Globalisation, GATS & WTO. Globalisation being an economic phenomenon, to reap the benefits, favourable legal enactments was necessary. So legislations like Limited Liability Partnership Act (LLP), New Company Law, New Foreign Direct Investment (FDI) norms were required. In other words, introduction of a global economic phenomenon brings about changes as well as the need of new amendments in the legal structure.

See, Under the GATS, the countries signatory to the Agreement are advised to reform their policies so as to allow foreign education institutions, Foreign Service providers, etc to establish a place of business in their country. In order to allow them, the country needs to amend its concerned laws and give the foreign entities the required legal status to work. The US wants India to amend the Intellectual Property Laws and so as to place them at par to the global practices.

Deepak: Ok! I got it! I am not able to understand how we as individuals or future professionals benefit from this co-relation.

Sanjay: Fine. In any industry, management strategies & policies are made based on Economics, which shall be within the framework of law in force. Legal professionals who have studied Economic Laws like MRTP, Competition Act, IPR, Environmental Laws, etc. can well contribute in the strategy and policy making process and can have an edge over others in the management cadre. See Deepak, changes in the economic situations bring about changes in legal policies of a country. Knowledge of both – Economics & Law – can bring about a change in how an organization works.

Deepak: Well, buddy! You convinced me!

Sanjay: Just to give you a live example. Mr. P Chidambaram, former Finance Minister. He is a hardcore lawyer first, a person who shaped our economy through fiscal policies. Can we still say, "There can't be a co-relation between Economics and Law?"



IP VALUE – Perfecting the Virtual Image

Lokesh.V DME,M.Com,PGDBA, PGDIPRL,AMIMA

IP Management, Strategic Planning and Initiatives L&T Ltd, Mysore Campus

These days about the valuation of the companies and how it could be possible to measure the value – which seems to be virtual numbers? There are academicians, researchers and accountancy standard-setter all over the world now created several formulas and methods to bring in more accuracy to the whole process of valuations to estimate intellectual asset.

The value of the intellectual asset must echo more in the market value rather than on the paper (this is could always debatable). One of the components of IP, Patents these are going to be playing an increasing role in determining the market value of the company that owns them as the recent statistics says 70% of patents filed were use to filed by biggies (multinational corporations) few years ago in US patent office, now only 30% by biggies. This reflects more that SME's are becoming more passionate and considering patenting activity as it impacts their business significantly and expanding their geographies through licensing and creating value for the organization and do look for more Merger & Acquisitions or Connect & Develop opportunities. Putting them to work to generate revenue is always going to be an art than a science, feeding into the sensitivity of the valuations made.

Does the company hold patents that may have power over strategic area of the future market either it could product or

service? Has the company been able to protect the 'bottle necks' in the process they are using in manufacturing or services? Do we have the necessary expertise to make those *patents work* (converting the theoretical implementation to market either by selling the product or services to licensing them) for them imaginatively across the globe? Does the

business know patent mechanisms? Like the kind of agreements with employees, confidentiality, non-competency aspects etc. These are the questions generally investors raise and this will increasingly determine the value of the business. So the perfecting the IP management could the first step towards creating IP value.

The future is going to be as much about IP-based value as it is on anticipated product sales, because IP is going to increasingly determine the future sales of a product or process. Intellectual

property is considered as a heart of the valuation of the business not only in manufacturing, but also in service sector. Although service companies tend to mature, grow and expire based on quality of their services, there are often ways that they can create something patentable about the services that defend it and allow companies to invest more in it. So whether they are for products or services, IP will ever more strengthen the value of companies.

Recent statistics says 70% of patents filed were use to filed by biggies (multinational corporations) few years ago in US patent office, now only 30% by biggies.

IP is considered as a heart of the valuation of the business not only in manufacturing, but also in service sector.

