



Mysore Chapter

eNewsletter - 80

September 2010

Dream Premises ⁹
for Mysore Chapter



6
**Profitability
Vs
Compliance**



4
**FDI in
Retailing**

Words worth Millions...



The end-product of education should be a free creative man, who can battle against historical circumstances and adversities of nature.

Dr. Sarvepalli Radhakrishnan
(Sept 5th 1888 to April 17th 1975)

Teacher. President of India (1962 to 67)

-: Editorial Team :-

CS. Dattatri H M,
CS. Sarina C H,
CS. Omkar N G,
CS. Rashmi M R

Support Team:

CS. Harish B.N.,
CS. Ravishankar Kandhi,
CS. Abhishek Bharadwaj,
Kiran T

For past editions of eNewsletter:

<http://www.icsi.edu/mysore> or
<http://www.esnips.com/web/icsimysore>

Join 1000+ members' strong "CSMysore"
eParivaar at

<http://www.groups.google.com/group/csmysore>

For updates on news concerned with CS, send

SMS 'ON CS_GOVPRO' to 09870807070

Disclaimer:

Views and other contents expressed or provided by the contributors are their own and the Chapter does not accept any responsibility. The chapter is not in any way responsible for the result of any action taken on the basis of the contents published in this newsletter. All rights are reserved.

Message from Chairperson



Dear CS Fraternity,

Wishing you a Very Happy Vinayak Chaturthi!

By the time this goes for print, the fun and frolic of the festivities would be making way in to yet another session of exams.

The Mysore Chapter has had a successful season at national level competitions- winning the moot court, elocution, rank in the June 10 examination - the students have done us proud again!

As your Chapter is playing host to the Students' Regional Conference 2010, I urge the students to participate in large numbers.

The dream of the Mysore Chapter owning its premises is turning into a reality. We would hope that our Well Wishers and Patrons will stand steadfast by us and support us in funding the Building Project.
So Long.....

Yours in CS fraternity,

CS K. Sarina Chouta Harish

Inside.....

Activities at Mysore Chapter...3

Views on CSMysore – continued ... 8

Dream Premises for Mysore Chapter...9

Articles:

FDI in Retailing - dovetailing and detailing? ... 4

Profitability Vs Compliance ... 6

Company Deposits: Part 4 7

Columns:

Living Room: Follow your dreams...5

IT for professionals: Ultra Defrag...8

Web Yatra: Think Digit...8

Book Review: Letter to a student ...11

Spectrum Space...10

Legal Roundup ... 12

News Room...13



Independence Day Celebrated

Members and Students celebrated Independence Day in the Chapter Premises on 15th August 2010. CS Dattatri H. M. hoisted the Flag. Ms Kanchana sang patriotic song.

Mr. Charamana M. B, CS student, who had served in Indian Army and Mr. Kini, students voiced their views. CS.C. K. Sabareeshan, Past Chairman of the Mysore Chapter shared his vision and wisdom. CS Dattatri -Chief Guest -emphasized that at this movement India need quality Professionals who can connect India - Bharat Jodo!

CS K. Sarina Chouta Harish-Chairperson observed the importance of Indian Culture and Values and emphasized on the need to excel in interpersonal relationships.

Student Induction Program was held from 9th August, 2010 to 15th August, 2010. The Best Participant Award was jointly won by Mr. Amitabh Kumar Sinha & Mr. Nagesh N.H.

Study circle meetings were held on 1st, 8th, 15th, 22nd & 29th of August 2010 at the Chapter premises

Annual Sports Day



**Reporter: Shambhavi M,
Student - CS Executive Program , Mysore**



Personality development does not limit to academics but also involves learning life. Mysore Chapter has been creating opportunities to learn life along with academics through various programs like study circles, students day - Umang, sports day, tours, career counseling etc.

On 29th Aug, 2010 Chapter had conducted sports day! CS Sarina Chota Harish - Chairperson and Mr. Prakash, CA & CS qualified, inaugurated the day. Cricket, shuttle, running race and indoor games like chess, carom and fun games like treasure hunt, musical chair and folk games like "Lagori" etc were organized. Number of students participated in all the events irrespective of their age group. At noon participants tasted delicious lunch in the Chapter premises.

Though there was heavy rain during the day, it could not ruin the sports day. Running race turned into "Raining race". Mr. Mohan, advocate, joined for valedictory along with other members. Chapter Secretary CS Kamal Kumar distributed the prizes to the winners. Participants learnt many valuable things, met with new students, members. Sports Day 2010 made the participants eagerly await for next sports day!

Breaking News

The long awaited dream of Mysore Chapter to have its own premises is realizing soon. On 26th September 2010 'Shilanyaas' (Ceremony of putting foundation stone) is organised. CS. Vinayak S. Khanvalkar, President, ICSI, CS. Jagannatham Puttaparthi, Chairman, SIRC of ICSI and CS. N.K. Jain, Secretary & CEO, ICSI have kindly consented to grace the occasion.



