Regional Conference in Vadodhara on 6th & 7th August, 2010
Dear Professional Colleagues,

At the outset, let me wish you and your family a joyous and colourful Holi, a rainbow festival. May the radiant colours fulfill all your aspirations in the times to come.

The Union Budget 2010 has been presented by the Hon'ble Finance Minister and in my view, it is a welcome budget giving justice to practically all the segments of society. If I have to christen it in one line, I will say that it is a “Powerful, Clean and Green Budget”, reason being, the emphasis has been laid on the all round infrastructure development mingled with an attempt, of course for the first time, to address the dare-devil global warming by providing incentives for cleaner, greener and sustainable eco-friendly technologies.

We, as professionals whether in employment or in practice, have certainly been benefited with the rationalization of income tax slabs. In a nutshell union budget is the candid depiction of the win-win mindset of the Government.

Friends, we all know that Students are the backbone for any Institution, and we are no exception to this thumb rule. Keeping this cardinal principle in mind, it would be the earnest endeavour of all the members to see that the student registration target set by the Institute is not only achieved but surpassed, and I have a humble suggestion to make that if each member of the region encourages five students to enrol with the Institute for pursuing the profession, imagine the multiplier effect on Student registration. What we need this year is an accelerated growth in student enrolment.

During the President’s meeting at New Delhi during 4th & 5th February, 2010, there was a threadbare discussion on enhancing the visibility of the ICSI and the Institute deserves kudos for their toil in this direction. All the Regional Councils have been given ambitious targets this year to ensure that there is a spurt in the media coverage of the Institute and of the Professional Development Programmes. Accordingly, to meet with the expectations of the Institute, all the Regional Councils are earmarking separate budget for the PR exercise and WIRC will also follow the same pursuit.

On the professional front, we are continuously organizing programmes of professional interest by way of study circles, seminars, workshops etc and during March 27-28, 2010 a two day residential workshop on the theme of “Good Governance through Compliance Management” is being organized at a small yet beautiful Hill Station - Panchmarhi near Bhopal in Madhya Pradesh. I would request one and all to take the advantage of attending this interesting workshop and to have a rejuvenating and rich feeling of Panchmarhi’s scenic beauty.

Friends, I firmly believe that the success of our profession cannot be spelt without U (you). Please guide us in the Institute activities by giving your valuable views, ideas and inputs for the growth of this profession and be the part of programs as much as possible.

We have devised the Program Membership Scheme (PMS) - 2010 for the programs being organized by WIRC and I would request all of you to be the members of the scheme and enjoy the benefits of attending programs uninterrupted. The details of PMS is contained in the current issue.

Last but not the least; I will keep on requesting you in my future communiqués also for the whole hearted support by way of contribution towards the WIRC building fund. Please donate generously for the noble cause.

With best wishes,

Vishvesh V. Vachhrajani,
Chairman, ICSI-WIRC

Date : 15th March, 2010
Place : Vadodhara

Editorial Board:
CS Vivek S. Sadhale (Editor), CS Ashish Doshi, CS Vishvesh V. Vachhrajani, CS Mahavir Lunawat.
1. **COMPROMISE AND MISMANAGEMENT**

What is intended under section 391 is to reconstitute company without company being required to make a number of applications under Act for various alterations which may be required in its Memorandum and Article of Association for functioning as a reconstituted company under scheme. Only section 391 is a complete code in itself but it is intended to be in nature of a 'single window clearance.' Scheme of amalgamation of transferor-company and transferee-company provided that filing fee already paid by transferor-company on its authorised share capital would be deemed to have been so paid by transferee-company on combined authorised share capital. Scheme was objected on ground that requisite fees was to be paid to Registrar of Companies for increase in authorised capital. Scheme was valid and same was to be paid to Registrar of Companies for increase in authorised capital. Scheme was valid and same was to be sanctioned.

2. **APPOINTMENT AND POWERS OF PROVISIONAL LIQUIDATOR**

Respondent-company filed a winding up Petition against appellant and same was admitted and an Official Liquidator was appointed as provisional liquidator – Company Judge directed valuation of properties appellant. Appellant filed company application challenging valuation report on ground that properties had been undervalued and sought to keep in abeyance auction of assets of company. However, Company Judge directed auction of properties and finalized same. Appellant filed another company application challenging auction on grounds that valuation report was below market price and that provisional liquidator had no authority to sell properties of appellant-company; but same was dismissed by impugned order. Since value achieved in such auctions is normally less than true market value, it could not be said that valuation report was below market price. Since sale by provisional liquidator had taken place in pursuance of specific authority and sanction of Court, it could not be said that provisional liquidator had no authority to sell properties of appellant-company. Therefore, there was no infirmity in sale of assets and appellant was only seeking to evade inevitable consequence of its inability to meet its financial obligations to Respondent-company. – REINZ TALBROS LTD. vs. KOSTUB INVESTMENTS LTD. [2009] 96 SCL 108 (DELHI)

3. **ARTICLES OF ASSOCIATION**

Plaintiff held two memberships of defendant-company. Dependant had treated both memberships of plaintiff to have ceased on ground that plaintiff had not paid his subscription. Plaintiff filed instant suit for permanent injunction against order of defendant ceasing his membership, contending that he had paid subscription within time and that even if he had not paid subscription within time since he had, in accordance with Articles of Association of Company, showed his willingness to pay subscription along with an amount for readmission fee, he could not be denied relief of restoration of his membership. Since there was no power vested in defendant under its Articles of Association to refuse or to deny readmission to member tendering subscription, readmission fee and other incidental expenses, defendant was to be restrained from ceasing membership of Plaintiff – SUNIL DANG vs. INDIAN NEWSPAPER SOCIETY [2008] 88 SCL 121 (DELHI)

4. **PAST AND CONCLUDED TRANSACTION – HOW FAR CAN BE IMPUGNED IN PETITION UNDER SECTION 397/398**

It is not for the court to enter into the merit of the contention that the issue of the preference shares is violative to regulation 11 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in view of the consistent view held by the Company Law Board that the past and concluded transactions cannot be impugned in a Petition under section 397/398 and any view to the contrary can create havoc in the running of the companies – NORTHERN PROJECTS LTD. vs. BLUE COAST HOTELS & RESORTS LTD. [2009] 89 CLA 560 (BOM.)

5. **PETITION PLEADING FOR DISPENSATION WITH CONVENING MEETINGS OF SHAREHOLDERS, AND SECURED AND UNSECURED CREDITORS – TENABILITY OF OBJECTION OF UNSECURED CREDITOR AGAINST WAIVER OF MEETING UNDER SECTION 391/394**

As a general rule before sanction of the scheme of amalgamation, meetings of equity shareholders, secured creditors and unsecured creditors are to be convened. The general rule, however, admits to an exception, more particularly where there appears to be no factual or legal impediment to the waiver of such meetings. Thus, where the interests of the creditors have been suitably protected under the scheme, the plea of the objector-unsecured creditor against the waiver of the meeting cannot be accepted, but the objector would be entitled to raise objection during the stage of second motion. – SARGON GEOSYNTHETICS LTD. vs. MACCAFERRI ENVIRONMENTAL SOLUTIONS (P) LTD. [2009] 89 CLA 176 (P&H)
Buyback — a different perspective

B. Renganathan — V.P. Corporate Affairs & CS-Edelweiss Capital Ltd.

Ms. Archana Khemka- Practising Company Secretary

Buyback of equity shares is a financial engineering technique envisaging repurchase of shares by a company from the shareholders. Globally, it was only in the ‘90s that the concept of returning value to the shareholders gained importance. Normally, the economic conditions, regulatory aspects and the movement/volatility of share prices are considered to be the factors affecting the buyback activities of companies. One of the main reasons for allowing Indian companies to buyback was to revive the sagging capital market.

Effect of buyback: Reduction in number of shares, increase in EPS, rise in the price of shares, reduced future cash outflow due to lesser dividends.

Strategic aspects of buyback:

— a capital restructuring tool
— prevent unwelcome bids
— increase in Promoters’ holding
— absence of better options
— offset dilutive effects of ESOPs

Financial aspects of buyback

— Increase in Earning per shares (‘EPS’) & Book Value (‘BV’) — possible only when operating efficiency is not affected, despite reduction in the capital
— Improves quality of equity servicing — to serve a reduced equity capital base
— Increase in underlying value of share (prospect of selling back to the company increases demand for the scrip)
— Return surplus cash to the shareholders

In the words of Warren Buffett, a company can add value through buyback of shares:

a. where surplus funds are used for buyback; and
b. where buyback is at a price below its intrinsic value;
c. a company should never buyback shares merely to bolster the share price or to stop a fall in the price.