CS Madhwesh Acharya

Company Secretary, Kurlon Ltd, Bangalore

MPAA Negotiates With ISPs to Disconnect or Penalize Copyright Offenders

Hollywood studios are negotiating with broadband providers to take action against customers caught downloading movies repeatedly. Penalties range from redirecting infringers' browsers to an anti-piracy message and disconnecting them entirely, a movie industry source familiar with the talks said Friday. <http://blog.wired.com/>

Europe split on music copyright extension

Music performers' and producers' hopes of getting extended royalties in Europe in the near future have been dealt a blow because of the inability of European Union countries to agree on lengthening the copyright terms for music recordings. www.ft.com

Patent suit accuses Microsoft of infringing on updating tech

Backweb, an Israeli firm is accusing Microsoft of using its technologies in key components of Windows Update, Windows Server Update Services, Microsoft Update, and other Microsoft update technologies. BackWeb, which has US offices in San Jose, California has filed its lawsuit in San Francisco federal court. <http://arstechnica.com>

IPR News highlights





Getting Ready for IFRS - 1

CS. Rambabu B ACA ACS

Manager - Accounts, Essilor India Private Limited, Bangalore



Business has globalized, Technology has globalized, Capital markets are globalized, mergers and Acquisitions have become inevitable. However reporting standards are yet to globalise. Presently, companies have to prepare same financials for different purposes like one for parent co, one for local govt, one for taxation, one for listing in different countries which leads to divergence in accounting and financial practices across the globe and calls for more time, cost and efforts. To avoid this divergence, more than 100 countries in the world including India have decided to adopt Global Reporting Standards popularly known as International Financial Reporting Standards (IFRS). These Standards are issued by International Financial Reporting Standards Boards. (Previously Known as International Financial Reporting Committee).

Present Scenario in India:- Accounting Standards Board of ICAI formulates Accounting Standards based on IFRS keeping in view the local conditions, legal and economic environment, which had or have been notified by the Central Govt from time to time under Companies Act. ICAI has started framing guidelines for convergence into IFRS in India. To begin with IFRS will be applicable for following kind of companies:

- Companies which are listed or in the process of listing on any stock exchange in India or outside India.

- Banks, financial Institutions, Mutual Funds or Insurance companies
- Entities whose turnover exceeds rupees one hundred crore in the immediately preceding accounting year.
- Entities whose public deposits and or borrowings from banks or financial institutions in excess of twenty five crore at any time in the preceding accounting year. Or
- Entities which are a holding or subsidiary of an entity covered above.

Deadlines for Convergence.

April 1, 2010 to March 31, 2011 Comparative period

April 1, 2011 to March 31, 2012 First IFRS Financial reporting

Some of the Indian Companies like Infosys, Wipro, NIIT, M &M, Tata Motors, Bombay Deying have already started implementing in the current year itself.

Professional firms and Professionals also gearing up for the implementation of IFRS in India by forming separate IFRS teams and holding intensive trainings and workshops. Global recognition of harmonization of accounting practices *should be tested* in the wake of accounting scandals and financial scams like Enron & Satyam.

Power of Attorney - What is it?

Chakri G Hegde, CS Final



What is a Power Of Attorney (PoA)?

PoA is a legal instrument whereby one person gives another person the authority to act on his behalf as his legal representative, to make binding legal and financial decisions on his behalf. A person need not be a lawyer to hold a PoA. Any one can hold PoA for other. Examples where PoA is granted are Execution of Real Estate contracts & deeds, execution & assignment of shares, bonds and other securities, withdrawal of amounts from banks, execution of cheques and drafts, filing of tax returns etc.

Why is it required?

In today's world, man is finding shortage of time. It becomes more and more necessary for him to depend on others for getting his works done. Here the concept of PoA comes into play. It is delegating one's own functions to others.

Whether giving of PoA is risky?

It depends on how a PoA is drafted and whom it is given. The PoA can grant considerable power to a third party. The principal granting it must be cautious and aware of the consequences of his/her decision. An agent cannot by his acts bind the principal to a

larger extent than he is empowered to do under the PoA. Fraud by such agent does not bind the principal.

What are the types of PoA?

General power of attorney: The principal empowers the agent with the right to carry out all legal acts on his behalf without restricting it to a particular transaction or act.