Free update for the Book "**Only This Much -CS Executive Program**" is now available at:
<http://www.scribd.com/doc/35839611/Download-Only-This-Much-for-Company-Secretary-CS-Executive-Programme-Book-Updates-Amendments-to-Company-Economic-Labour-Securities-law-2010>)

FDI in Retailing - dovetailing and detailing?



K Vijayshyam Acharya, B Com, LLB, ACS, CA, Bangalore
vijayshyam.acharya@himatsingka.com

The 'sunrise' retail sector in India has, for the past few years, been a major attraction for foreign players who are apprehensive about reportedly 'sunset' business conditions in their local markets. Many foreign retails would have pumped in huge money into retailing in India by now, but for regulations which prohibit FDI in multi brand retail.



At the policy level, the whole idea is to protect the livelihood of small Indian retailers (and farmers) who might get washed away if the floodgates of FDI are opened. However, admitted or not, attempts and deliberations to dole out FDI in retail have been in the offing. Creative ways and means are being attempted to somehow catch a share of the bulging wallet of the aspiring Indian retail consumer; and the Department of Industrial Promotion and Policy (DIPP) or other regulatory agencies are trying to counter such moves.

For instance, since India allows foreigners to own 100% in companies carrying out wholesale trade, foreign retailers are entering into Joint Ventures (JV), Special Purpose Vehicles (SPV) or other such structures with Indian partners - primarily for wholesale trading, also known as Cash & Carry (C&C). While the resultant C&C entity would engage in wholesale trade, front end retail entities wholly owned by the Indian partner could be floated to become customers of such C&C entities. Can it be said that the Indian partner is but an extended arm of the foreign entity, thereby implying indirect entry of the foreign retailer into Indian retail? Variations of this could be multi-layered arrangements such that the foreign C&C entity provides inputs regarding supply chain, logistics, Information Technology, inventory control, infrastructure management and the like for which the Indian partner pays nominal fees. The Indian partner is to source merchandise from such foreign C&C. To checkmate these alleged convenience arrangements, new rules required that sales to 'group companies' should not exceed 25% of a C&C company's turnover and should only be for 'internal use', that is, not for further sale by such group companies.

Thus, if the intention of setting up the locally owned Indian retail entity is merely to act as a conduit for the foreign C&C entity, the same could be thwarted.

It is understood that the Consumer Affairs Ministry and a Parliamentary Committee earlier expressed apprehension that 100% FDI in wholesale trade, by itself, could give foreign retailers a foothold in the domestic retail market in the garb of wholesale. Also, there are allegations

that these C&C entities are, either due to inadvertence or otherwise, selling small quantities to end user customers, which in effect amounts to retail.

To counter this, the Rules now provide that C&C companies maintain elaborate records of daily sales indicating details like the buyer's name, VAT / Service Tax/ Excise registration number, retail license, society or trust registration details and the amount of sale.

Another opinion being expressed is that the main threat to small retailers is the predatory pricing expected from organized large scale retail as such, irrespective of whether such strong arm deep

pocket retailers are foreign or Indian.

Apparently, what is sought is a situation where the perceived benefits of FDI are exploited by the retail sector and the end consumer without the probable threats which come along. In principle, a phased roll out of FDI in retail has been suggested to reduce the feared impact. Accordingly, FDI up to 51 per cent has been permitted in single-brand retail since 2006. Further attempts are continuously taking place. For instance, recently a perplexing correlation was proposed as a justification - FDI in food retail will bring down inflation.

DIPP, under the aegis of the Commerce Ministry, floated a consultation paper seeking various stakeholders' views on whether to allow FDI in multi-brand retail. Following were some of the interesting inputs:

Though FDI in multi-brand retail is currently not allowed, creative ways and means are being attempted. DIPP has floated a consultation paper, seeking views on allowing FDI in multi-brand retail. If at all to be allowed, it shall be on a phased manner, so that lessons are learnt and corrective actions taken before it is too late.

- a) a model law should first be put in place at the state-level to protect small businesses.
- b) Multi-brand retail should be permitted with a cap of 49 per cent.
- c) if FDI is allowed in multi-brand retail, a major chunk of the investment should be spent on back-end infrastructure, logistics and agro-processing.
- d) small retailers should be encouraged to become franchises of multi-brand retailers so that they have access to logistics/supply chain set up by FDI-funded retailers.
- e) Other regulations like the Essential Commodities Act should be applicable to multi-brand retail also.
- f) DIPP should consult with the state governments before allowing FDI in the multi-brand retail business.

