The Securities Appellate Tribunal (SAT) quashed a regulatory order against top depository NSDL, which was passed by Sebi in December 2008, but implemented about two-and-a-half years later in July 2011 after initially being dismissed as ‘null and void’.

The orders required National Securities Depository Limited (NSDL) to conduct an independent inquiry to fix individual responsibility for failure at NSDL in the wake of IPO and demat scams between 2002-2006. After hearing NSDL’s appeal against these orders, SAT ruled that independent probes have already been carried out by depositories and remedial measures have been taken after ascertain-

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ing that there was no individual complicity. “Therefore, at this belated stage directing the appellant (NSDL) to institute fresh inquiry to fix individual accountability is wholly unjustified and unreasonable.” NSDL and CDSC came under scanner in 2006 in connection with the IPO scam, wherein various entities had fraudulently cornered shares reserved for retail investors and sold them later after the listing.

The committee, comprising the then Sebi board members G Mohan Gopal and V Leeladhar, was constituted in 2008 to look into NSDL’s role in the IPO scam and it found various lapses on the part of the depository and had asked NSDL as also Sebi itself to take corrective measures. Incidentally, Mohan Gopal in December 2010 wrote to the Prime Minister that Sebi board abused its powers to protect its then Chairman C B Bhave from facing an independent inquiry.

Rangarajan calls for curbing speculative activities to stem Re fall

Speculative activities in the foreign market should be curbed and short-term measures are needed to take corrective action to arrest the fall in the rupee, which hit an all-time low on Tuesday, Prime Minister’s Economic Advisory Council (PMEAC) Chairman C Rangarajan said. Despite a string of liquidity tightening measures taken by RBI to curb speculation in the forex market, the rupee plunged to all-time intra-day low of 61.80 against the dollar but erased all losses to end with a gain of 11 paisa at 60.77 after the central bank is believed to have intervened heavily in the forex market.

“In the short term, there should be measures to take corrective actions. Also, there should be actions to prevent speculative activities and watch the behaviour of the rupee,” Rangarajan said. The rupee earlier touched an intra-day low of 61.21 on July 8. Rangarajan said the decline in the value of the rupee is a reflection of capital flows and strong demand for the dollar.

Raghuram Rajan, Chief Economic Adviser in the Ministry of Finance, who was appointed as the next RBI Governor, said: “The government will take some more measures to stabilise the rupee soon.” “Overnight movements in the US affected the rupee in a big way as fears resurfaced that the Fed may soon start tapering its bond-buying programme. The over-reliance on US events is hitting domestic markets,” said Dhanalaxmi Bank Executive Vice-President (Treasury) Srinivas Raghavan.

Sahara to SC: Roy not liable for refunding Rs 24k cr

The Sahara group told the Supreme Court that its chief Subrata Roy is not liable for refunding Rs 24,000 crore collected by its two firms from investors, countering the arguments of Sebi which wanted his passport to be impounded till the contempt plea against him and companies is decided. Senior advocate Ram Jethmalani, appearing for a Sahara firm facing contempt for not refunding the amount as per apex court order, submitted that the redemptions have already been made by Sahara firms. A bench of justices K S Radhakrishnan and J S Khehar, questioned Jethmalani’s stand, saying that it is contrary to the affidavit by the company earlier. “It is not correct. Your affidavit says otherwise. Your affidavit is staring at us,” the bench said.

‘Rajan will make an excellent RBI Guv, help revive economy’

The Prime Minister’s Economic Advisory Council (PMEAC) Chairman C Rangarajan welcomed the appointment of Raghuram Rajan as RBI Governor, saying he is an “excellent choice” to give direction to the Indian financial system during the challenging times.

“Rajan comes with an excellent background in financial matters. He has been one of the outstanding professors and in the last one year or so he has been dealing with the problems in India. And therefore at the moment I think he will make an excellent Governor,” Rangarajan said. Prime Minister Manmohan Singh has approved appointment of Rajan, currently posted as Chief Economic Advisor in the Finance Ministry. His appointment comes at a time when the Indian economy is passing through rough weather and the government and the central bank are not particularly seen to be in sync on ways to handle the situation. He will succeed D Subbarao, who by his hawkish policy stood his ground on continuing with a tight monetary policy despite repeated entreaties from the govern- ment to ease interest rates to boost growth. Subbarao will demit office on September 4 after completing his five-year term.

Adi Godrej, Chairman of Godrej Group

SOURCE: Free Press Journal

www.freepressjournal.in
UK's Aviva may pull out of Indian insurance mkt

The British insurer is reportedly in the process of hiring corporate advisors to find buyers for its 26% stake in Indian business with the Dabur Group.