Undervaluation — a pricing anomaly

Signaling effect of buyback

a) Articulates the management’s confidence in the future earnings — i.e., best option to invest in its own shares. The confidence of the management in its future potential is not disseminated convincingly by the company to the market. This is known as “Informational Assymetry” between the company and the shareholders.

b) Market inefficiency — the market price is not in consonance with the perception of the management reflecting a mismatch between the current performance of the company and the market price.

Based on this theory, in a truly efficient market the market price of the share should adjust to the buyback price so that no longer the share is undervalued.

Hypothesis of Buyback: Based on the observations arising from certain case studies, on the companies that had bought back shares over a period of time, the following hypothesis can be inferred:

a) Shareholders who had tendered shares in a buyback offer should gain than the non-tendering shareholders, as such offers are always at a premium to the market price. In most of the cases this hypothesis seemed to be true.

b) Buyback normally does not favourably influence the share price. Though the buyback offer gives a signal to the market that the market price is less than the intrinsic value, even after such offer the market price does not reflect the correct performance of the company.

c) Buyback may not lead to an increase in EPS, unless profits increase due to operational efficiency.

d) A company’s profitability need not improve as a result of buyback and may at times affect the liquidity position of the company.

e) Buyback can send negative signals in situations like—(i) all other information of the company can contradict and sometimes swamp, the intended buyback signal (ii) can backfire for a company in a high growth industry—an admission that the
company has only limited new opportunities (iii) credibility of buyback signal gets weakened if the company’s management itself participates in the buyback offer.

f) Material level for buyback—depends on the degree to which the market undervalues the company. However, most of the companies usually underestimate the number of shares to be bought-back to send a credible signal to the markets.

Treasury stock

A treasury stock is a stock bought back by the issuing company. The shares that are repurchased are not cancelled & extinguished and which could be reissued at a later date are referred to as Treasury shares. This concept is not recognized in India and is accepted in the U.S.A and U.K. These shares shall not enjoy any corporate benefits and voting rights. They are non-existent for all practical purposes.

Buyback vs. Capital reduction

— Sections 100(b) and (c) of the Companies Act, 1956, envisages return of paid-up capital to the shareholders. To this extent, buyback and capital reduction are similar.

— The process of buyback may be less time consuming than capital reduction method—confirmation by High Court.

— Capital reduction may involve a change in the face value of the shares but does not happen in a buyback.

— Payment to the shareholders and capital reduction are simultaneous and effect given in the books immediately. However, in buyback the payment and the reduction take place on two different dates.

Buyback through a scheme of arrangement

Sections 77A and 391 are independent sections. Accordingly, buyback can be effected even through a scheme of arrangement. In such a case, the provisions of section 77A is not required to be followed. The Supreme Court and the Bombay High Court in the matter of Sterlite Industries (which bought back 50% of its paid-up capital) had stated that buyback through section 391 is well within the ambit of the Companies Act, 1956. However, while following this route, it is advisable to comply with all the related Regulations. This matter also led to the introduction of clause 24 (f) of the Listing Agreement. In the light of the above, the views of the Regional Directors of the Ministry of Corporate Affairs while issuing their no-objection to a scheme of arrangement needs to be factored before deciding on this route of buyback through a scheme of arrangement.

Buyback and the Takeover Code

The provisions of SAST will primarily get attracted when shares are acquired in the normal course by the promoter/acquirer (a voluntary act). However, increase in the holdings of the promoters on account of buyback is a fallout of the corporate action of the company. Reg., 3 of SAST does not specifically cover this aspect and so it is advisable to seek an exemption from the SEBI Takeover Panel in such cases. Factors such as change of control and breach of minimum public shareholding limit under clause 40A of the Listing agreement are considered for granting exemption.

Section 77A –buyback of warrants, NCDs

In the absence of notification of “specified securities” by the Central Government, the provisions of Section 77A are not applicable to the buyback of warrants attached to an instrument and the non-convertible debentures.

Buyback of Preference Shares

Though on a plain reading, the provisions of section 77A may appear to be applicable to preference shares, any redemption (as distinct from a buyback) of preference shares is governed by section 80(2) of the Companies Act, 1956 and the Articles of Association of the company.

Buyback and ESOPs

As per Regulation 19(1)(b) of the Buyback Regulations, there cannot be any further issue of shares including ESOPs during the buyback offer period. A company can grant options during the six months period immediately after the completion of buyback but cannot allot shares arising on exercise of the options. In case of any ambiguity, the provisions of SEBI (Buyback of Securities) Regulations shall prevail over the SEBI (ESOP) Guidelines.

Obligation of the company to proceed with the buyback proposal: The Securities Appellate Tribunal (SAT) in the matter of D-Link India Limited had stated that the resolutions passed for buyback are only an enabling one and a company is under no obligation to buyback its securities even when the required resolutions have been duly passed.

Restriction on further buyback of shares: The restriction that a company cannot make an offer of buyback within a period of 365 days from the previous offer of buyback applies only if the previous approval was pursuant to the Board resolution and not through the resolution of the shareholders.

Conclusion: While a share buyback can significantly enhance value to the shareholders, the offer can backfire unless the management understands clearly why, when and how to use this powerful and risky financial tool.
The term ‘Anchor Investor’ is the buzzword in the IPO markets today. This new category of investor, clearly a sub-category, since it is a part of the portion reserved for Qualified Institutional Bidders (QIBs) introduced recently by the Securities and Exchange Board of India (SEBI), has created a bearing in the minds of other investors in the capital market viz: the promoters, and the investors of all other categories, QIBs, Non-Institutional (HNIs), and Retail. Will this exclusive reservation in the QIB’s share of the cake in an IPO, make any impact?

What does anchoring mean? In a lay man’s parlance, “hold a ship or boat, stay firm in a place.” The idea may be to prevent it from moving helter skelter. In a TV Show, the ‘anchor’ coordinates, directs, controls and concludes the deliberations on a given subject. In the process, the participants are prevented from diverting their focus from the crux of the discussion. In any application, the term ‘anchor’ may, in all probabilities mean to ‘prevent movement and to remain attached’.

Clause 2 (c) of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, now popularly known as ICDR, defines as under:

“anchor investor” means a qualified institutional buyer an application for a value of ten crore rupees or more in a public issue made through the book building process in accordance with these regulations; “

In the very recent past, with the onset of recession, worldwide, primary market entries were put on hold. FII’s reduced in size and shape. existing investors’ daily routine included invoking god’s blessings to create early opportunity to exit. Now, the slowed down economic scenario is showing signs of change, at different speed levels, globally. The capital markets appear to have commenced breathing at ease. The industrial output index has begun to move up. At last, the investors seem to carry a smile on their face.

On one hand, the stagnancy affected markets, after February 2008, have started blinking cheerfully and global watchers are looking at Asian Markets particularly India and China. On the other side, SEBI was keen to initiate new norms and to implement improved disclosure methods to investors. ICDR was nearly taking birth. The need for providing a better investment opportunity, (is it old wine in a new bottle?) was also in it’s agenda.

To give a fillip to the sagging IPO market, amongst other measures, SEBI decided to allow anchor investors, as a part of “book – building” process.

The concept of ‘anchor investment’, was thus conceived, delivered and christened.

The gist of the contents related to ‘Anchor Investor’, as per the earlier circular of SEBI and now included in the ICDR is as under:

Anchor investors (not applicable in case of an IDR issue).
December 2009 and only 4 companies have made allotments to Anchor Investors (AI).

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Issue Size</th>
<th>Amount from AI</th>
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<tbody>
<tr>
<td>Adani Power Ltd</td>
<td>3000</td>
<td>502</td>
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<tr>
<td>Pipavav Shipyard Ltd</td>
<td>495</td>
<td>92</td>
</tr>
<tr>
<td>India Bulls Power Ltd</td>
<td>1529</td>
<td>275</td>
</tr>
<tr>
<td>Cox &amp; Kings (India) Ltd</td>
<td>610</td>
<td>91</td>
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Has the move by SEBI really boosted the capital market and given an impetus to the IPOs?

Six months after the introduction of the concept by SEBI, market statistics show that a mere presence of high profile investors is not enough to ensure the success of an IPO.

Making a gain on the shell out may be an objective of many AIs but do they have a choice when the trend reverses post listing.

Of the 16 IPOs that listed till end of 2009, many issues with anchor investors had seen notable variations in the trading price and the issue price.

Pre-IPO investor Vs. Anchor Investor

It is also seen that companies keep an investment window open by providing for a pre-IPO placement. Although pre-IPO investor may bring in more funds when needed by a promoter, and willing to stay put with the company for a period of generally not less than 3 years, the method of funding has a few posers sewed, viz:

a. Differential pricing
b. Lock-in for one year, even after IPO
c. Selective ‘exit options’ and tag along rights.
d. Other conditions like Board Seat, restrictions in various operational decisions.