The success of such a framework to balance the interests of large retail houses and small time retailers is yet to be tested. But near comparable historical data does raise concerns about the effectiveness of these proposals. Has the Agriculture Produce Marketing Committee (APMC) model afforded adequate solution to the problems of farmers? Do we have successful dispute resolution mechanisms? How will it be ensured that the FDI is flowing towards value enhancing purposes such as infrastructure, logistics, cold storage and the like and not

merely into customer pull activities like marketing and brand promotion? How will a small retailer or a franchisee of a large retail house be protected from hard bargaining and price squeeze in the event of cartelization by the latter? How will the Centre and the States co-ordinate conflict issues if any? How is a producer of agricultural or food products protected from a large retailer who may impose unfavourable terms due to sheer advantage of size?

More importantly, why is it that over the years, the same level of attention was not focused on branding Indian produce and exploiting the overseas end consumer who, whether during recession or otherwise, could be a bigger consumer?

For obvious reasons, managing perceptions seems to have stolen all attention for the time being. Objectivity is the key here. The intention should be to find a comprehensive solution which protects and promotes the interests of all concerned. At the cost of repetition, a phased roll out of FDI in Indian retail will be of utmost importance, so that the lessons are learnt by trial and error before correction becomes impossible.

LIVING ROOM

Follow your dreams

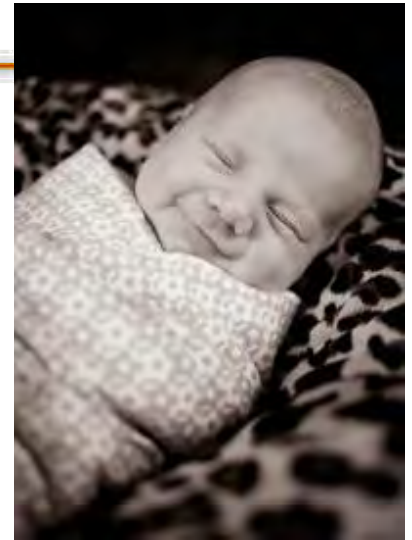
There were once 2 brothers who lived on the 80th floor. On coming home one day, they realized to their dismay that the lifts were not working and that they have to climb the stairs home.

After struggling to the 20th level, panting and tired, they decided to abandon their bags and come back for them the next day. They left their bags then and climbed on. When they have struggled to the 40th level, the younger brother started to grumble and both of them began to quarrel. They continued to climb the flights of steps, quarreling all the way to the 60th floor.

They then realized that they have only 20 levels more to climb and decided to stop quarreling and continue climbing in peace. They silently climbed on and reached their home at long last. Each stood calmly before the door and waited for the other to open the door. And they realized that the key was in their bag which was left on the 20th floor.

Many of us live under the expectations of our parents, teachers and friends when young. We seldom get to do the things that we really like and love and are under so much pressure and stress so that by the age of 20, we get tired and decided to dump this load. By the time we reach 40 years old, we start to lose our vision and dreams. We began to feel unsatisfied and start to complain and criticize. We live life as a misery as we are never satisfied. Reaching 60, we realize that we have little left for complaining anymore, and we began to walk the final episode in peace and calmness only to realize that we could not rest in peace because we have an unfulfilled dream a dream we abandoned 60 years ago.

So what is your dream? Follow your dreams, so that you will not live with regrets.



Profitability Compliance



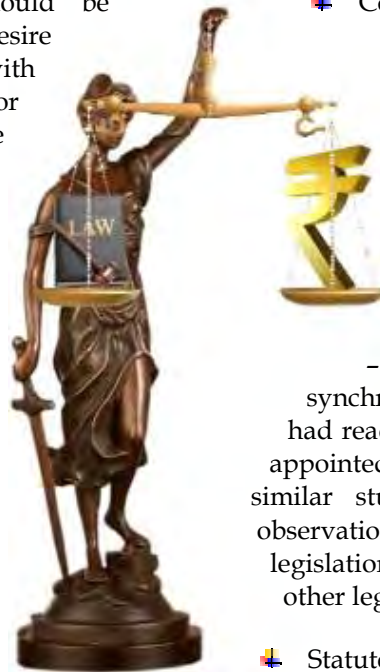
CS. Dattatri H M, B Com, LLB, ACS, PGD IBL
AGM-Legal & CS, Essilor India, Bangalore

Ideally, the title for this write up should be **"Profitability with Compliance"**. It is our desire and motto to achieve optimum profitability with absolute compliance in letter and in spirit. For achieving this motto, it is essential that we know the ground reality and work on improving it.

Whether it is possible to achieve absolute compliance? Many professionals who in fact strong followers of this dream are still of the opinion that "it is not possible". But why not?

Some of the major obstacles as perceived by many of us are:

- ✦ Age old laws demanding certain compliances which were relevant only when the particular law was framed;
- ✦ Certain provisions that does not add any practical value to the intended beneficiaries - for example Section 297 of the Companies Act 1956. Whether MCA is equipped to verify the pricings and other allied factors pertaining to commercial transactions between two companies? Fundamentally is this provision required - where - under valuation and over valuations are examined and regulated by Customs and Income Tax departments? Why do we need another agency for the same work?
- ✦ The bureaucracy at certain levels that discourages compliance for its own ulterior motive, added with ill trained enforcement mechanism.
- ✦ Even in many business houses and corporate organisations, one who talks about compliance is looked down as anti-business, simply because legal system is seen as a hurdle and not facilitator for the business.



