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**EDITORIAL**

**DUMMYARTICLED TRAINING –  
ICAITAKESATOUGHSTAND**



CA VINOD JAIN\*

The profession of Chartered Accountants has been facing an impending threat to its quality from a significant section of students, who are keen to opt for dummy practical training. These students have been concentrating on undertaking graduation and other full time courses along with CA practical training, thereby diluting their attention on practical training with Chartered Accountants firms. A good number of Articled

Assistants go in for detailed and long coaching classes in respect of CA curriculum from private teaching institutions, thereby ignoring the most inevitable part of the course curriculum – that is – the training.

Practical training of 3 years has been a backbone of success of Chartered Accountants and has been providing qualified professionals a great strength in their practical life and empowers them during the training period, to face all kinds of challenges in future. In view of the importance of practical training and the menace of dummy training, the Council of the Institute of Chartered Accountants of India had recently taken some significant initiatives, which include:

- No Chartered Accountant to engage as a teacher with any coaching activity between 9.30 A.M. to 5.30 P.M.
- **CA students directed not to undertake coaching classes between 9.30 A.M. to 5.30 P.M.**
- CA students and principals providing training mandated to file yearly declaration that the trainee is regularly attending and his college hours do not clash with the article timings and no coaching is undertaken by him between 9.30 A.M. and 5.30 P.M.
- **No student to undertake graduation or any other courses between 10.30 A.M. and 5.30 P.M.**
- Even to undertake graduation beyond the aforesaid timings a specific permission of Institute would be necessary

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**IPO: A DILEMMA OF FREE PRICING-  
MARKET HIT BACK GREED**

The recent development in the primary capital market in respect of free pricing of Initial Public Offer has awakened and made jittery all the policy makers, qualified institutional investors, regulators and more importantly the capital market participants and investors.

The Reliance Power IPO, one of the largest Initial Public Offerings was offered to public in January 2008 with price tag of Rs. 450 per share for institutional investors and Rs. 430 per share for retail investors. This company has a number of projects planned by them whereas actual projects running or already implemented, there are none to mention. There is no material earning per share and even after considering such a large public issue, the book value per share would be about 1/10<sup>th</sup> of the issue price. In the absence of existing track record of earnings and in the absence of existing operations or any major assets, the justification based on which the Merchant Banker arrived at public offer price is incomprehensible. The issue was substantially oversubscribed in view of established and strong track record of the promoter and the buoyant capital market. On first day of listing itself the share closed at a price of Rs.372 thereby causing loss to investors. Above all serious question come up into mind – whether the IPO Pricing Policy and Regulations in are marred by aberrations?

In the meanwhile due to several reasons including disturbance in US economy as well as liquidity tightness in the Indian financial market, the capital market witnessed another major fall in the 2<sup>nd</sup> half of January, 2008 and 1<sup>st</sup> half of February, 2008. In the same backdrop, the IPO of EMMAAR MGF Real Estate and Wolkhard Hospital also approached the market but had to make a hasty retreat by recalling their issues in view of poor response from the market. **The market rejected high priced issues devoid of convincing track record or prospects.**

The pricing of public issue made by the companies, for several decades had been regulated through the approvals by Controller of Capital Issues, which used to arrive at the proposed price for initial public offering or other public issues on the basis of specific formula based on actual performance of the

Contd. ....3



### 1.0 EASIER INVESTMENT RULES FOR INSURANCE COMPANIES LIKELY

Insurance companies are all set to get the freedom to invest more in the equity and debt markets following a comprehensive overhaul of the investment regulation norms.

According to the recommendations of the Investment Advisory Committee, insurance companies will be given more freedom in deciding the discretionary investments. These investments are made mainly in initial public offers of Companies and venture capital funds in order to channelise more funds from the insurance sector to infrastructure developers without bothering about collateral or their record of interest payments.