But the ‘Anchor Investor’ is free of any such binding threads, since the price paid by him is ‘not differential’ and the ‘lock-in’ is only for 30 days, post allotment in the IPO.

Yes. The primary market needed a booster dose and the Anchor Investor is welcome in the market place. But, is he a savior?

His role is only to run in a company’s IPO marathon, a well begun first round to attract others to follow. Further, in the race, he assures about 18% of the IPO size (assuming 60% of the total issue size reserved for QIBs). Also, a committed 25% of his allocation is already in the hands of the company and a responsibility is attached to this commitment. The margin contributed by QIBs is only 10% and the balance is awaited, based on assurances.

The concept of Anchor Investor has created a book building process within a book building process.

Has the anchor investor concept successfully contributed to the Primary Market?

Too early to review the results. It is a wait and watch situation.

Let us wait .. while the Anchor Investors watch..


“Don’t worry, checking each & every line to ensure your future for re-appointment as MD”.

Contributed by: - PRAFULLA DEULKAR
Company Secretary & Fin. Manager
A Raymond Fasteners India Pvt. Ltd.
Owners of Commercial Property — Renting of Immovable Property — A Critical Analysis of Retrospective Amendment in Union Budget, 2010

Vikas Khare, Partner, KANJ & ASSOCIATES, Chairman, Indirect Tax Committee, Mahratta Chamber of Commerce, Past Chairman, WIRC of ICSI

The Union Budget, 2010 has introduced amendments in Finance Bill, 2010 by redefining Commercial Coaching and Training and Renting of Immovable Property services with retrospective effects. The amendments will be effective from the date of notification, to be issued by the Central Government after the Finance Act, 2010 will be notified. In view of retrospective effect, Commercial Coaching and Training and Renting of Immovable Property will be deemed to be effective from 1-7-2003 and from 10-6-2007 respectively. The service with the amendment is likely to be notified in the month of May or June 2010. Retrospective amendments in Indirect Taxes are not only undesirable but also, I put it bluntly, unethical and against the canons of taxation. Education sector and Owners of Immovable Properties will receive big hit due to the retrospective amendments and that may result into undue hardship by way of interest for delayed payment of service tax liability and penalties.

In this article I am dealing with the retrospective amendment made in the definition of Renting of immovable Property Service. Renting of properties is very common phenomena and therefore, company secretaries in employment or in practice, are required to provide professional guidance to their employer or to their clients, as the case may be, who are either landlords or tenants. I hope that this article will provide required insight to the issue.

Renting of Immovable Property Service — Present Definition

According to, Charging Section 65(105)(zzzz) of the Finance Act, 1994 taxable service", means any [service provided or to be provided], to any person, by any other person in relation to renting of immovable property for use in the course or furtherance of business or commerce.

Explanation 1. — For the purposes of this sub-clause, "immovable property" includes —

(i) building and part of a building, and the land appurtenant thereto;
(ii) land incidental to the use of such building or part of a building;
(iii) the common or shared areas and facilities relating thereto; and
(iv) in case of a building located in a complex or an industrial estate, all common areas and facilities relating thereto, within such complex or estate, but does not include —

(a) vacant land solely used for agriculture, aquaculture, farming, forestry, animal husbandry, mining purposes;
(b) vacant land, whether or not having facilities clearly incidental to the use of such vacant land;
(c) land used for educational, sports, circus, entertainment and parking purposes; and
(d) building used solely for residential purposes and buildings used for the purposes of accommodation, including hotels, hostels, boarding houses, holiday accommodation, tents, camping facilities.

Explanation 2. — For the purposes of this sub-clause, an immovable property partly for use in the course or furtherance of business or commerce and partly for residential or any other purposes shall be deemed to be immovable property for use in the course or furtherance of business or commerce;

The above definition is ambiguous as it does not clearly say that "renting" is a service. According to the trade, what taxable is not renting, but the service “in relation to renting” of immovable property for use in the course or furtherance of business or commerce. This view is taken in view of the language used in the charging section mentioned above. Further, the competence of the Parliament on the ground of Entry 49 of List II (State List) of Seventh Schedule of the Constitution of India (which empowers only the State governments to levy tax on land and buildings) was also questioned by way of writ petition, as discussed in subsequent paragraphs.

Thus, the situation is that the Service Tax provider has not collected service tax due to the bona fide belief that:

1. landlord is not covered by the definition of taxable service or
2. The Courts have declared the levy unconstitutional.

To explain the whole issues I first take you to the Judgment of Delhi High Court.

Home Solution Retail India Limited vs. Union of India — the Delhi High Court struck down the levy

The Service Tax was imposed on renting of immovable property for commercial use with effect from 10-6-2007. However, in Home Solution Retail India Ltd vs. Union of India, the Delhi High Court struck down the levy upholding the challenge to the levy of Service tax in respect of renting of immovable property. The Court held that grant of leave and licence does not amount to rendering of a service. The Court, therefore, held that merely granting licence or creating leasehold interest shall not be covered by the taxable entry of “renting of immovable property” as introduced in section 65(105)(zzzz) by the amendment in the Finance Act, 1994. The said levy has been in force effective from 10th June, 2007. The Delhi High Court, however, did not consider the question of incompetence of the Parliament on the ground of Entry 49 of List II of Seventh Schedule of the Constitution of India (which empowers only the State governments to levy tax on land and buildings) observing that such an examination has become unnecessary because of the view we have taken on the main plea taken by the petitioners as indicated above.

The Government has filed Special Leave Petition (SLP) to Supreme Court against the Judgment of the Delhi High Court. The Supreme Court has admitted the SLP, however, not granted stay on the Judgment of the Delhi High Court.
In view of the above owners of the immovable properties has either stopped collecting the Service tax or tenants have stopped paying service tax even though charged by the landlords in view of the above judgment and further SLP by the Government.

WHY RETROSPECTIVE AMENDMENT

As mentioned earlier, the Hon'ble High Court of Delhi in its order dated 18-4-2009 in the case of Home Solutions Retail India Ltd. & Others vs. UOI has struck down this levy by observing that the renting of immovable property for use in the course of furtherance of business or commerce does not involve any value addition and therefore, cannot be regarded as service. Apart from the revenue loss that is going to cause to the exchequer because of the above judgment, the retrospective amendment has placed the landlords, who are the persons liable to pay the impugned service tax, in a very precarious situation.

In the present business scenario renting is a very big commercial activity and with the advent of “Mall Culture” in India and many multinational players setting up their businesses in India. Further, due to the preference for rented property than owned property, renting generates huge revenue to the property owners. Though, the levy is subject matter of legal dispute, still many landlords are charging, collecting, and paying the service tax. This is so because of the following reasons:

a. still the verdict of Supreme Court is yet to receive;

b. being indirect tax charge is on the provider of taxable service and if he does not charge the tax to the recipient of taxable service then he has to pay the liability from his own pocket;

c. the leave and licence agreements are for 11 months or the agreement of lease may be for shorter duration of 3-5 years. Thus, if the Service tax is not charged and Supreme Court's judgment goes in favour of the Government, then catching the tenants who are no more occupying the property and recovering the service tax liability will be virtually impossible. In that case landlord will have to pay the service tax from his pocket and interest and penalties under section 76 or 78 of the Finance Act, 1994 (which is not less than 100% of the service tax not paid and may extend to 200%) will also be attracted.

d. Even if the component of service tax is not paid by the tenant/leasee, in view of the peculiar provisions of Service Tax law, in each payment received from the recipient of taxable service, it will be always deemed that the payment is cum service tax. For example, if the rent is Rs. 10,000/- and Service tax is Rs. 1,030/-. A landlord raised invoice of Rs. 11,030/- but ignoring service tax tenant pays Rs. 10,000/-. It is incumbent upon landlord to pay service tax by reverse working amounting to Rs. 934/- (formula 10,000x10.30/110.30=934.00) even if not received from the tenant. If it is not paid under the pretext that it is not paid by the client, landlord is liable for payment of interest and penalty.

There are also landlords who dared not to change/ pay service tax in view of the dispute and there are also landlords who are not charging service tax in view of the Judgment of Delhi High Court. There are also members of Retailers Association of India who also got the relief by the Judgment of Delhi High Courts and therefore they have not paid the service tax component to the landlords and in turn landlords have also not paid the same to the Government. If the Supreme Court gives a judgment against the Government, the amount of service tax already collected on Renting of Immovable Property service will have to be refunded to the recipient of taxable service/assessee as per section 11B of the Central Excise Act, 1944. Similarly, the Delhi High Court has since declared the Service Tax on Renting of Immovable Property unconstitutional, the service tax not realized is running into crores of rupees.