- ✦ Cost of compliance being higher than the cost of non-compliances, 'buying' compliances makes 'more business sense';

So, what could be the remedy?

- ✦ The law maker shall revisit all statutes relating to business and labour - ascertaining what is required and what is not required - simplifying and making different statutes synchronize with each other. Few years ago I had read a news item. It was about a commission appointed by central government had conducted similar study and came out with one of the observation that out of approximately 13000 legislations, only about 5000 are relevant and all other legislations shall be repealed.
- ✦ Statutes shall keep control on only few key aspects and create more space and freedom for business to sustain, perform and grow.
- ✦ Professionals shall support the initiatives by collectively moving against corruption and by creating more awareness on need of compliances among business houses.
- ✦ Rather than having quasi judicial bodies with bureaucrats taking the seat of judges, establish special courts on taxation and regulation matters. This will avoid deciding issues blindly in favour of departments and pushing the assessee to Supreme Court.
- ✦ Abolish concepts line "Unjust Enrichment" which is killing the spirit of fighting against the unjust imposition of taxes.

For achieving "Profitability with Compliance", it is essential that we know the ground reality and work on improving it. There are many factors that have remained as obstacles in achieving this target.

Hopes are on professionals to make a difference.

Given with the live example of new Companies Bill taking decades to form an 'Act', many feel that there is no hope. However life goes on because of optimism and it evolves and transforms with the actions of each one of us.



Legal Provisions Governing Company Deposits

[Continued from previous edition]

CA. Kamlesh C. Agrawal B.Com; LL.B; FCA
Allahabad, kccagarwal44@yahoo.co.in



(K) Deposit accepted in contravention of the Rules shall be repaid to depositor within 30 days from the date of its acceptance or within such further period as may be allowed by the Central Government.

(L) Furnishing of receipt to depositor is mandatory within 8 weeks of receipt or renewal with particulars like date of deposit, name and address of depositor, amount of deposit, Deposit scheme, maturity date and amount, rate of interest, signed by a duly authorized officer of the company.

(M) Fixed Deposit Register to be maintained at its registered office with complete particulars of deposits. The register shall be preserved for 8 years from the year in which last entry was made in it.

(N) Maintenance of liquid assets: Every company shall within 30th Day of April shall deposit or invest a sum not less than 15% of its deposits maturing within ensuing 31st March, in a Scheduled Bank or in Central or State Government unencumbered Security. Such amount shall not be used for any purpose other than repayment of deposit. At no point of time such amount of deposit or investment shall fall below 10% of maturing deposit.

(O) Return of deposits shall be filed with Registrar on or before 30th day of June, of every year furnishing the relevant information as on 31st March of that year and certified by the Statutory Auditor of the company. A copy of this return shall simultaneously be furnished to RBI.

(P) Pre-mature payment of deposit: The Company may make premature payment after 6 months from the date of its acceptance, by reducing the rate of interest by one percent. However, no such reduction shall be made where the pre-mature payment is made to a naval, military or air force person or to his family during the emergency declared under Article 352 of the Constitution of India.

(Q) Unclaimed Deposit: If the deposit remains unclaimed and unpaid for a period of 7 years, from the date when the same fell due for repayment, it shall be transferred to Investor's Education and Protection Fund. After that, it cannot be claimed by depositor under any circumstances. (Sec. 205C of The Companies Act, 1956).

(R) Acceptance of Deposit by a Small Scale Industry: Section 58A shall not be applicable, provided:

- (i) Paid-up capital of the company is not more than ₹ 25 lakhs.
- (ii) Investment in Plant and Machinery is up to ₹ 60 lakhs.
- (iii) Company shall not make any invitation for any deposit.
- (iv) Company shall not accept deposit from more than 100 persons.
- (v) Company can raise deposit equal to its paid-up capital or ₹ 20 lakhs whichever is low [GSR No. 73 (E) Dt. 02-02-1996].

An SSI being a Pvt Ltd Company, even if fulfills above conditions, can not accept deposit from public in view of restrictive provisions of section 3(1)(iii)(d) of the Companies Act, 1956.

(S) Small Depositors: A small depositor is one, who deposits in the company an amount not exceeding Rs. 20,000/-, in one financial year. If a company fails to repay deposit or interest to a small depositor on the due date, either wholly or partly, it shall intimate within 60 days, from the due date, the name and address of such small depositors, their unpaid principal and interest amounts to the National Company Law Tribunal. On receipt of such intimation the NCLT may pass necessary orders.