Aviva India, a 26.74% joint venture between UK-based Aviva Plc and Dabur, posted a decline of 11% in terms of total premium collection at Rs 2,140.6 crore in 2012-13 compared with Rs 2,415.8 crore in the previous fiscal. It has more than 135 branches all over the country. Earlier this year, the Netherlands-based ING decided to exit ING Vysya Life Insurance Company by selling its 26% stake to domestic partner Exide Industries for Rs 1,100 crore. At that time ING had said that the move was part of a broader strategy to exit its Asian insurance and investment management businesses. ING's exit from the Indian life insurance joint venture is part of the previously announced divestment of ING's Asian Insurance and Investment Management businesses, the Dutch banking and insurance company had said in a statement. Last year, US-based insurer New York Life had exited India by selling its 26% per cent stake in its joint venture company to Japan's Mitsui Sumitomo Insurance Company. Indian insurance sector has 42 private players in life and general insurance business sharing about 30% per cent of the market share in life insurance and 41% per cent of the market share in general insurance sector. Aviva is UK’s one of the largest insurer and one of Europe’s leading providers of life and general insurance. It is the world’s sixth largest insurance group based on gross worldwide premiums for 2010 year.

SpiceJet in talks with Tigerair for stake sale

No-frills carrier SpiceJet is in active talks with Singapore-based budget carrier Tigerair for a possible stake sale even as they are set to sign a code share agreement soon. SpiceJet promoter and media baron Kalanithi Maran may offload up to 24% stake to Tigerair as the airline faces fall in profits and attempts to retire debt, sources familiar with the development told PTI. The Chennai-based airline reported a 10% fall in net profit in the June quarter. “SpiceJet and Tigerair have already held two rounds of talks for a possible equity deal as promoter Maran is looking for the FDI route for further funds infusion,” sources said. They added that the discussions between the two on code-share are at the concluding stage and a announcement to this effect may come in any time now. Code share is a commercial agreement between two airlines transferring seats among themselves from one destination to another. When contacted, a SpiceJet spokesperson refused to comment, saying they do not react to speculation. Tigerair had early this year said it was looking for a partner to invest here. 

"We are studying about having an inter-airline agreement or a strategic partnership with (an) Indian Ailne," Tigerair commercial director Kaneswaran Avili had reportedly said in March.

Govt shelves BHEL selloff on valuation, order book woes

The disinvestment department has shelved plans to sell a stake in power equipment maker Bharat Heavy Electricals Ltd (BHEL), citing valuation concerns and a delaying order book. Sources said to PTI that the department has withdrawn the 5% disinvestment proposal in view of BHEL’s low share price, decreased capital expenditure and less demand for power-sector equipment. Shares of BHEL slumped over 16% to hit a one-year low after the company’s June quarter net profit it almost halved to Rs 465.43 crore on account of lower sales. After a weak opening, shares of the state-run firm further tumbled 16% to Rs 125.40 -- its 52-week low on the BSE. The scrip has lost over 60% since 2011, when the stake sale was approved. “The power sector itself is not doing well, which has depleted BHEL’s order book. The share price has also been taking a beating and so the DoD decided to withdraw the disinvestment proposal,” an official said. The Heavy Industries Ministry, the administrative ministry of the company, has for long opposed the proposed disinvestment in state-run BHEL, citing unfavourable market conditions. It wanted the issue not to look like a “distress sale” but rather one that would reap “good value.” The plan to offload the government’s 5% stake in BHEL through a follow-on public offer was approved by the Cabinet in August 2011. The government holds a 67.72% stake in the Navratna company. The government plans to garner Rs 40,000 crore through disinvestment in the current fiscal. However, market conditions led to a delay in the issue and the company in April 2012 withdrew the draft prospectus filed with market regulator Sebi. At the end of the June quarter, the company’s outstanding order book stood at over Rs 1.08 lakh crore, less than over Rs 1.15 lakh crore in the March quarter. Sluggish prospects in the domestic power sector as well as cheap overseas imports of power equipment have adversely affected BHEL’s business.
Fertiliser ind moves court on late subsidy payments

Industry body Fertiliser Association of India (FAI) has filed a petition in the Delhi High Court over delays in fertiliser subsidy payments by the government, Tata Chemicals said on Monday. Payment delays will put pressure on cash-flows of the company in the coming quarters, it added. "The total delayed subsidy of TCL is Rs 1,153 crore and while that of the fertiliser industry is Rs 22,000 crore.

"So, we have also given a collective representation to the court to assist us in getting this payment," Tata Chemicals Managing Director R Mukundan said on the sidelines of the company's first quarter results.

FAI has filed a petition in the Delhi High Court seeking 14.75% interest on the delayed subsidy bill. "No bill of the subsidy on the sale of P&K fertilisers since April has been dispensed by the government," FAI Director General Satish Chandler said. However, the centre has slightly reduced the fertiliser subsidy at Rs 65,971.50 crore for the next fiscal 2013-14, as against the revised estimate of Rs 65,974 crore in 2012-13 fiscal.

Under the fertiliser subsidy, the government will provide Rs 15,344.44 crore for imported urea, Rs 21,000 crore for indigenous (urea) fertilisers, and Rs 29,426.86 crore for the sale of decontrolled fertilisers (DAP, MOP and complexes) at a subsidised rate to farmers.