Once the money goes into the pocket of the Government, rightly or wrongly, then it is very difficult for anyone to take out that money back. Thus, it has become ‘ego issue’ for the Government.

Whether the Levy is Constitutional

It is well settled principle in GANNON DUNKERLEY & CO. LTD's case (when the levy of Works Contract Tax was imposed under the power to levy tax on sales) that the Government cannot give artificial meaning to the entries appearing in the Seventh Schedule and assume powers to levy of taxes. In the whole issue the Government has conveniently ignored basic issues,

1. whether renting is really a service and

2. Whether Parliament has competence to levy tax on land and buildings on the ground of Entry 49 of List II of Seventh Schedule of the Constitution of India.

Probably Government wants its share in pie from the handsome amount which the landlords are getting. The Government has every right to impose tax but it shall impose it as provided in constitution of India. If a landlord gives his property for use to the tenant then how it can be said that it is a service and how government can impose service tax on it calling it as service when in fact it is not a service.

At this point, I submit with great respect that when the question of incompetence of the Parliament on the ground of Entry 49 of List II of Seventh Schedule of the Constitution of India (which empowers only the State governments to levy tax on land and buildings) was vehemently argued by the petitioners (Home Solution Retail India Limited), why the Delhi High Court did not consider and gave its ruling on the plea taken by the petitioners. Is it not waste of time, energy and money of the petitioner? Had the Delhi High Court given its verdict on the competency issue, the Government might not have introduced the retrospective amendment. It is a rarest occasion in Indian Taxation history that when the matter is sub judice with the Supreme Court and the Government has made retrospective arrangement.

In view of this judgment, the many tenants have already stopped reimbursing the tax element to the landlords. However, the landlords are receiving regular demand notices from the department issued to protect government's revenue. Landlords will also liable, as mentioned earlier for interest on delayed payment of service tax @13% p.a. and penalty.

On the backdrop of the above the Finance Minister has tacitly introduced the above changes as retrospective amendments were not part of his Budget speech. On the proposed amendments the Board has clarified in para 9 as under vide letter D.O.F. No.334/1/2010 TRU New Delhi, dated 26th February 2010.

9.2 In order to clarify the legislative intent and also bring in certainty in tax liability the relevant definition of taxable service is being amended to clarify that the activity of renting of immovable property per se would also constitute a taxable service under the relevant clause. This amendment is being given retrospective effect from 1-6-2007.
Constitutional Validity of Retrospective Amendment

In Easland Combines vs. Collector of C. Ex., Coimbatore 2003 (152) E.L.T. 39 (S.C.) Hon’ble Supreme Court of India while deciding an issue, whether judicial decision can be nullified by retrospective legislation it held that Legislature can always render a judicial decision ineffective by enacting a variety of law on the topic within its legislative field by fundamentally altering or changing its character retrospectively. The Supreme Court in this case upheld the retrospective amendment to section 11A of the Central Excise Act, 1944 by section 97 of the Finance Act, 2000.

However, in ITW Signode India Ltd. vs. Collector of Central Excise 2003 (153) E.L.T. 501 (S.C.) doubted the above decision and observed that the two judges Bench of Supreme Court in Easland Combines [2003 (152) E.L.T. 39 (S.C.)] took the view that in view of the amendment of section 11A(1) the decision rendered in Cotspun’s case would not be a good law and show cause notice for correcting errors or mistake in approval, acceptance or assessment relating to the rate of duty on or valuation of goods could be issued within the prescribed period and then referred the matter to a bench of three judges.

However the Larger Bench of Supreme Court disposed of this matter holding that a statute may be enacted prospectively or retrospectively [2003 (158) E.L.T. 403 (S.C.)]. A retrospective effect indisputably can be given in the case of curative and validating statute. In fact, curative statutes by their very nature are intended to operate upon and affect past transactions having regard to the fact that they operate on conditions already existing.

However, the scope of the Validating Act may vary from case to case. I submit that in view of this observation it is still open for the Courts to declare retrospective amendment unconstitutional.

Thus, the fate of the landlords is hanging in the tussle between the tenants and the Government. However, to protect the interest, landlords shall do the following:

1. They may consider to form a national level/state level/ local level association and challenge the retrospective amendment in appropriate High Court. Unity is strength and it will also distribute the cost of litigation.
2. They shall continue to charge service tax in the invoice and insist the tenants to pay the same. In case they are not paying, landlords shall take indemnity bond form companies of longstanding and repute for payment of service tax with interest and penalties in case the levy is upheld as constitutional.
3. If as per agreement service tax is to be paid by a landlord, landlord shall pay the service tax under protest.
4. If tenant/ lessee is paying service tax, advice the tenant that he shall submit periodical refund applications(six monthly basis) for refund of service tax paid on rent. He shall not avail CENVAT Credit in that case. Landlord will not entitle for refund as he has already shifted the burden of service tax on tenant/ lessee.
5. He shall take legal advice as the facts of each cases are different and some special solution need to be found out.

Let us wait and watch safely till we get final verdict in the matter.

IFRS CORNER

A monthly column by CMA Rammohan Bhave and CMA Dr Anjali Bhave

What is PPE?

Long form is property, plant and equipment. Broadly can be compared with our old word ‘fixed assest’. Standard No IAS 16 covers it.

What is Property?

It covers land and building.

What is significance of PPE in IFRS context?

Huge. In manufacturing sector, PPE related IFRS implementation can be almost as high as 50% of work involved. Why is so?

In IFRS first time adoption, it is allowed to carry PPE at cost or revaluation method, so the choice becomes very important.

What are parameters for making this choice?

Well, one can strengthen balance-sheet by using fair values by using revaluation method. On the other hand, it can be a big cost, subjective element and a marathon exercise by itself. Leave aside then the yearly (every period) review required.

Who are valuers for IFRS?

Not specifically defined, but VRA will come up about it. High time we all request ICSI, President to come up with special valuation course on IFRS.

Why not go for cost method? Is it not just carrying forward the WDV?

OOPS, If life was so simple, why we professionals are needed. Cost method expects you to calculate carrying amounts of PPE as per provisions of IAS 16 etc. etc. and the methods have major difference.

What is the difference? I call it CRUDE. Wait and watch for next month – what is this crude?
Every Intellectual Property (I.P.) do communicate something, could be a message, an expression, a goodwill etc, so is the fact about Geographical Indications, it communicates to the potential buyers that a product is produced in a particular place and has certain features that are only having features in that particular region.

Geographical Indication is an accepted and recognized Industrial & Intellectual Property, it creates a legal right to use the indication or origin of Appellation in a particular region to be used by that particular country by the local producers on exclusive right to use that indication excluding other and the countries all around the world are bound by the relevant bilateral, regional and multilateral agreements e.g. tea producers in other parts of the world may not use the term “Darjeeling” to describe their tea, even if the tea has similar taste.

When considering geographical indications as a category of intellectual property, it is important to distinguish them from trademarks: whereas a trademark identifies the enterprise which offers certain products or services on the market, a geographical indication identifies a geographical area to which a quality, reputation or other characteristic of a product is essentially attributable. However, geographical indications are similar to trademarks in their concept and effect, and can be used to promote national and regional economic development, and are also used strategically by businesses to promote their products.

A legally protectable geographical indication denotes a quality link between the product and its area of production. Agricultural products typically have such qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil.

**CASE STUDY: Fish Sauce from Vietnam**

Phu Quoc fish sauce and Shan Tuyet Moc Chau tea recently became the first products from Viet Nam whose appellations of origin are recognized worldwide. Phu Quoc Island off mainland Kien Giang Province in the Mekong Delta is famous for a variety of fish sauce products, so the term “Phu Quoc” is often referred to as fish sauce in the country especially in the southern provinces. Shah Tuyet Moc Chau tea is produced in Moc Chau in the northern mountainous province of Son La.

**CASE STUDY: Tequila only where the agave grows**

Tequila, a Mexican drink, has acquired a distinct identity, often enhanced by bottle designs featuring some of Mexico’s characteristic symbols. What few people know, however, is that tequila has been protected as a geographical indication since 1977, and is produced only within a delimited area in Mexico where its primary raw material, the cactus – like agave plant, grows. The Presidential Decree establishing tequila as a geographical indication was published on October 13, 1977, and referred to four Mexican states (later extended to five) which held the exclusive right to produce the beverage.