Further such company shall furnish the detail of such default in all its future advertisements soliciting deposit from public. A company holding small deposits, if, subsequently, obtains any loan from bank for working capital requirement, it shall first utilize the same for repayment of small deposits and interest there on.

(T) No relief to sick companies under BIFR from payment of public deposit: The demand for repayment of deposit by a depositor can not be construed as a suit for recovery of money under The Sick Industrial Companies Act, 1985.

Sachar Committee Report: Government of India, in June 1977, constituted a High Powered committee, headed by Mr. Justice Rajinder Sachar, to make recommendations to streamline, strengthen and reform Company law. The Sachar Committee Report is perceived by many as a milestone in the history of Indian Company Law. Barring a few, recommendations of the committee were implemented from time to time. Surprisingly, one very important recommendation that where a company fails to repay deposit on maturity, the company and its officers in default shall be penalized, was never adopted. Companies Bill 2009 has made proposal to implement this.

[to be continued...]



Our day to-day activities, file creations, copy paste etc., keep clogging the hard disk and it has to be defragged from time to time.

Over a period of time, we keep modifying the files and that causes different parts of a file to be stored at different places on the hard disk. If the same process continues, accessing the files will become very slow complementing the already slow PC. Wikipedia defines defragmentation as follows: "In the context of administering computer systems, defragmentation is a process that reduces the amount of fragmentation in file systems". And therefore by rule it is a good practice to defrag the hard disk from time to time. Even though windows comes with a defrag tool, it is a good idea to download a free tool "Ultradefrag" which comes with a host of cool facilities. The main goal of the application is to perform the task fast and make it more reliable.

Ultra defrag can optimize files that are locked by windows when it is running during the boot time. Since defrag process takes long time, one can configure Ultradefrag to shutdown the PC, once the defragmentation is done. You can select a single file or a folder to get it defragged. Since the application supports almost all windows versions, it is an ideal tool for everyone to keep the PC fast. [Download it from: http://ultradefrag.sourceforge.net/](http://ultradefrag.sourceforge.net/)

Web Yatra



Pavan Kumar MS,
Student CS Professional Program, Mysore



This month let us tour the world of technology with www.thinkdigit.com This site provides information and latest updates on latest technology.

Site emphasizes on advanced versions of the application Software, Hardware, Laptops, etc., apart from other electronic products. This site is developed by Nine Dot Nine Mediaworx Pvt Ltd. Site mainly deals with News which gives more information on the upcoming technology and articles posted by the Technocrats. A talk by the experts provides us an opportunity to know more about the particular Application. Tips and Tricks option enables us to effective utilization of the advanced versions of the application software. Further, site provides information on the events, Technology Fests held across the Country.

We can subscribe monthly newsletter from Thinkdigit, participate in Quiz and win attractive prizes. Site offers online shopping facility also. **Tech Kranti** is a platform in the site to share ideas, big or small, that you feel will change the destiny of India for the good.

"CSMysore: 3 years young, 1000 members strong"

[Views continued from previous edition]

Sharing of Knowledge improves the professionalism. CS Mysore is acting as facilitator, educator, trainer and a premier group for professionals who want to improve their professionalism by sharing their knowledge. Not only the Company Secretaries but also other professionals like Chartered Accountants, Cost Accountants and Advocates are getting the benefits from the forum. The main advantage in the forum is quick solutions for the queries.

In order to accelerate the growth, forum needs more and more support from the experienced professionals who can respond to the queries that are remaining unanswered or insufficiently answered Let's move ahead to grow together - "Winners never quit, quitters never win"

Pamarty Venkataramana

Advocate,
Supreme Court of India,
New Delhi.

Please accept my heartiest congratulations on the milestone of successful co-existence, exchange of ideas and happy interaction as learned friends. Although I hardly get the desired time to glean through every one of the wise points and useful suggestions in here, I try and make it a point to respond to wherever I feel my participation would add value. Profession is a jealous mistress but we are more zealous to gain and share useful knowledge.



CS. Parameshwar Bhat,
B.Com,LLB,ML,ACS,(MBA)
Bangalore

Dream premises for Mysore Chapter!

An interview with

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



CS. Omkar Nagesh Gayatri
B.Com, LLB, ACS, PGDHRM & DISM
AT&S India Pvt Ltd, Nanjangud



What made the chapter to think of having own premises?

It is the exponential growth of the Chapter in recent years that has made having own premises 'a necessity'. In the earlier years we had to pass through a tough journey as we could not afford a separate office. It was only in 2002 that the Chapter moved to separate rented premises.

Can you please explain "exponential growth"?

We have been relentlessly putting efforts in spreading the importance of CS course among students and industries through various means and methods, like Direct and Surrogate media publicity, Career Guidance Programs,

Building Committee:

CS. Anshuman A.S., Chairman
CS. Srilatha T.G., Secretary
CS. D.D. Bhat, Member
CA. Ebby Eapen, Member
One nominee each from Central Council and Regional Council

Appointment of Counselors etc. In 2010, we had 600 new students registrations compared to 83 in 2006. We have more than 1600 students on our roll now which is expected to double in the next 3 years.