Special power of attorney: The authority is restricted to act only on certain matters or only a particular kind of transaction or to carry out a specific legal transaction for the Principal.

Whether PoA has to be registered?

PoA in respect of an immovable property of value more than Rs. 100 must be registered. Otherwise it is optional. Under the Registration Act, 1908 PoA should be authenticated by a Sub Registrar whenever a person signs the document and his attorney presents/ admits execution. Where the said Act is not applicable, attestation can be by a Notary. Foreign PoA should be stamped by the Collector after its receipt in India within 3 months. PoA shall be attested by two or more adult independent witnesses having sound mind.



Wait to dig till road is laid

CS. H M Dattatri,

Chief Manager - Legal & Company Secretary, Essilor India Private Limited, Bangalore

In February 2009, Department of Industrial Policy and Promotion (DIPP) under the commerce ministry, the nodal agency for FDI-related matters [amended](#) press notes 2, 3 and 4 to change the method for calculating FDI. Effect was that as long as Indian promoters hold a majority stake in any operating-cum-investing company, it can bring investment up to 49.9 per cent through FDI, thus opening up the back door wide enough to make sectoral cap meaning less.

On April 26 2009 RBI and the Department of Economic Affairs (DEA), which come under the finance ministry [announced their discontent](#) about these amendments. Both these departments play a very critical role in monitoring the forex flow into the country and utilization thereof.

May be RBI & DEA are very true in their contentions. What I wonder is about the lack of harmony in different departments of the government across all the functions including critical areas like FDI.

It is the norm of the day to wait until corporation makes new and beautiful road and then only start laying cable, pipelines, repair manholes and what not! All these departments take rest only after the last trace of new road is vanished.

Why is there no synchronization and harmony in handling responsibilities?

Every department of the government likes to identify persons coming under their purview with their own identification number. Voter id, VAT regn No, CST Regn No, PF regn No, PAN, TAN, DIN, PIN, CIN... Oh boy! Have you ever imagined your self being called by different names by different people and you are mandated to remember all these names?! Can't all departments of the government agree on one single number? They can save a lot on

administrative costs in designing codification, creating awareness on this within the department and among public, maintaining mechanism for allotment of numbers, so on and so forth. We too will have to maintain a register of registration numbers! Can't there be one single id for one person?



It is the norm of the day to wait until corporation makes new and beautiful road and then only start laying cable, pipelines, repair manholes and what not! All these departments take rest only after the last trace of new road is vanished.

We professionals are also in par with this "wait-to-dig-till-road-is-laid" system.

Here is another depreciating example. Depreciation rates are prescribed under both Companies Act and Income Tax Act. For same assets put to same usage, depreciation rates prescribed under these two legislations are different. How come same assets depreciate at different rate when seen from IT angle and MCA angle?! You know the impact. Companies are forced to maintain two sets of books. ICAI has made accounting standards to reconcile 'timing difference' and 'deferred taxes'. Professional bodies conduct seminars, courts hear technical argument and decide cases also from different angles and deliver contradicting judgments and professional students lose hair while studying all these! Can't these departments sit and agree up on one single rate for depreciation? Will the sky fall on them if they took this initiative?

It is the same position on the political scene as well. States proposes, center disposes and vice versa. Within the coalition governments, left wing proposes and right wing disposes or vice versa. People suffer.

As you are aware, MCA has been putting concept papers and proposed rules on its website for the review and comments from professionals. ICSI picks them up and circulates it among all of its members and chapters. We conveniently sleep over them. Once these papers turns into legislations, we start charging Ministry for bringing law with out common sense and ICSI for not taking any action against such a bad law. So, we professionals are also in par with this "wait-to-dig-till-road-is-laid" system.

Can we initiate a change...?



Legal research plays a pivotal role in our profession. Now a day, all websites are providing, the reported case laws with full judgment copy only for subscribers, being main drawback for those who research occasionally and for students. <http://www.judis.openarchive.in> is one of the website which provides the reported case laws of Supreme Court free of cost in PDF format. Here judgments are available since 1950 up to the end of 2008. Search facility is available on to the basis of title, petitioner, respondent, name of the Judge, date range and citation. In case of search based on text like Section, Act name or topic it gathers lots of case laws. Take care, in case of citations, search only up to 1993. This website is definitely contributing a lot to professionals doing legal search and research..