The protection of tequila enabled its producers to market their product worldwide and ensure that no other product made with alternative ingredients could be marketed as tequila. Today, over 190 million liters of tequila are produced annually and sold worldwide, with an 83 percent increase over the last five years. Tequila, moreover, gives direct employment to over 36,000 Mexicans, including agricultural workers, technicians, and other workers, as well as indirect employment to many more in transportation, distribution, and other related activities.

In 1978, tequila was registered under the Lisbon Agreement administered by WIPO, thus establishing its international status. The sale of tequila has been further enhanced as a result of this registration and the Mutual Recognition Agreement signed between Mexico and the European Union for the reciprocal recognition of geographical indications in 1998, because producers were able to guarantee the quality of the product and they could avoid the name being used for products made with different ingredients which could taint the reputation of the original Mexican product and deceive customers. The protection meant that tequila production became an exclusive right of Mexican producers and the reputation of the product could be enhanced via a joint effort among all tequila producers who had a common interest in making the product renowned worldwide.

So to conclude, Geographical Indication have may of the same powerful build up value effect on the business, Economy and Corporate World. Geographical Indication as IP is also an Power Economic tool.

**Source:**

WIPO Publication by Kamil Idris

**Source:** The Saigon Times Daily: Ho Chi Minh City; June 7, 2001

**Source:** Tequila Regulatory Council
The Ministry of Corporate Affairs has notified Corporate Governance Voluntary Guidelines 2009 in December 2009. The Hon'ble Minister Shri Salman Khurshid has succinctly brought out the purpose of the Guidelines by emphasizing that “corporate governance super structure in India is fairly durable, there are certain weaknesses that may have their roots in the ethos of individual business entities”. He has further stated that “some aspects which needed to be incorporated in the law have been included in the Companies Bill 2009 now under examination by Parliament. However, keeping in view the objective of encouraging the use of better practices through voluntary adoption the Ministry has decided to draft a set of voluntary guidelines which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance”.

The Companies Act, 1956 already contains the provisions relating to best Corporate Governance practice which are mandatory. These provisions are contained in Section 217, 292A and Schedule XIII of the Companies Act, 1956.

Section 217(2AA) provides for including Director’s Responsibility Statement in the Directors Report confirming preparation of the annual accounts according to the applicable Accounting Standards had been followed along with proper explanation relating to material departures; that the directors had selected such accounting policies and applied them consistently; that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act and that the Directors had prepared the annual accounts on a going concern basis.

Section 292A provides for Constitution of Audit Committee in the case of every public company having paid up capital of not less than five crores of rupees.

Schedule XIII to the Companies Act provides for Constitution of Remuneration Committee comprising independent directors including Nominee Directors.

The Corporate Governance Voluntary Guidelines 2009 notified by MCA blends effectively into the statutory provisions of the Companies Act, 1956 mentioned above. In a sense, the said Voluntary Guidelines clarify the procedure for compliance of Section 292A, 217(2AA) and Schedule XIII of the Companies Act. Therefore, in the best interest of the companies, adherence to the Voluntary Guidelines would be the proper compliance of the statutory provisions of the Companies Act. The concept of Whistle Blowing provided in the Voluntary Guidelines already finds place in the provisions of the Companies Act, such as, 234(7), 635(B) of the Companies Act, 1956. These sections provide for channel to any employee or interested person to communicate fraud or wrongdoing in a company to the ROC or Investigating Officer for appropriate action. These provisions in the Companies Act provide sufficient protection to the employees and other interested persons who bring to the notice of the authority of such wrongdoing.

Apart from the compliance relating to Audit Committee, Remuneration Committee and Directors Responsibility Statement, the Voluntary Guidelines provides for several new aspects such as, Nomination Committee, Training of Directors, Risk Management, Evaluation of performance of Board Committee and individual Directors, Rotation of Audit Partners and Firms.

MCA has made it clear that “these guidelines provide for a set of good practices which may be voluntarily adopted by the public companies, private companies, particularly the bigger ones, may also like to adopt these guidelines. While it is expected that more and more corporates should make sincere efforts to consider adoption of the guidelines, there may be genuine reasons for some companies in not being able to do so completely. In such a case it is expected that such companies should inform their shareholders about the reasons for not adopting these guidelines either fully or partially. Thus responsibility has been placed upon the Board to inform the shareholders, the reasons for not adopting these guidelines.

To sum up, the Corporate Governance Voluntary Guidelines should not be looked at in isolation but should be viewed through the statutory provisions of the Companies Act detailed above which will provide the right perception for compliance of the said Guidelines.
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ICSI-WIRC Programmes Membership Scheme 2010-11

For Professional Development Programmes for Members of ICSI-WIRC

PMS

The Western India Regional Council (WIRC) of the Institute of Company Secretaries (ICSI) organizes number of high quality professional development programmes on contemporary issues and on topics of emerging importance. In order to facilitate the members to register for the programmes and pay fees and get benefits, ICSI-WIRC is pleased to announce continuation of its popular Programme Membership Scheme for the year 2010-11. (PMS 2010-11)

The details of the Scheme are as follows;

Programmes Covered:
Study Circle meetings (No restriction of attending study circle)
Full Day Programmes (Maximum 8 in a year)

Credit Hours:
Credit Hours would be granted to member(s) attending programme as per guidelines of the Institute.

Fees:
The Membership is valid for one year from the date of registration (for any eight programmes)
1. Individual Member of ICSI: Rs.6,000/-
2. Corporate Member/ Firm of Practicing Company Secretaries/ Non member : Rs. 7,500/-
3. Senior Citizen (Age – 55 years) and C. S. Students : Rs. 5,000/-

Members will be provided with free Backgrounders and refreshments during the Seminars / Programmes.

The fee may be paid by way of cheque / demand draft in favour of “WIRC of ICSI” payable at Mumbai and forward the same to ICSI-WIRC, 13 Jolly Maker Chambers No.2, First Floor, Nariman Point, Mumbai – 400021.

All are requested to kindly take the benefit of the Scheme.

CS Vishvesh Vachhrajani
Chairman, ICSI, WIRC

CS Mahavir Lunawat
Secretary, ICSI-WIRC

CS Ragini Chokshi (Ms.)
Chairperson, PDC, ICSI-WIRC

Terms and conditions
1. PMS is applicable only for study circle/one day programmes/ seminars/ felicitations arranged by WIRO individually (any eight programmes).
2. PMS members are not entitled for free entry for Joint Programmes/ National Level Programmes/ Regional Conferences / Residential Programmes / Workshops / Student Programmes or any other programmes not specified at 2 above. However WIRC may from time to time announce the Discount on fees for PMS members for such programmes.
3. PMS corporate and PCS firm member is entitled to depute one of their member / employee for the programme (employed in the same Company/ Firm / Organization or Partner of the firm). They are not entitled to depute associates or member employed in the other group company or any other person.
4. The Membership is valid for one year from the date of registration.
5. WIRO will issue the identity card to each member/ corporate/ firm/ non member joining the scheme. Production of identity card on demand is mandatory.
6. While registering for the programme, quoting of membership number is mandatory.
7. PMS members will get the priority during registration for the programmes.
8. PMS members will get one free copy of Corporate Calendar released during the period by WIRO.
9. WIRC reserves the right to cancel/ terminate/ change/ modify the terms and conditions of the PMS without any notice to members.
10. Decision of the Executive committee of WIRC will be final and binding on members.
To
The Chairman, ICSI-WIRC, Mumbai

Dear Sir,

Please register me/us for the Programme Membership Scheme 2010-11 (PMS 2010-11) of ICSI-WIRC.

Sr. Particulars

1. TYPE OF MEMBERSHIP
   CORPORATE/FIRM/INDIVIDUAL/NON MEMBER

2. NAME

3. ICSI MEMBERSHIP NO. ACS / FCS NO. / COP NO. / STUDENT REGN. NO.

4. DESIGNATION & NAME OF THE COMPANY / FIRM

5. CORRESPONDENCE ADDRESS

6. CONTACT DETAILS. TEL :
   CELL :
   E-MAIL :

7. DETAILS OF FEES PAID :
   Cheque / Demand Draft for Rs.______ or Rs.______ in favour of “WIRC of ICSI” payable at Mumbai.

Yours faithfully,
Signature of the Member/ Authorized Signatory of Firm/ Corporate
Date:_________________Place:_______________

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I, Sudipto Pal, hereby declare that the particulars given above are true to the best of my knowledge and belief

Date: 01.03.2010

For WIRC of ICSI

Sd/-
Sudipto Pal
Signature of Publisher
WIRC PROGRAMMES:

Budget Theatre — A Live Budget Discussion
A Live Budget Theatre was organized by ICSI-WIRC for making the threadbare analysis of the Union Budget 2010. Shri Vishvesh Vachhrajani, Chairman, WIRC welcomed the guest speakers (panel experts) viz., Shri Nihar Jambusaria, Executive Director, Harithakti & Associates, Shri Sudhakar Kasture, Director, Exin Institute, Shri A. Lahiri, Ex-Director, CARE and Ex-Dean, ICSI-CCRT, Shri Raju Vatsaraj, Chartered Accountant and explained the objective of organizing such Budget Theatre. Shri Mahavir Lunawat, Secretary WIRC introduced the panel experts.