We organize more than 100 programs

each year covering varying ranges of professional subjects and topics from Information Technology Act to Arbitration & Conciliation, Patents, Industrial Laws etc. We encourage multi-skill development of its students by conducting different competitions on a weekly basis. Students are given hands on training in organizing seminars and presentations. We are also conducting Study Circle Meetings on all Sundays for more than a decade. Our students have been consistently winning the national level competitions since 2007. Since June 2009, 4 of our students have secured ranks in the examinations.

What advantages own premises may bring in?

At present, the existing facilities of the Chapter are bursting at the seams. The Chapter needs more space for Class Rooms, reading rooms, Storage, Study Circles and

programs. With our building in place, we will be able to provide much better service to our members and students. If we move to our own premises, we will be able to project better corporate and professional image for our Chapter. Holding of programs will also be much more cost effective for the Chapter.

What is planned in the blue print of the building?

It is proposed to construct a three storied building which should be a landmark building befitting the image of the Institute. The site is located on the road leading to the famous Brindavan Gardens. We propose to have a Library, Board Room, Two Class Rooms, Auditorium and other utilities. Sufficient area for future expansion is also earmarked.

What is the budget for the project?

We have acquired the land for a sum of Rs. 22.50 lakhs. We estimate that the building and furnishing will cost us about Rs. 50 lakhs.

On 26th September 2010 'Shilanyaas' (Ceremony of putting foundation stone) is organised. CS. Vinayak S. Khanvalkar, President, ICSI, CS. Jagannatham Puttaparthi, Chairman, SIRC of ICSI and CS. N.K. Jain, Secretary & CEO, ICSI have kindly consented to grace the occasion.

Will you be able to generate the funds?

We have generated Rs. 22.50 lakhs by way of program surplus, donations etc. in last 3-4 years which has now been invested for the site. The head office has sanctioned us grant/loan of Rs.21 lakhs. We are hopeful of generating the remaining amount by way of contributions from members, corporates and well wishers.

How do you propose to execute the project?

We have obtained a detailed estimate from The Design Company, Architects of repute in Mysore. Based on the drawing submitted by the architects, estimates will be invited from reputed builders of Mysore before awarding the contract to the best bidder after following due procedure.

The building committee will be personally supervising the construction and ensure that quality is maintained.

We would like to complete the project by 31st March, 2011.



Compilation:
CS. Ravishankar Kandhi,
Bangalore



Learners' Corner

Can Pvt Ltd Cos issue Debentures?

Yes, they can, provided such debentures are Secured Debentures. Secured debentures are those where an equitable mortgage of the immovable property of the company will be created as a security to the issue of debentures.

The other provisions need to be considered during issue of Debentures are the Companies (Acceptance of Deposit) Rules, 1975. These rules states that "any amount raised by issue of debentures (including convertible debentures) secured by the mortgage of any immovable property of the company and the market value of such immovable property secured is higher than the amount of debentures issued" then such issue is not considered as a deposit. Also, under Section 3(1)(iii)(d) of the Act, a Private Company is prohibited from accepting Deposit from persons other than its Directors, Members and their relatives. Hence, the private limited company can issue only secured debentures.

The attributes of a debenture issued by private limited company are -

- ✚ A movable property.
- ✚ Issued by the company in the form of a certificate of indebtedness.
- ✚ It generally specifies the date of redemption, repayment of principal and interest on specified dates.
- ✚ Needs to create a charge on the assets of the company.

The debentures issued under the Companies Act, 1956 does not carry any voting rights.

Indian Council of World Affairs

The Indian Council of World Affairs (ICWA) was established in 1943 by a group of Indian intellectuals as a think tank. It was registered as a non-official, non-political and non-profit organisation under the Registration of Societies Act 1860. By an Act of Parliament in 2001, the Indian Council of World Affairs has been declared an institution of national importance. The Vice President of India is the ex-officio President of ICWA.

NFCG

National Foundation for Corporate Governance



With the goal of promoting better corporate governance practices in India, the Ministry of Corporate Affairs, Government of India, has set up NFCG in partnership with Confederation of Indian Industry (CII), Institute of Company Secretaries of India (ICSI) and Institute of Chartered Accountants of India (ICAI). The vision of NFCG to be a catalyst in making India the best in corporate governance practices.

Book Review



Ms. Lakshmi .K.S

CS Executive Student, Mysore



Having dreams is not enough! Translating them into reality is important. It is a universal fact that hard work with conviction leads to great success.