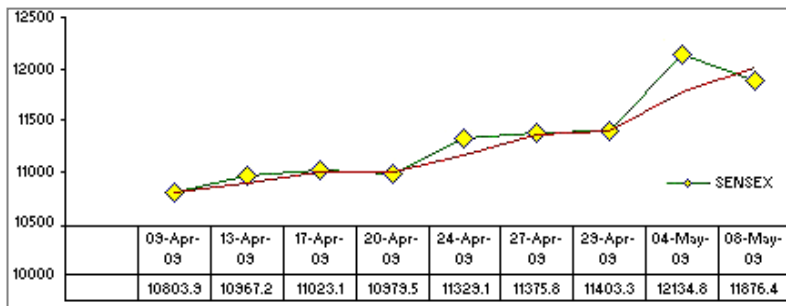
IT For Professionals

Amitkumar Hegde, B.Com, MCA



This month let us see Google's Online RSS reader. RSS stands for *Really Simple Syndication*, which is a way of syndicating information from various sources. For more information: <http://en.wikipedia.org/wiki/RSS> . An RSS reader captures information from various web sources to one single user interface. You need not visit all the web sites to check whether something new has come up. Rather just subscribe to their RSS feed through your reader and the reader fetches the information as and when they get updated.

To use Google Reader you need a google/gmail user id. Visit the following link <http://reader.google.com/> and login to the interface. On the left pan you can see subscription to different feeds and on the right side you can see the content. The best part is you can share articles that you like, with your friends who also use Google Reader, You can categorize feeds in to different categories, you can label them, mark important ones, write a comment and so on. You can add new subscriptions clicking the RSS icon on different websites and choosing google reader as your feed reader. Once you have added it to the reader, all the updates in that website will be available through Google Reader. This is one of my favorite Web-Applications, which I use every-day. Let us see more such applications in coming months.



April witnessed a rally of about 15% in the Bourses and the markets do look strong and is equally poised for either turns. When compared to the October Lows, the Markets are trading about 20% higher. It is good to see that some Indices around the world are up by around 50 to 60% from their lows. I would definitely term this as a short term Bull Market! But I feel the long term Bull Market is still in the making. As on 8th May 2009, SENSEX ended with 11876.4 points and the NIFTY with 3620.7 points.

FII's have been the Net Buyers which lifted the sentiments and resulted in the current rally. Domestic Institutions and Retail Investors used this opportunity to offload their holdings. Valuations are still attractive. Those with a 3 to 4 year outlook can look forward to build their portfolio with reasonably valued Blue Chips. One should hold his nerves until May 16th , when the Poll results will be announced. It is the time for investors to keep his list of stocks ready from the midcap kitty. Midcaps are often the late ones to catch the rally and the first ones to fall. Timing is very important as one can expect volatility and profit booking at higher levels.

Investor Secretary - 18



CS. Sreeraj M PCS, Bangalore
<http://works.bepress.com/sreerajm/>

Sectoral Analysis				
SI	Sectoral Indeces - BSE	Month Ago 09.04.09	Now 08.05.09	% Change
1	Bankex	5045.27	6007.47	19.07%
2	Metal	6,801.56	7,949.87	16.88%
3	Realty	2,041.33	2,355.61	15.40%
4	Capital Goods	7,371.08	8,507.29	15.08%
5	Auto	3,294.69	3,652.02	10.85%
6	Teck	2,031.23	2,226.61	9.62%
7	IT	2,499.34	2,725.35	9.04%
8	Power	2,026.33	2,176.34	7.40%
9	Psu	5,696.51	6,098.49	7.06%
10	Health Care	2,934.37	3,122.72	6.42%
11	Oil & Gas	7,978.05	8,469.43	6.16%
12	FMCG	2050.14	2,093.46	2.11%
13	Consumer Durables	1950.52	1,948.49	-0.10%

Disclaimer: The author is not responsible for profit or loss incurred by anybody. Please do your home work before investing.