### 2.0 CORPORATE DEBT RE-STRUCTURING TO HAVE MANDATORY RECOMPENSATION

Corporates, which have restructured their loans through the CDR route, have to pay recompensation to bankers if they want early exit from CDR. As per the current formula, companies have to pay a steep price to exit CDR. Now the company has to repay the principal that lenders had sacrificed while restructuring the loan. Also, they have to pay interest rate which is calculated as BPLR plus term premium and credit risk premium. The interest rate is calculated on the compound basis which is pinching the borrowers.

### 3.0 LLP TO BE TABLED IN BUDGET SESSION

The Government will table a bill in the coming budget session of Parliament to introduce a hybrid form of business entity called Limited Liability Partnership (LLP). The LLP Bill was introduced by the Government in Rajya Sabha and was referred to a Standing Committee,

which recently submitted its report.

A new bill to replace the existing company law with a modern sophisticated one would also be introduced before the Parliament in the coming budget session.

### 4.0 NEW DRAFT ON M&A REGULATIONS: CCI

The Competition Commission of India (CCI) has come out with amended draft regulations pertaining to penalties, companies of production and merger, acquisition and amalgamations.

The Competition Act, 2007, cleared by Parliament in September '07, had proposed that any company with assets of Rs. 1,000 Crore or more and a turnover of Rs. 3,000 Crore or more has to mandatorily seek the CCI's approval for any 'combination' (merger, acquisition or amalgamation) within 30 days of linking the deal. The CCI will give its verdict within 210 days.

### 5.0 REITs LIKELY TO GET TAX-GAINS COATING

SEBI has made a case to the Government to consider giving tax benefits to Real Estate Investment Trusts (REITs) on the lines of mutual funds to encourage bigger investors' participation. The Government may propose the tax treatment for REITs in Budget 2008 subject to the prior approval of SEBI in regards to the REIT structure. REITs are seen as low volatile investment options offering steady income through all market conditions, given that they invest largely in income-generating real-estate.

REITs are investment vehicles registered under the Indian Trusts Act and have to be approved by SEBI. They are managed by professional real estate management companies and can invest in properties including apartments and malls. Investors can buy units in REIT

just as in a mutual fund. They will earn dividend income on the unit or shares of an REIT.

The Income Tax law, now, provides for a pass through status for mutual funds and all income the funds earns is tax-free. The unit holders do not have to pay tax on their dividend income but any income distributed by the mutual fund attracts a dividend-distribution tax depending on the fund's nature.

SEBI has recommended extending a similar tax treatment to REITs. This would mean giving them a pass-through status and exempting all income earned by REITs from tax. Investors holding REIT units should also be spared from paying tax on dividends. But income distributed by the REIT would attract dividend-distribution tax.

SEBI has suggested in its draft guidelines that REITs should distribute not less than 90% of their net income after tax as dividend to unit holders.

## COMMODITY MARKET

### 1.0 AUTONOMY COMING FMC's WAY THROUGH ORDINANCE

The Cabinet has okayed a plan to issue an ordinance to make changes in the Forward Contracts Regulation Act, 1952. The amendments would primarily empower commodity market regulator Forward Markets Commission (FMC) as outlined under the still pending Forward Contracts Regulation (Amendment) Bill, 2006.

The proposed law will elevate the FMC from a government department to an independent regulator. Once this goes through, banks, foreign funds and other financial institutions too can look forward to participation in commodity markets.



### TAXATION

#### 1.0 E-PAYMENT IS NOW MANDATORY

The optional scheme of electronic payment of taxes for income-tax payers was introduced in 2004. With a view to expand the scope of electronic payment of taxes, it is proposed to make the scheme mandatory w.e.f. 1st April, 2008 for the following categories of tax-payers:-

1. All corporate assesses;
2. All assesses (other than company) to whom provisions of section 44AB of the Income Tax Act, 1961 are applicable:

Tax-payers can make electronic payment of taxes through the internet banking facility offered by the authorized banks with an option to make electronic payment of taxes through internet by way of credit or debit cards.