The live budget telecast was viewed at the Budget Theatre by the panel experts as well as the large number of members present.

After the conclusion of the Budget speech by the Union Finance Minister the panel expert gave their instant reactions on the budget proposal envisage. Shri A. Lahiri, Former Dean, CCRT (CCGRT) highlighted the various thoughts that probably have gone into the preparation of the Budget. He also presented the various budgetary provisions and their possible implications to the industry as well as the common man. Shri Sudhakar Kasture gave his expert opinion on the budget from the view point of its implications on Imports and Exports especially with regard to the Customs Duty, etc. He also gave a critical analysis on what ought to have been there and was of the view that this budget can be better understood, once the final print of Finance Bill is available.

Shri Nihar Jambusaria and Shri Raju Vatsaraj, analyzed in detail the budget implications from Direct Tax point of view. They also deliberated on the probable impact of the Budget on the common man, so far as the individual taxation is concerned as well as on the corporate sector Corporate Tax and minimum alternate tax.

Large number of questions were posed on the panelist which were candidly replied to by them. Shri S.N. Ananthasubramanian, also expressed his views on the Union Budget. Shri Vishvesh Vachhrajani concluded the discussion on the Budget and Shri Mahavir Lunawat proposed the vote of thanks.

LIVE DISCUSSION ON BUDGET
Shri Vishvesh Vachhrajani, Chairman and Shri Mahavir Lunawat, Secretary, ICSI-WIRC were invited by the National Channel TV to during the panel discussion for their instant reaction on the Union Budget. Typical questions pertaining to the individual taxation and the benefits that may accrue to the individual tax payer as a result of the changes in the Income Tax slabs were asked. The channel reporter also asked questions relating to the importance of Budget to the infrastructure sector and also on the benefits that may be derived on the investment of Rs.20,000/- in the infrastructure bonds. The comments on the Union Budget by the Chairman and Secretary, WIRC were telecast live on Channel TV 9.

Post Budget Analysis on 4th March, 2010 in WIRC
On 4th March 2010 WIRC organized a discussion on Post Budget Analysis in WIRC a/c Hall. Dr. Manjushree Ghodke, Chief Economist, L&T was the faculty member for the evening. She, in an analytical tone, enlightened the audience about the underlying rationale for the budget, the implications, downside risks and its particular fitment with India’s projected GDP growth of 7% and above.

Shri Mahavir Lunawat, Secretary and Shri S.N. Ananthasubramanian, an ex officio member of WIRC facilitated the discussion. The programme was attended by many senior company secretaries, including Shri S Subramanian of L & T, Shri K Sethuraman of Reliance, Shri N L Bhatia, Past Chairman, Shri Kaushik Jhaveri, Member, PDC, Shri Tushar Shridharani & Shri Gopal Chalam, the Dean, CCGRT.

Study Circle on Related Party Transaction on 5th March, 2010 in WIRC
Shri Ashish Jani, senior partner Deloitte Haskins & Sells, was the faculty for the evening. In an insightful tone, Shri Jani highlighted critical areas and provided clarity on disclosure requirements. The programme was coordinated by Shri Mahavir Lunawat, Secretary WIRC and attended by around 70 members (as against the capacity of 50 members).

MCA voluntary guideline on Corporate Governance
On 6th March, 2010 in Landmark Hall, Goregaon Saturday, 6th March, 2010 and Mumbai: Western India Regional Council of ICSI organized a one day seminar on MCA voluntary guideline on Corporate Governance at Landmark, Goregaon(E), in Mumbai suburb. The seminar was conducted by eminent faculties which included Hon’ble ROC, Shri Henry Richard, Joint Director (Technical), Shri M A Kuvadia, Joint Director, Shri Tiku ; Shri B L Taparia, Head – Corporate Services Ambuja Cement; Shri K Sethuraman, Group Company Secretary, Reliance Industries; Shri A Anjeneyan, Company Secretary, Tata Steel and Shri K Subharaman, Company Secretary, Unichem Lab, and Shri Vijay Mishra. The programme was coordinated by PDC chairperson Smt Ragini Chokshi and Shri Mahavir Lunawat, Secretary of WIRC.

They mentioned that according to the Ministry of Corporate Affair, they would be bringing out a mandatory corporate governance code after one year, which would be a mix of corporate governance voluntary guidelines - 2009 and recommendations of India Inc. The ‘Corporate Governance -Voluntary Guidelines 2009’, being proposed for voluntary adoption by the Corporate Sector have taken into account the recommendations of the Task Force set up by Confederation of Indian Industry (CII) under chairmanship of Shri Naresh Chandra in February, 2009 to recommend ways to further improve corporate governance standards and practices and the recommendations of the Institute of Company Secretaries of India for strengthening corporate governance framework. The recommendations of this Task Force were placed on the Ministry’s website for wide stakeholders consultations. They also quoted an example of a significant change according to the draft. They said that an individual may not remain an independent director in a company for more than six years, though currently, no such limit exists for independent directors under the Company’s Act, 1956. The programme was attended by more than 100 delegates.

Study Circle on Charges and Mortgages on 12th March, 2010 in WIRC
WIRC organized a study circle on Charges and Mortgages on 12th March 2010 at WIRC a/c hall. Smt Shashikala Rao, VP Secretarial, RIL was the faculty for the day. She explained different legal implications regarding the subject and provided clarity regarding procedural side. The programme was coordinated by Shri Mahavir Lunawat, Secretary WIRC and attended by around 60 members (as against the capacity of 50 members). Shri Makaran Lele, Vice Chairman and Shri Ashish Garg, member of WIRC, were also present.

Corporate Restructuring on 20th March 2010
WIRC-ICSI organized a full day programme in M C Ghia Hall, Fort, Mumbai on 20th March, on the theme of Corporate Restructuring.
Shri Shomashekar Sundareshan of J Sagar & Law, Shri Sanjay Asher, senior partner Crawford Bailley, Shri Ramesh Laxman, Consultant on Valuation and Shri M R Prasanna, head corporate counsel of Aditya Birla were the noted faculty members to address the delegates on the theme of corporate restructuring from the angle of law and regulations, rationale of M & A, and valuation.

Shri B. N. Srikrishna, (retired) chief justice of India, in a passionate and insightful tone, addressed the delegates about the significance of law and abiding by the law from the point of view of society at large. He also touched upon the theme of corporate social responsibilities for the corporate bodies which are of course meant for the pursuit of profit, rightfully.

Shri B. N. Srikrishna pointed out the crucial role that Company Secretaries play for the key business affair of the companies, like corporate restructuring.

Shri keyoor Bakshi, past president and President of IFCs congratulated the Council for organizing such programs of topical importance.

Chairman Shri Vishvesh V. Vachharajani, WIRC while introducing the chief Guest said that varied interest of Chief Justice, Shri B. N. Srikrishna in music & philosophy, had made him such a versatile professional.

Shri Mahavir Lunawat, Secretary, WIRC while conducting the inaugural session, introduced the theme of the programme and concluded that the presence of Shri B. N. Srikrishna, the right role model for the younger generation was a special attraction for such an august gathering.

Shri Somashekhkar Sundareshan, partner of J Sagar & Law covered SEBI Takeover Code, Shri Sanjay Asher, Senior Partner of Crawford Bailley deliberated on Due Diligence, Shri Ramesh Laxman, senior consultant on valuation took an interesting session on Valuation with the help of an audio visual presentation. Shri M R Prasanna, head of corporate counsel of Aditya Birla, in an interactive and thought provoking style addressed the audience on industry perspective of corporate restructuring.

1st MSOP in WIRC

The Institute of Company Secretaries of India (ICSI), introduced New Training Structure for its students. As per the ICSI guidelines of new training structure, Western India Regional Council (WIRC) conducted its 1st Management Skill Orientation Program (MSOP) in WIRC premises from 3rd March 2010 to 21st March 2010. 48 participants participated in this 1st MSOP. Shri N. J. Vazifdar, Inaugurated 1st MSOP on 3rd March 2010 at 10.30 am. In a batch of 48 participants, one group of 10 participants was declared BEST GROUP for project presentation on the subject of Goods & Service Tax – a New Frame Work. Three Presenters were declared as the top three best presenters for this MSOP batch. The Valedictory session was held on 21st March 2010 and Shri. Pramod Shah & Shri. Atul Mehta Past Chairman WIRC graced the occasion with their presence.