Customs

Notifications/Circulars

Clarification in relation to the Handling of Cargo in Customs Areas Regulations, 2009. *Circular No. 13/2009 dated 23.03.2009*

Case Laws: Valuation

Aggregate transaction value cannot be rejected in case of excess imports

CC Vs Kodak India Ltd. (2009 (235) ELT 650)

Valuation of second hand goods by two or more Chartered Engineers, lowest value will be taken for valuation

Tarunvir International Vs. CC (2009 (235) ELT 756)

Royalty paid to a foreign supplier is includible in the transaction value

Universal Music India Private Ltd. Vs CC (2009 (235) ELT 829)

Price reduction by way of an addendum to the "Memorandum of Agreement" (MoA), without giving any reasons cannot form the basis of reduction in value of imported vessels - SC

Atam Manohar Ship Breakers Ltd v Commissioner of Customs 2009 (233) ELT 145

Case Laws: Classification

Incorrect classification by an importer does not attract penalty u/s 112:

Vodafone Essar South Ltd. Vs. CC (2009 (ELT) 466)

Case Laws: Others

Interpretation of exemption notification
The Supreme Court held that the conditions of an exemption notification are required to be strictly interpreted in order to ascertain eligibility there under and once an importer satisfies such eligibility criteria, a liberal interpretation of the notification is then required to be adopted.

CC Vs. Malwa Industries Ltd. (2009 (91) RLT 467)

Refund claim only after challenging assessment order

Karan Associates Vs. CC (2009 (236) ELT 23)

Central Excise

Case Laws: Trade discount allowed as deduction from the excisable value of goods

CCE v Pepsico India Holdings (P) Ltd 2009 (234) ELT 385 (SC)

Foreign Trade Policy (FTP)

Notifications/ Circulars

Change of authorities: The Central Government has clarified that applications for deemed export benefits should be submitted by DTA units to the concerned regional DGFT offices and by 100% Export Oriented Units (100% EOU) to the office of the Development Commissioner.

(DGFT Policy Circular No. 75 (RE-2008)/2004-09 dated 27/03/2009)

Case laws

Payment of merchant OT charges during working hours is justified

CC Vs. Reliance Industries Ltd. (2009 (236) ELT 313),

Officer in charge of warehouse is the proper adjudicating authority not the officer having jurisdiction over the port of importation.

Paras Fab International Vs. CC (2009 (91) RLT 727)

CENVAT

Notifications/ Circulars

An elaborate procedure for e-payment of Central Excise duties and Service Tax has been notified by the Director General of Systems and Data Management.

(DOC No. IV(24)/1/2009-Systems/450, dated 10-2-2009)

Case Law

Cenvat credit can be availed even after 3 to 7 years from the date of receipt of inputs.

Coromandel Fertilizers Limited v CCE (Appeals) 2009 (90) RLT 392 (CESTAT - Bangalore)

Utilization of Cenvat credit of service tax for payment of service tax on intellectual property service received from abroad

CST, Bangalore v. Arvind Fashions Ltd. [2009] 13 STR 544 (CESTAT-Bangalore)

Cenvat credit legally taken and utilized on the dutiable goods need not be reversed on account of subsequent duty exemption on the final product

HMT v. Commissioner of Central Excise, Panchkula [2009] 18 STT 8 (CESTAT- New Delhi)

Service Tax

Notifications/ Circulars

Certain services provided to goods transport agency exempted from payment of service tax

Service Tax Notification No. 1/2009-ST dated 5th January 2009

Clarification regarding Service Tax Refund under Notification No. 33/2008-ST, dated 7 December 2008

The Department of Revenue vide notification allowed refund of service tax paid on the services provided by a Clearing and Forwarding Agent in relation to export goods therefore, the Policy Circular no. 1 dated 1 April 2008 stands withdrawn.