(No.402/92/2006-MC (05 of 2008) dt: 23/01/08)

#### 2.0 INCOME FROM SARs TO BE TAXED: ITAT

Share Appreciation Rights (SARs), an innovative compensation package offered by many multinational companies to senior employees, will be taxed. The Income Tax Appellate Tribunal (ITAT), Mumbai, a quasi-judicial tax authority, has held that redemption of such rights is no longer tax-free since the 'income' generated is nothing but 'deferred wages' and is taxable like any other earnings.

This ruling on SARs, a variant of Employees' Stock Option (ESOP), has reversed earlier orders given by several ITAT benches, when allowed such benefits to be tax-free.

#### 3.0 I-T REFUND LIST FOR SALARIED TAXPAYERS

The Income Tax Department has put

*Contd. from page no. 1*

#### DUMMY TRAINING ...

on the basis of College Principal's Certificate that there are no classes for the courses between 10.30 A.M. and 5.30 P.M. The principal's telephone number and address and Chartered Accountant's recommendation to be forwarded to ICAI for specific permission.

- No flexible working hours can be provided to students for undergoing graduation / post graduation.
- Students currently undertaking graduation courses should complete within 6 months.
- In case of non-compliance by students, they can be debarred from appearing in up to 3 consecutive exams of ICAI besides cancellation of such period of articleship.
- **Transfer of CA trainees prohibited** except in exceptional circumstances of transfer of parents, specific genuine medical reasons thereby resulting in discontinuation of the CA course for at least a period of 3 months besides in justified circumstances to be approved on case-to-case basis by ICAI.
- Minimum working hours for CA students should be 35 hours in a week.
- Maximum working hours not to exceed 45 hours per week in exceptional circumstances subject to compensatory leave or off hours in lieu of extra working beyond 35 hours.

The Council has taken the aforesaid decisions unanimously after detailed deliberations. These decisions are likely to be implemented in a few days. All India Chartered Accountants Society has been raising this issue for last several months and the Institute has positively responded in a very strong manner very fast. The aforesaid decision of the Council will go a long way in improving the quality of Chartered Accountants

thereby improving professional opportunities and image of the profession very significantly. Our heartiest congratulations and thanks to the Institute.

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#### IPO: A DILEMMA OF ...

Company. The control pricing was given away by SEBI and a formula of market determined free pricing was adopted. In this scenario of free pricing the responsibility of the issuer as well as of the Merchant Banker is indeed high. SEBI needs to mandate Merchant Bankers to take the responsibility of pricing an IPO based on transparent assumptions and basis for arriving at a price for the proposed public issue.

There are number of widely accepted valuation technique and methodology and issuers as well as Merchant bankers may consider permitting adoption of most appropriate alternative. In spite of this, the profit earning capacity and future projections will still remain uncertain and no codification or guidelines or transparency can give a perfect solution. It will, however, be appropriate to ensure that the basis of valuation is transparent and due diligence is undertaken by the Merchant Bankers as well as Issuers to undertake valuation in a reasonable manner. The long-term success of the Issuer as well as of the capital market will be to take only reasonable valuation and not to provide undue advantage to the promoters and / or issuers. **Leaving a reasonable margin for the investors will ensure long-term reputation of the issuing company, promoters and Merchant Bankers.**

SEBI can also consider mandating that the promoters should at least bring in 10-15% of the proposed issue at the same price in cash, irrespective of the existing capital or strength in the Company in case of an IPO. **This will facilitate a balancing between free pricing and reasonableness.**





on its website the list of income tax refunds of all salaried tax-payers that could not be sent for want of correct addresses. The salaried tax payers who have not received refunds for assessment years 2003-04 to 2006-07 can log on to the website [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) for further information.

#### 4.0 CASES INVOLVING TAX REFUND OF OVER RS.5 LAKH UNDER SCRUTINY FRAME

The Finance Ministry has issued instructions to field formations to ensure that cases involving final refunds of over Rs. 5 lakh do not remain outside the scope of scrutiny selection.