KANDIVALI STUDY CIRCLE – WIRC – ICSI

SCM on 3rd January, 2010

Mr. B. Renganathan was handed over a flower bouquet as a token of acknowledgement from KANDIVALI STUDY CIRCLE – WIRC.

Mr. B. Renganathan then started his Power Point Presentation on the topic. The experience on the subject was shared extensively. The attendees were also conversant with the subject and thus it happened to be very interactive and informative. All kinds of exceptions were discussed and the members were enlightened of various issues on MERGER & ACQUISITIONS – THE PRESENT SCENARIO. 22 Participants attended the Meeting.

SCM on 7th February, 2010

Mr. Ramesh Shenoy was handed over a flower bouquet as a token of acknowledgement from KANDIVALI STUDY CIRCLE – WIRC.

Mr. Ramesh Shenoy then started his presentation on the topic. The experience on the subject was shared extensively. The attendees were also conversant with the subject and thus it happened to be very interactive and informative. All kinds of exceptions were discussed and the members were enlightened of various issues on BOARD SELF EVALUATION & RECENT CORPARE GOVERNANCE AMENDMENTS. 21 Participants attended the Meeting.

SCM on 7th March, 2010

Mr. Shailesh Sharma then gave his presentation on REAL ESTATE MUTUAL FUND in detail with Power Point Presentation.

The experience on both the subjects was shared extensively. The attendees were also conversant with the subjects and thus it happened to be very interactive and informative. All kinds of exceptions were discussed and the members were enlightened of various issues of the subjects. 19 Participants attended the Meeting.

AHMEDABAD CHAPTER

TWO DAYS GYAN YAGNA ON AUGMENTATION OF KNOWLEDGE WORKERS IN TURBULENT TIME

A two days Gyan yagna on the theme of AUGMENTATION OF KNOWLEDGE WORKERS IN TURBULENT TIME was organised by Ahmedabad Chapter on 27 and 28th February, 2010 wherein Shri Vinayak kannalkar, President of ICSI also remained present. Shri Chirag Shah, Chapter Chairman welcomed the participants and appraised the members about the activities of the chapter and outline about the topics covered during this two days workshop. Shri Ashish Doshi, Programme Co-ordinator and treasurer of WIRC, introduced the chief Guest and also briefed about the theme.

During the inaugural speech by Mr. Arjun Handa, an eminent industrialist and Managing Director of Claris Life Sciences Ltd., informed that Company Secretaries are in true sense knowledge workers and an indispensable part of any organisation. He added that in the era of Corporate Governance and voluntary disclosures, C-S plays a very vital role as a Complete Corporate Manager of the company and provides guidance and support in taking major strategic decisions.

Shri B. Narain, Central Council member while talking on the theme, informed that we have to play a very important role in this era of globalisation wherein day in and day out strategic alliances in the forms of take over, mergers and de-mergers are taking place. Various government Departments including SEBI, MCA etc. are reposing more and more confidence on our profession and giving recognition in the form of certifications and audits.

Shri Vinayak kannalkar, President of ICSI who remained present on the second day of the workshop was felicitated by the Chapter, past chairman of WIRC Mr. Umesh Ved, and other past council members of the institute. During his speech, President informed the participants about the vision and mission of the institute as well as vision 2020. Shri Vishwesh vachharajani, Chairman WIRC also remaned present during felicitation function and chapter also felicitated him who hails from /Gujarat. His felicitation was also remained present during felicitation function and chapter also felicitated him who hails from /Gujarat. His felicitation was
that we professionals are capable of doing anything and every thing but we can be winner if we can do strategic planning for growth.

Shri Devang Nanavati an Advocate from Gujarat Highcourt gave extempore presentation on the topic of “Art of Advocacy”. We are allowed to appear before Company Law Board, SEBI, Securities Applet Tribunal and flood gates will open in near future with the introduction of NCLT. In this era, if we cannot equip ourselves with the traits and tactics of pleadings, we will not be able to prove ourselves up to the expectation of the Ministry. Mr. Nanavati touched upon certain basic rules and fundamentals to be kept in mind while pleading before any judicial authority.

Shri B. Narsimhan, Central Council Member gave presentation on Concept and Methodology of the newly introduced securities Audit of stock brokers. He briefed about the history of introduction of this Audit and very vital role of our institute in formulating policies and rules for the same. He gave presentation about the basic concept of securities Audit and also briefly narrated about the methodology to be adopted by any professional while carrying out Audit.

On the session of “Finer Aspects of formation of Foreign Companies in US, France and Germany” eminent advocate of Gujarat High court Shri Utkarsh Jani gave presentation. During his presentation, he briefed about the law and procedure applicable in various foreign countries and various check point which are required to be observed by professionals while formation of a foreign company. He also explained various pros and cons of formation of foreign companies in different states and countries.

While talking on Transfer Pricing and international taxation, Shri Hirend. D. Shah explained in lay man’s language the basic fundamentals of the concept and law relating to the Transfer Pricing. Eventhough the topic was on international taxation in which very less of our professionals are involved, the presentation created a very live atmosphere and the session became very interactive.

Shri Vinayak Khanvalkar, President ICSI gave a presentation on the topic of “Corporate Governance – recent trends”. He covered very nicely the recent trends in the corporate while touching upon the recent voluntary disclosure guidelines. He informed that Corporate Governance is basically a matter of internal discipline and more and more disclosure about the policies of a company. In addition to the rules framed as per Clause 49 and recent Guidelines, management can adopt various systems by which transparency in the forms of disclosure can be maintained.

While summing up about the entire event of two days workshop Shri Kamlesh Shah, Secretary of Chapter proposed hearty vote of thanks to the President, Chief guest, various eminent faculties, advertisers, sponsors and entire team of Ahmedabad chapter who had whole heartedly given support to this workshop which was attended by more than 140 participants. Alongwith a very informative backgrounder, a Taxman’s book on the recently introduced budget was also given to all the participants on complimentary basis.

BHOPAL CHAPTER

The Institute Of Company Secretaries of India, Bhopal Chapter is organizing Investor’s Awareness Programme on 13.03.2010 from 04.00 P.M. to 7.00 P.M. at Hotel Rathal, near Sargam Cinema, zone- II, M.P. Nagar, Bhopal. The programme is sponsored by Investor Education & Protection fund, Ministry of Corporate Affairs, Government of India.

Shri S.K. Vidhan, Chairman – Bhopal Chapter of ICSI informed press that there is an emergent need to help the investors particularly in the share market as they are facing abundant problem due to inadequate knowledge and tend to loose money. Investor as consumer should be aware of their rights and should have substantial knowledge to protect their interests to invest wisely in the market. The programme has been designed to cater to their needs. The emphasis will be laid down to create awareness amongst investors about various forums available for redressal of their grievance. The programme advises the investors and will guide them with respect to the following major areas:

• How to invest in IPO’s, Investors;
• Investors and their rights under various statutes;
• Opening of Demat accounts, Filing of application forms;
• Book Building Process, Access of intermediary participants;
• Possible course of action in case of non-receipt of communication regarding credit of dematerialized shares/ refund order;
• Guidance for redressal mechanism.

Apart from the various steps taken, the investors can get the required information and their problem could be solved at the website www.investorhelpline.in and www.watchoutinvestor.com which contain information about the individual and companies who have been indicated by various regulators like MCA, RBI, SEBI, BSE, NSC etc. for economy offence and non-compliance of laws and guidelines.

Shri Manoj Chaturvedi and Shri Santosh Agrawal would be the main speaker of the programme.

Shri S.M. Ashraf, Vice Chairman, ICSI, Bhopal Chapter, Shri S.A. Khan, Secretary, ICSI, Bhopal Chapter, Shri Amit Kumar Jain, Treasurer, ICSI, Bhopal Chapter addressed the press and informed that instead of making sessions as lectures session, it would be interactive session where more emphasis would be given on participation by the audience and invited the curious learners on behalf of the institute to attend investor awareness programme.

PUNE CHAPTER

1. PRESS CONFERENCE ON JANUARY 29, 2010

Pune Chapter had organized press conference on January 29, 2010 at Pune. Around 15-20 media persons attended the conference. Sh. Vinayak Khanvalkar, President, ICSI address the conference and the same was covered in print media by almost all the leading newspapers having circulation in and around Pune.