Policy Circular no. 47 (RE-2008)/2004-2009, dated 8th December 2008

Case Law

Services provided by club to its members would be taxable

Century Club v CST, Bangalore [2009] 16 STJ 82 (CESTAT- Bangalore)

Applicable rate of service tax payable for general insurance services would be the rate prevailing on the date of receipt of insurance premium on the policy.

Bajaj Allianz General Insurance Co Ltd v CCE, Pune [2009] 13 STR 259 (CESTAT- Mumbai)

Sales Tax

Case Law

An assessee cannot be treated as a casual trader for a single transaction

CTO (Nimbahera) v. Shri Mirbahadur 2009-VIL-06-HC-JDPR dated 5 January 2009

Benefit of deduction of tax paid on raw material used in the manufacturing of structures can be claimed by the company.

Triveni Structural's Limited v. Commissioner, Trade Tax, UP Lucknow [2009]20 VST 760 (All.)

Use of goods for the manufacturing activity would be eligible for concessional rate of tax

Commissioner of Trade Tax, UP Lucknow v. Shubham Cane Crusher [2009]20 VST 104(All.)



Get ready to write exams...

Harish Machia Kodandera,
Management Consultant and Learning Enhancer, Mysore

The Heat is on—elections, weather, cricket and the examinations. From **MAY** to **WILL** is the way we now need to look at. How do we become **HNW** (High Net Worth) individuals? Let us try and explore the H...N..W of the whole thing....it is the How, Now and Wow. Here's wishing you the best—

I would choose to spread the **SPECTRUM** as Strategy, Preparation, Excellence, Confidence, Tactics, Realisation, Understanding and Management as the **eight cardinal directions** --

Strategy Now that you know the exact time left, you need to pitch in what you have done, what needs to be done. You could use the following activities like number things, use symbols and mind mapping.

Preparation Browse through material you are going to study. Decide on periods of study time and jot down everything you know about the subject to get your brain primed - 5 mins maximum.

Excellence Practice makes perfect. Read, reflect, retain, reproduce and rejoice. Writing is the secret even as an exercise and breaking monotony. Discuss with your group.

Confidence Never forget to Laugh and this is a great stress buster. Ensure you always are in a mode and mood of Positive Thinking. Don't get engrossed and obsessed with the examination at all times.

Tactics Supercharge your memory using core memory principles;
Imagination - Close your eyes every now and then to imagine/daydream what you have learnt.
Association - Associate the information you are learning with something else that is already known to you.

Realisation Address the common reading 'problems' by:-
Hear the words in your head and SHOUT important words or concepts. Use your finger to guide your eyes as you read, it will make your eyes feel much more relaxed and efficient.

Understanding Ask Questions and Define Goals - what do you want to get from the book.

Management Overview - approach it like you would a jigsaw puzzle - find edges, corners and fill in bits as you go; **Preview** - skim read the text first to discover the core elements; **Inview** - Fill in those areas where knowledge is not complete; **Review** - reconsider those sections you marked as noteworthy.

*"The problem is not your power of concentration; it is the direction and focus of that concentration. You now have a lot of time, confidence and convictions and with your inner strengths and skills **JUST DO IT.**"*

This is the only the gist of original article. For complete text, visit:
www.esnips.com/web/icsimysore

We wish all the
prospective Company
Secretaries taking up
exams this June 2009,
all the very best !!!



Did U Know?

It's IPL everywhere!! But have you ever wondered whether IPL, in which cricketers are bid, contravenes Article 23 of Constitution of India which prohibits traffic in human beings?

As generally understood, trafficking refers to use of threat or coercion or deception or inducing by the giving or receiving of payments or benefits to achieve the consent of the person having control over another person.

The thin line of distinction between the terms 'Trafficking' and 'Bidding' is the aspect of 'Coercion'. In IPL, the players volunteer themselves to be picked up by the team owners and hence there is no question of coercion.

Pick of the month

Whether a general meeting can be held before holding Statutory Meeting?

The Companies Act, 1956 does not specifically provide that statutory meeting should be the first general meeting of the Company. Therefore, it does not seem to appear that a general meeting cannot be convened prior to the statutory meeting.