#### 5.0 BUSINESS LOSSES CAN BE SET-OFF AGAINST CAPITAL GAINS: ITAT

The Chennai Income Tax Tribunal has held that business loss has to be set-off against capital gains (if any) and only the balance loss can be carried forward to the next year. In computing the total income, the assessee did not adjust the business loss against capital gains on the ground that section 71(2), which uses the word 'may', provides a option to the assessee either to set-off or not to set-off business losses against the capital gains.

The business loss has to be first set-off against the income under the other head in the same year and only the balance loss should be carried forward.

The tribunal agreed with the revenue authorities and observed that combined reading of section 72(1) and section 71(2) suggests that losses under one head must be adjusted against income under any head except 'capital gains'. Further, if the assessee is having losses under any head and income under the head 'capital gains' also, then the assessee has the option of adjusting the losses against incomes of any of the heads or the

capital gains. Thus, the word 'may' used in section 71(2) is meant to give flexibility to the assessee only for the relevant year.

#### 6.0 NO TDS ON TRAINING FEES PAID TO INSTITUTIONS

The Delhi tribunal has held that payments to institutions providing technical training to employees of assessee are not payments for providing professional services and would not attract withholding tax provisions of 194J. The assessee, a joint venture company, made payment (including tuition fees and training -related expense) to a management development institute for providing advanced management training to its director without withholding any tax (TDS). According to the assessing officer, the payments were for professional services and hence liable for TDS under section 194J of the I-T Act. Accordingly, he held the assessee as an 'assessee in default' and levied penalty for non-deduction of TDS.

The tribunal observed that the institute was providing management training and running various kinds of programmes and by doing so it was merely 'imparting knowledge' to the participants. By no stretch of imagination it can be said that the participant was a recipient of professional services from the institute. Hence, the tribunal held that it was not liable to withhold the tax.

#### 7.0 MAURITIUS DTAA MAY BE FINETUNED TO SURVIVE TAX HOUNDS

The controversial Double Tax Avoidance Agreement (DTAA) between India and Mauritius is likely to survive despite pressure from the income-tax authorities. The pact may be re-worked, but not scrapped, thanks to the lobbying by a high-

level delegation headed by Mauritius Prime Minister Navinchandra Ramgoolam.

The pact, crucial for Foreign Institutional Investors (FIIs) investing in India, has been facing an uncertain future since the revenue department in the finance ministry has opposed to loopholes that allow exploitation of the pact by intended beneficiaries. Several foreign companies, for example, have invested in India through what is known as the Mauritius route.

## INDIRECT TAXES

#### 1.0 CREDIT OF SERVICE TAX AGAINST THE CONSTRUCTION OF IMMOVABLE PROPERTY WHICH IS TO BE RENTED OUT - NOT ALLOWED - AMENDMENT TO CIR. NO. 96/7/2007-ST

**Issue:-** whether the credit of Service tax paid for various services used in the construction of immovable property, which is to be rented out in future, will be available against the payment of service tax on "Renting of Immovable Property" service.

**Clarification:-** As per CBEC, the credit cannot be taken as the services are used to construct immovable property. Which is neither subjected to Excise duty or service tax, and also Input credit of service tax can only be taken only if output is a service or goods liable to excise duty or service tax. Since the end product neither being a "service" nor "goods", the credit shall not be available.

**Editorial Remarks:-** This clarification is open to challenge in the court as far fetched. If the objective of construction is renting, there is a clear cut case of input service.

(Cr. No. 98/1/2008-ST dt. Jan. 4<sup>th</sup> 2008)



### 2.0 COMPENSATION FOR CST CUT: STATES NOT FOR VAT RATE HIKE

State Government has opposed the finance ministry's proposal to raise the Value-Added Tax (VAT) rate on a number of items from 4 per cent to 5 per cent. The move was suggested to compensate states for losses due to reduction in the Central Sales Tax (CST) rate by one percentage point from April this year. States also declined to levy VAT on textiles.

### 3.0 DUTY CUT ON 539 ITEMS UNDER PACT WITH SINGAPORE

The Finance Ministry has cut customs duty on 539 items as part of an agreed tariff elimination package under the Comprehensive Economic Cooperation Agreement (CECA) with Singapore.