The book "A letter to a Student" by Swami Purushottamananda is an evergreen study which helps a student to develop an individual personality, power of knowledge, win battles, attain goal, etc. This book throws a light on the area where every student will come across in the course of his/her student life. The book encourages the readers to take up competition and face any situation very confidently. I wish everyone should read this book and hold as sacred as Bhagavath Geetha.

I strongly believe that knowledge is the source of everything in this world and this esteemed book is a great store house of knowledge. This book is available with Ramakrishna Ashram at a highly subsidized price.



- ⊙ CS. Abhishek Bharadwaj, Bangalore
- ⊙ CS. Parvati K R, Mysore
- ⊙ V. Sasikumar & D. Saravanan, Chennai and
- ⊙ CA. Ashit Shah, Pune

Central Excise Notifications/Circulars

CBEC clarified that valuation of goods cleared from an EOU for sale in DTA, when actual sale transaction does not take place at the time of clearance but on a subsequent date need to be determined in terms of section 14 of the Customs Act, 1962, read with Customs Valuation Rules (Determination of Price of Imported Goods), 2007.

Circular No 933 /23 /2010-CX

Customs Notifications/Circulars

CBDT declares customs airports at Delhi and Sahar, Mumbai (Bombay) to be the customs airports for the purpose of Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010

Notification No.80 / 2010-Customs (N.T.)

The CG, exempts imported raw hides and skins and semi-processed leathers falling under Heading No. 14 of the Second Schedule to the Customs Tariff Act, 1975 (51 of 1975), when exported out of India from a bonded warehouse where it has been kept after importation.

Notification No. 88/2010-Customs

CBEC has extended ACP Programme to Export Houses / Trading Houses - Regarding.

Circular No.29 / 2010-Customs

Foreign Trade Policy Notifications/ Circulars

Government notifies the Foreign Trade Policy, 2009-2014 incorporating the Annual Supplement as updated on 23rd August 10

DGFT Notification No.1

Service Tax Notifications/ Circulars

If the provision of service commenced before 01.06.2007 but no payment of service tax was made till the taxpayer opted for the composition scheme after its coming into effect from 1.06.2007, such contracts would be eligible for opting of the composition scheme.

Circular No.128/10/2010 dated 24/08/ 2010

Where there is no relationship between the provider of donation/grant and the trainee other than universal humanitarian interest. In such a situation, service tax is not livable since the donation or grant-in-aid is not linked to specific trainee or training.

*Circular
No.127/09/2010 -
ST dt 16/08/10*

Service tax liability does not arise on Underwriting Fee or Underwriting Commission received by the Primary Dealers during the course of the dealing in Government Securities.

Circular No.126/08/2010 - ST

FEMA & SEBI

The rate of interest on the Floating Rate Bonds, 2013 (FRB, 2013) applicable for the year (September 10, 2010 to September 9, 2011) shall be 6.91 per cent per annum.

RBI Press Release : 2010-2011/366

Uniformity in penal interest payable by banks for delays in credit / return of NEFT / NECS / ECS transactions

*RBI/2010-11/188 DPSS (CO) EPPD No. 477/
04.03.01 / 2010-11*

Dishonour / Return of Cheques - Need to Mention the 'Date of Return' in the Cheque Return Memo

*RBI/2010-11/190 DPSS.CO.CHD.No. 485 /
03.06.01 / 2010-11*

SEBI Clarified that it has decided to modify the terminology „Secretarial Audit as mentioned in the circular No. D&CC/FITTC/Cir- 16/2002 dated December 31, 2002 to „Reconciliation of Share Capital Audit . SEBI Circular No. D&CC/FITTC/Cir-16/2002 Dt Dec 31, 2002

CIR/MRD/DP/ 30 /2010

The securities of all companies shall be traded in the normal segment of the exchange if and only if, the company has achieved at least 50% of non-promoters holding in dematerialized form by October 31st 2010

SEBI/Cir/ISD/ 1 /2010 dtd. September 2, 2010

The Exim Bank has concluded an Agreement with the Government of Suriname making available to the latter, a LOC of USD 5.763 million (for financing eligible goods and services, including consultancy services, from India for the purpose of purchase of helicopters from Hindustan Aeronautics Limited.

RBI/2010-11/181 A.P. (DIR Series) Cir No.09

NBFCs and RNBCs are advised to strictly follow the amended provisions of PMLA Rules and ensure meticulous compliance to these Rules.

*RBI/2010-11/183
DNBS(PD)CC.No.198/03.10.42/2010-11*

SEBI registered brokers who provide Internet Based shall be eligible to provide securities trading using wireless technology

CIR/MRD/DP/ 25/2010

SEBI has permit Smart Order Routing in Indian Securities Market.

CIR/MRD/DP/26/2010

RBI clarified that applications, under the approval route, for buyback of FCCBs until June 30, 2011, subject to the issuers complying with all the terms and conditions of buyback/ prepayment of FCCBs, as mentioned in the A.P. (DIR Series) Circular No.39 dated December 08, 2008 and A.P. (DIR Series) Circular No.65 dated April 28, 2009.