2. FOUNDATION DAY PROGRAMME 2010

Pune Chapter of WIRC of ICSI celebrated its 37th Foundation Day on January 30, 2010 at S M Joshi Foundation Hall, Navi Peth, Pune. The programme was graced by the presence of Shri Anil Lakaswar, Dy. Labour Commissioner, Pune as the Chief Guest. The Program started with Ganesh Vandana and Deep Prajwalan at the hands of the Chief Guest, Shri Anil Lakaswar, Dy. Labour Commissioner, Pune and CS Vinayak Khanvalkar, President of the ICSI, CS Milind Kasodekar, Central Council Member of ICSI, and CS Shridhar Kulkarni, Chairman, Pune Chapter.

Pune Chapter felicitated CS Vinayak Khanvalkar for being elected as President of the Institute for the year 2010. The Chapter further felicitated CS Makarand Lele for being elected as Vice-Chairman of the Western India Regional Council for 2010.

The students who achieved ranks in the exams conducted by the Institute during 2009 were felicitated. The winners of the Sports Events held during January 2010 and the Authors of the Best Articles published in the monthly journal of Pune Chapter “Sanhita” during the year 2009 were also felicitated by the Chapter.
The Chief Guest addressed the gathering. CS Vinayak Khanvalker, President, ICSI also addressed the gathering.

The Foundation programme was attended by more than 200 persons, including the ICSI members and their family members, students and invitees. The members of Pune Chapter presented a skit by the name “Aath Khurhya Ani Kalokh” which was appreciated and enjoyed by all present. The Foundation Day programme was followed by Dinner.

3. MEETING OF SUB-COMMITTEES OF MANAGING COMMITTEE OF PUNE CHAPTER

Pune Chapter had organized meeting of Sub-committee members of Managing Committee of Pune Chapter on February 6, 2010. Around 35 members of various sub-committees (Student/Placement/IT/Finance/PR/Research/Programme/PCS Committee) attended the meeting. The Chairmen/ chairpersons of respective sub-committees had given the presentations on how they are going to function during their tenure and the ways and means to do it.

Meeting was followed by Dinner at Pune Chapter.

4. FREE LECTURE ON BASIC ACCOUNTING CONCEPTS

Pune Chapter of WIRC of ICSI had organized free lecture on ‘Basic Accounting Concepts’ on Sunday, February 7 and February 14, 2010, for CS Foundation and Executive Programme students from 8.00 a.m. to 12.00 noon. Around 70-80 students attended the same. CS Manoj Soni and Mrs. Chapekar, OTC faculties of Pune Chapter guided the students on the subject.

5. STUDENTS ORIENTATION PROGRAMME

Pune Chapter had organized Students’ Orientation Programme “A program of the students, for the students and by the students” on Sunday, February 14, 2010. Around 100-150 students attended the programme.

6. WORKSHOP ON CRITICAL ISSUES IN CORPORATE LAWS

Pune Chapter had organized 16th Residential Workshop on “Critical Issues in Corporate Laws’ on 19th and 20th February, 2010 at Mahableshwar. Dr. K. R. Chandratre and CS. Bipin Acharya were the Conveyors of this program. Around 60 members attended this two days’ workshop.
Dear Members,

Greetings!

Sub: Forthcoming Programs of ICSI-WIRC (April 2010)

ICSI-WIRC is organising the following programs in the months of April, 2010:

<table>
<thead>
<tr>
<th>SL.</th>
<th>DATE &amp; DAY</th>
<th>PROGRAM</th>
<th>TOPIC</th>
<th>VENUE</th>
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<tbody>
<tr>
<td>1</td>
<td>2nd &amp; 3rd</td>
<td>2-day Workshop</td>
<td>Broker's Audit and Due Diligence for Banks</td>
<td>Mumbai</td>
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<td></td>
<td>(Friday–Saturday)</td>
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<td>2</td>
<td>9th (Friday)</td>
<td>Study Circle (6-8 pm)</td>
<td>Annual Report</td>
<td>WIRO Premises</td>
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<td>3</td>
<td>10th (Saturday)</td>
<td>Study Circle (6-8 pm)</td>
<td>Discussion on Sections 297, 299, 301, 314 and related provisions of the Companies Act</td>
<td>Ghatkopar</td>
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<tr>
<td>4</td>
<td>11th (Sunday)</td>
<td>Study Circle (9.30-11.30 am)</td>
<td>Compliances on Listing Agreement</td>
<td>Andheri</td>
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<td>5</td>
<td>17th (Saturday)</td>
<td>Full Day Seminar</td>
<td>Appearance before SAT and Consent Orders / Compounding under SEBI Law</td>
<td>Mumbai</td>
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<td>6</td>
<td>18th (Sunday)</td>
<td>Full Day Seminar</td>
<td>Legislations in Offing (GST, DTC &amp; Companies Bill)</td>
<td>Ghatkopar</td>
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<td>7</td>
<td>23rd (Friday)</td>
<td>Study Circle (6-8 pm)</td>
<td>Areas of a Practising Company Secretary</td>
<td>WIRO Premises</td>
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<td>8</td>
<td>24th (Saturday)</td>
<td>Full Day Seminar jointly with Ahmedabad Chapter</td>
<td>Corporate Governance, Statutory Compliance &amp; Due Diligence</td>
<td>Ahmedabad</td>
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<tr>
<td>9</td>
<td>30th (Friday)</td>
<td>Half Day Seminar</td>
<td>Stamp Duty Law Aspects</td>
<td>Mumbai</td>
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Please attend in large number and take the benefit of professional development and interaction.

Annual PMS Members of WIRC can attend these programs free of cost (Two days programs at discounted fee; All other programs - free). If you are a member of PMS, kindly let us know if you or your representative will be attending the above program(s) to enable us to make necessary arrangements. If you have not yet taken the membership, please hurry up and take the benefit of series of programs being organized by ICSI-WIRC.

With Warm regards,

CS Vishvesh V Vachhrajani
Chairman, ICSI-WIRC

CS Mahavir Lunawat
Secretary, ICSI-WIRC

CS Ragini K. Chokshi (Ms.)
Chairperson, PDC, ICSI-WIRC
Vacancy

A Public Limited Company engaged in the Business of buying and selling of Kids wear apparels, shoes & associated accessories, Mumbai based, need a Company Secretary. The candidate should be a member of the Institute of Company Secretaries of India, preferably having and dealing with Registrar of Companies. Result oriented professionals with strong interpersonal skills and high level of commitment need only apply.

Interested Candidates may please apply to

Post Box No. 38917

The Institute of Company Secretaries of India
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13, Jolly Maker Chambers No. 2, 1st Floor,
Nariman Point, Mumbai-400 021.

Vacancy

Peepul Tree property private Ltd ("Company") is in the business of real estate development and owns and maintains an IT park (Office ITES) in Mumbai Maharastra.

The company requires a CS member from the Institute of Company Secretaries and preferably possessing an experience of 3-4 years.

Interested Candidate may apply within 15 days to

Peepul Tree properties Private Ltd

Box Number: 38918

The Institute of Company Secretaries of India
Western India Regional Council (WIRC)
13, Jolly Maker Chambers No. 2, 1st Floor,
Nariman Point, Mumbai-400 021.

WANTED
A COMPANY SECRETARY

A Private Limited Company in the manufacturing sector require a qualified company secretary having 1-2 years post qualification experience. Freshers who have obtained practical experience prior to qualifiying may also be considered on merits.

Interested candidates may apply within the next 15 days to

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> Deployed superior technology for continued operation during sun outage
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Two Days Gyan Yagna at Ahmedabad

WIRC organised Full Day Programme on Corporate Restructuring on 20th March, 2010 in Mumbai

L to R Shri V. V. Vachhrajani, Chairman, WIRC, Shri Mahavir Lunawat, Secretary, WIRC, Shri M. R. Prasanna Head Corporate Counsel, Aditya Birla, Shri Atul Mehta, Past Chairman, WIRC

Shri Mahavir Lunawat, Secretary, WIRC, Shri Sanjay Asher, Senior Partner, Crawford Bailley, Shri Ramesh Laxman, Consultant Valuation, Smt. Ragini Choksi, PDC Chairperson

Shri V. V. Vachhrajani, Chairman, Shri Mahavir Lunawat, Secretary, WIRC, Shri Keyoor Bakshi, Past President & President IFCS, Shri B. N. Shrikrishna, Justice of India (Retired)

Justice B. N. Shrikrishna, addressing the august gathering of Company Secretaries

Post Budget Analysis in Wirc on 4th March, 2010

Addressing Shri Mahavir Lunawat, L to R: Dr. Manjushree Ghodke, Chief Economist L & T, Shri S. N. Ananthasubramanian

Cross Section of Audience for Corporate Restructuring Programme
Views expressed by contributors are their own and the Institute/WIRC does not accept any responsibility.

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To

Space for Address