SOURCE: Free Press Journal

NSEL's e-series contracts banned; FTIL hit as trading comes to a halt

Business came to a halt at crisis-riden National Spot Exchange Ltd (NSEL) after the government banned trade of its e-series contracts of commodities such as gold and silver to ensure that the exchange first settles Rs 5,600 crore in dues to investors. The NSEL, which had suspended trading of all other contracts on July 31, stopped the e-series contracts in the morning in anticipation of the government's order, leading to a complete halt of operations on the exchange.

The e-series contracts allow retail investors to trade in gold, silver, copper, zinc, lead, nickel and platinum in demat form. The exchange has assured investors they can convert their demat stocks to physical form. "We decided to stop trade in e-series as we want to see first NSEL settles the dues," Food and Consumer Affairs Minister K V Thomas told PTI, adding that the government is trying its best to ensure that there is no panic among investors and that dues are paid.

SOURCE: PTI

Foreign donations above Rs 1 crore under tax lens

All foreign donations above Rs 1 crore will now come under the scrutiny of the Income Tax department, reports PTI.

The Central Board of Direct Taxes (CBDT) has issued new directives for selection of scrutiny cases during the financial year 2013-14 by the taxman which also includes big ticket international transactions.

The scrutiny is a diligent procedure applied by the I-T authorities to a select few cases in order to check any possible tax evasion. The CBDT, in a latest order, has asked I-T authorities to check all foreign donations exceeding Rs 1 crore during the 2011-12 fiscal (relevant for assessment year 2012-13) under the provisions of the Foreign Contribution Regulation Act (FCRA) after picking them up from the official website of the Ministry of Home Affairs.

CBDT, the top administrative body of the I-T department, has also brought all international transactions (related to transfer pricing) over Rs 15 crore under the compulsory manual scrutiny of I-T sleuths. Other cases which have been brought under the mandatory tax scanner include 'income from property held for charitable or religious purposes' and select cases where survey operations (tax raids on business premises) have been carried out on an entity.

SOURCE: PTI

A courier company owner was arrested for allegedly evading service tax of about Rs 70 lakh

The first arrest of a service tax defaulter in the country has been made after government got the powers recently to crack the whip on evaders.

A courier company owner was arrested for allegedly evading service tax of about Rs 70 lakh in the first such case after Finance Minister P Chidambaram made applicable provisions of Criminal Procedure Code (CrPC) to arrest such offenders.

Sudip Das, proprietor of a courier company in Kolkata, was arrested by service tax officials last week, official sources told PTI on Monday. Das, who runs a courier agency M/s Blue Bird, collected service tax from various companies to the tune of about Rs 67 lakh but allegedly did not deposit the collected tax to the exchequer, a statement issued by Commissioner of Service Tax Kolkata said.

As evasion of service tax of Rs 50 lakh and above has now been made a cognizable offence, 48-year-old Das was arrested on Friday last and produced before a court in Kolkata.

"The court has ordered 14 days judicial remand," it said. An offender is punishable with imprisonment of up to seven years in case of amount of service tax evasion is Rs 50 lakh and more.

Of the 17 lakh registered assesses under Service tax, only seven lakh were filing returns, according to Finance Minister P Chidambaram.

SOURCE: Free Press Journal
Parliament passes Companies Bill

Parliament has approved the new Companies Bill that will make sweeping changes in the way firms operate and are regulated and replace a nearly six-decade-old legislation.

The new bill, which now needs the President’s nod to become law, makes it mandatory for companies to spend on social welfare, empowers investors against frauds committed by promoters and seeks to bring in greater transparency and ensure fewer regulations.

Pilot said that 96 per cent of the recommendations made by the Parliamentary Committee have been accepted and the Ministry would try to incorporate further suggestions by various stakeholders while formulating the final rules.

SOURCE: PTI

Soon, those paying up in time could get cheaper repeat loan

Here’s good news for those who pay their loan instalments on time: the banking industry is mulling cheaper repeat loans for such borrowers, a Credit Information Bureau Ltd. official said on Wednesday.

“With the Reserve Bank of India in its report mentioning the possible introduction of risk-based pricing, its implementation in our country is not going to be far away,” CIBIL senior vice president Harshala Chandorkar told reporters here.

As and when this is introduced, all those who pay their loans on time can expect to get a cheaper rate the next time they avail a loan, as a reward for past credit worthiness.

“Already we have been told that some banks in our country, as a customer-friendly approach, have already started to offer better rates to credit worthy people and this scheme is there in other parts of the world,” Chandorkar said.

CIBIL also said that demand for loans for various products including home and auto loans from banks and other financial institutions in India has shown a sharp increase of 150 per cent since 2010. The spurt in loan-seeking showed an increased demand for credit and a bounce back by lending institutions in disbursals after the 2008 downturn, according to Chandorkar.

SOURCE: PTI

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