RBI/2010-11/158 A.P. (DIR Series) Cir No.07

NBFCs may participate in the designated currency futures exchanges recognized by SEBI as clients, subject to RBI (Foreign Exchange Department) guidelines in the matter, only for the purpose of hedging their underlying forex exposures.

*RBI/2010-11 /164
DNBS (PD) CC No. 195 / 03.10.001/ 2010-11*

Others Notifications/Circulars:

MCA -EES - In 100% Gov Company where no Board is in existence, an officer not below the rank of Deputy Secretary of the concerned Administrative Ministry may be authorized to sign Form EES, 2010 and Annexures before filing

General Circular No.3/2010

Central Government has made the rules to amend the Clean Energy Cess Rules, 2010. In exercise of the powers conferred by Section 84 of the Finance Act, 2010 (14 of 2010)

Notification No. 07/2010

Case Law

Agreement between the shareholders of a public limited company relating to restrictions on share transfer (Right of first refusal) is valid agreement and not violative of Sec. 111A of the Companies Act, 1956. It is not mandatory that the company is party to agreements restricting such transfers or the same be incorporated in the articles of association of the Company.

Bombay HC Holdings Limited v. Shyam Madanmohan Ruia and other



Japan unhappy with Canada's Green Energy Plan

Japan has filed a complaint with the World Trade Organization over Ontario's green energy plan. Tokyo charges that the Canadian province's plan pressures producers of clean energy to have local content by providing incentives for purchases of hardware from Ontario-based firms.

MPs concerned over threat from China

Concern was voiced in Parliament on August 20, 2010 over the growing military threat from China in the wake of reports that it has moved longer range missiles close to Indian borders. MPs talked about the growing disparity in defence preparedness between the two countries.

The Chinese naval expansion, threat to Vietnam and India

Extracts from the Article written by Mr B Raman at <http://www.indiandefencereview.com>

China's ambivalence on the question of action against North Korea for allegedly sinking a South Korean naval ship in March and its strong statements in recent months on its rights in the South China Sea and its determination to play what Beijing looks upon as its rightful role in the Western Pacific have raised concerns across the globe.

Concerns over the ambivalent policies of China in this region and over the implications of the increasing maritime assertiveness of the Chinese Navy were voiced by two dignitaries of the Obama Administration, who recently visited New Delhi and Hanoi, thereby hinting that there was a triangular convergence of these concerns in the US, India and Vietnam.

US bogs down Doha Talks

The US demand for enhanced access to Chinese, Indian and Brazilian markets, while at the same time stepping up protective trade measures, has further mired the already stalled Doha trade negotiations, trade diplomats said. "The US can't achieve gains without making further concessions," said the Indian Commerce Secretary Rahul.

However, in sharp contrast to its increasingly protectionist attitude, the US administration has adopted an aggressive stance in the Doha trade negotiations to pry open markets in India, China, and Brazil for its agriculture products, industrial goods and services.

Moscow, Washington may agree on Russia's WTO entry by Oct 1

Moscow and Washington may agree on earlier unsolved bilateral issues regarding Russia's entry to the World Trade Organization (WTO) before the end of the month, US Under Secretary for Political Affairs William Burns told the Interfax news agency Sunday. Burns said that now Russia is as close to the WTO's entry as never before. He added that US President Barack Obama regards helping Russia in entering the WTO as one of the priorities in the US-Russia relations.

EU likely to offer trade-linked aid to Pakistan

Diplomatic sources have said that Europe is likely to offer trade-linked aid to Pakistan in the wake of the devastation caused by floods and rising terrorism in the country at an EU summit in September 2010. According to an EU source, the list of product areas qualifying for exemptions was drawn up, aiming to provide about 25 million euros of annual benefits to Pakistan. However, a European association of textile producers (Euratex) resisted to the idea of preferential treatment to Pakistan.

Japan and India to sign free trade agreement

The proposed agreement is expected to scrap tariffs on 94 percent of traded goods. Foreign ministry official for Japan Norifumi Kondo said on Thursday that tariffs would be reduced over 10 years.

Tokyo has asked New Delhi to cut tariffs on Japanese vehicles, while India asked Japan to import more generic drugs and expand job opportunities in Japan for Indian workers. Japan's exports to India - mainly vehicles and electronic goods - totaled \$7.8 billion in the fiscal year ended March 2010. Japan's imports from India, which include oil, steel and jewelry, were worth \$4.7 billion, according to the ministry.

Asean seeks harmonized tariff system with free trade partners

Harmonizing the tariff nomenclature will have a significant impact on trade facilitation and put the region closer to trade integration. The new system will be based on AHTN (Asean Harmonized Tariff Nomenclature) which functions as the uniform tariff nomenclature of the region and also serves as the base for preferential tariff purposes in Asean free trade agreements.