## EXIM / FEMA

### 1.0 NORMS FOR NBFCs SETTING UP SHOP ABROAD

**NON-BANKING** Financial Companies (NBFCs), planning to establish overseas presence, will have to comply with a new set of norms prescribed by the Reserve Bank of India in its draft guidelines issued on January 24, 2008.

NBFCs seeking an NOC from RBI for setting up a subsidiary, joint venture, investments or representative body have to comply with the norms specified in the draft guidelines. The guidelines are – maintaining capital risk adequate ratio at 15% in the case of deposit-taking NBFCs and for non-deposit taking NBFCs, the ratio is set at 10%. Another crucial condition is to limit the Non-Performing Assets (NPAs) to 5%. Besides, NBFCs should have a three year record of registering profit if it has to apply for setting up an overseas presence. Lastly,

NBFCs must have a net owned fund to be eligible to apply for an NOC.

If any NBFC is seeking an NOC from RBI for investing in its overseas arm, RBI will give the nod on the condition that the overseas presence is not used as a shell company that does not have any significant operations there. Besides, RBI needs to be satisfied that the overseas company would not be used for mobilizing resources for creating assets for its Indian operations.

RBI also seeks to limit the Indian NBFC's liabilities to the equities commitment to the overseas arm. Further to it, the Indian company is also not allowed to extend any credit or guarantee to its overseas arm, directly or indirectly.

### 2.0 FDI IN COMMODITY EXCHANGES, REFINING & INDUSTRIAL PARKS ALLOWED

The Government liberalized the Foreign Direct Investment (FDI) cap across various sectors.

**Commodity Exchanges:** FDI up to 26 percent and the FII up to 23 percent have been allowed in commodity exchanges subject to the condition that no single investor would hold more than five per cent.

**Petroleum refining by PSUs:** hiking the equity cap to 49% (from the existing 26 per cent) with prior approval of the FIPB.

**Industrial Park :** The Cabinet has also decided to exempt foreign investment in industrial parks from the provisions of Press Note 2 (2005) that stipulates conditions such as minimum capitalization and a three-year lock in.

**Construction development :** investment by registered FIIs under the portfolio investment scheme would be distinct from the FDI and outside the provisions of Press Note 2 (2005).

**Credit information services :** Added in permitted FDI as NBFCs.

Besides the minimum capitalization of \$10 million for the wholly owned subsidiaries and \$5 million for joint ventures with Indian partners, the Press Note 2 specifies that original investment cannot be repatriated before a period of three years from completion of minimum capitalization. It also stipulates other conditions such as minimum area to be developed.

## CAPITAL MARKET

### 1.0 PERMISSION FOR SHORT SELLING OF EQUITY SHARES BY SEBI REGISTERED FIIs

It has been decided by RBI in consultation with Government of India and SEBI, to permit Foreign Institutional Investors (FIIs) registered with SEBI and sub-accounts of FIIs to short sell, lend and borrow equity shares of Indian Companies. Short selling, lending and borrowing of equity shares of Indian companies shall be subject to such conditions as may be prescribed in that behalf by the Reserve Bank and the SEBI / other regulatory agencies from time to time.

[RBI/2007-08/219-Cir. No. 23-dt:Dec 31, 2007]

### 2.0 THE DISCUSSION PAPER ON PUBLIC HOLDINGS PROPOSED

It is proposed to amend the Securities Contracts (Regulation) Rules, 1957 (SCRR) to provide for both initial and continuous listing requirements in the following manner:

- The standards for initial listing and continuous listing may be prescribed in the SCR rules and may be uniform.
- For a company to be listed and continue to be listed, it must have a public stake of 25%. Otherwise, the promoters, management and the company may be jointly and severally liable to bring the public holding to 25% within 3 months,



in the manner prescribed by SEBI, failing which appropriate enforcement action, including delisting, may be taken.

- There should not be any discrimination between a Government company and non-Government company.

This proposals can be viewed at website of Ministry and comments are invited by 28<sup>th</sup> February 2008 at shuvom2002@gmail.com.

### **3.0 NEW NORM FOR FII REGISTRATION SOON**

To put an end to the uncertainties over Foreign Institutional Investor's (FIIs) investments in the country, market regulator SEBI is set to notify the new guidelines for their registration. Accordingly, entities registered in Non-International Organization of Securities Commissions (IOSCO) compliant jurisdiction may not be able to register as FII here.

### **4.0 IPO-BOUND COMPANIES MAY HAVE TO E-FILE DISCLOSURES**

All companies going public henceforth will have to mandatorily upload their corporate disclosures on the Corporate Filing and Dissemination System (CFDS), an electronic platform developed and managed by the stock exchanges, NSE and BSE.

Corporate disclosures will include financial statements comprising balance sheet, profit & loss account and full version of annual report; half yearly financial statements including cash flow statements and quarterly financial statements, corporate governance reports, shareholding pattern statement, action taken against any company by any regulatory agency, disclosures of subs acquisition & takeover & SEBI insider trading regulation etc.

### **5.0 SEBI TO OVERHAUL DISCLOSURE NORMS FOR LISTED COMPANIES**

A sub-committee of the Securities and Exchange Board of India (SEBI) has suggested continuous disclosures by listed companies instead of the current practice of disclosures only at the time of issue of capital.

In a report on "Integrated Disclosures" put out for public comments, the Sub-Committee on Integrated Disclosures (SCID) has said the areas of disclosures should include the history of the company, capital structure, business strategy, promoters and others./ The disclosures relate to company information, excluding financial and accounting disclosures.

### **6.0 GOAHEAD FOR VOLATILITY INDEX LAUNCH: SEBI**

Market regulator Securities and Exchange Board of India (SEBI) recently gave its green signal for the launch of Volatility Index by the Bombay and National Stock Exchanges.

### **7.0 SEBI TO CURB IPO LISTING VOLATILITY**

In order to curb excessive speculation and volatility of a stock at the time of listing, market regulator Securities & Exchange Board of India (SEBI) has proposed a 25% price band on the issue price, on the listing day, of an IPO upto Rs.250 Crore in size. This would not apply in case of recommencement of trading in equity shares of a company on the stock exchange.

### **8.0 SEBI ALLOWS 3-YEAR OPTIONS ON INDICES**

The Securities & Exchange Board of India (SEBI) recently gave its go-ahead for the launch on long duration options on the popular Sensex and Nifty indices with tenures up to three years. The move is aimed at helping investors to hedge their positions in

the market for three years compared to the existing three-month duration.

The decision is based on the recommendations of SEBI's Derivatives Market Review Committee headed by Prof M. Rammohan Rao. The product will be available with immediate effect, according to a SEBI circular.

## ICAI NEWS

### **1.0 MANDATORY CONTINUING EDUCATION FOR ALL CAs**

CPE Credit Requirements for all Members of the Institute

For the rolling period of three years starting from the calendar year 2008 is as given below:

- **For Certificate of Practice holders:**

All the members who are holding Certificate of Practice (except those members who are residing abroad), unless exempted, are required to:

- a. Complete at least 90 CPE credit hours in each rolling three-year period of which 60 CPE credit hours should be of structured learning.
- b. Complete minimum 20 CPE credit hours of structured learning in each year.

- **For Members in Industry**

All the members who are not holding Certificate of Practice or are residing abroad (whether holding Certificate of Practice or not), unless exempted, are required to:

- a. Complete at least 45 CPE credit hours of structured/ unstructured learning in each rolling three-year period.
- b. Complete minimum 10 CPE credit hours of structured/ unstructured learning in each year.



## KNOWLEDGE PORTAL

### INTERNATIONAL RESOURCE RAISING – LISTING AT AIMs

#### International listing-an emerging opportunity

Companies are getting themselves listed overseas for various reasons like:

- International standards of disclosure and corporate governance.
- Access to a large and growing pool of international funds and gaining reputation in international markets.
- International trade links

#### AIM Listing – a promising avenue

Alternative Investment Market (AIM) – London provides the companies with diversified business sectors and based in different countries with another option to raise capital for their growth and development. Growth of AIM can be justified by the increase in number and diversity of companies listed on it. AIM offers trading across 90,000 terminals that form the global network of London Stock Exchange.

Companies suited for listing on AIM include:

- Start-up companies and those with short-term or no trading records
- Non UK companies if they wish to raise money and list
- Companies not willing to release 25% of share capital for public as is required on the Official List of the United Kingdom Listing Authority (UKLA)
- Companies desiring acquisitions with minimal expense and time required.

Globalization and increase in number of cross-border transactions have insisted upon companies for getting listed on AIM.

#### Benefits of listing on AIM

- Through AIM listing, companies can survive as a public company but with less pain of regulated market.
- AIM companies are not required to bear the burden of providing further documentation for effecting acquisitions and disposals, enabling it to expand or diversify quickly and within reasonable cost.
- AIM does not require any specific eligibility criteria for companies such as size, track record or minimum number of shares to be in public hand.
- AIM companies do not have to meet Sarbanes Oxley requirements.

#### Eligibility

- Incorporated entity in or outside UK.
- Entity empowered to raise public subscription
- Securities freely transferable
- Companies raising resources for investment in the securities of other companies must raise a minimum GBP 3 Million
- Admission document (prospectus) as per requirement
- Adequate financial reporting procedures and compliance to approved accounting and disclosure standards.
- Lock in period of 12 months for promoters/directors, in the absence of track record.

#### Special forms of listing

- Main listing (GDRs)
- Special Purpose Acquisition Company (SPAC)

#### AIM listing Process

- Step-1 : Consider suitability, decide corporate structure and appoint Corporate Brokers, Tax Advisors, Lawyers and Accountants
- Step-2 : Planning about timing, key risks associated and preliminary tax planning
- Step-3 : Detailed Due diligence
- Step-4 : Preparation of Admission Document, Underwriting agreement, analyst research presentation and other incidental documents.
- Step-5 : Verification of prospectus/ admission document.
- Step-6 : Approaching prospective investors
- Step-7 : Assessing the demand for achieving appropriate pricing
- Step-8 : Raising Funds – Successive raising in lots and their listing permitted. No concept of minimum subscription size even in initial issue.
- Step-9 : Continued disclosure of financial performance, interim and full year results and on going developments in compliance with IFRS, USGAAP or Canadian/ Australian IFRS.

#### AIM VIS-À-VIS INDIAN STOCK EXCHANGE

AIM	Indian Stock Exchanges (NSE/BSE)
No trading record requirement	Track record for at least 3 years out of preceding 5 years except in case of QIB/FI participation
No minimum market capitalization	Minimum Market capitalization of INR 250 million
Compliance of the Combined Code is optional	Compliance required with Clause 49 of the Listing Agreement
Prior shareholder approval required only for reverse takeovers and fundamental disposals	Prior shareholder approval required for all significant transactions.



## NEW PRESIDENT AND VICE PRESIDENT OF AICAS



CA Avineesh Matta  
President

CA Avineesh Matta is a Graduate from Shri Ram College of Commerce, committed chartered accountant with a degree in law and an advanced diploma in management. Avineesh is the senior partner of the firm, AVA & Associates, Chartered Accountants. He is a prolific writer, rotarian, with indepth research in the field of micro and macro economy, media interface and motivator, Avineesh has a deep understanding of strategic and policy formulation processes and knowledge on international tax and business practices. He is a dedicated professional with keen interest and proactive commitment in socio-economic and ethical issues, including corporate social responsibility and governance.



CA Pramod K. Kapur  
Vice President

CA Pramod.K Kapur is Senior Partner of J.L Garg & Co. Chartered Accountants. He is a fellow member of Institute of Chartered Accountants of India and graduate member of Institute of Cost & works Accountants of India. He is holding certificate of practice since 1982. He is a commerce graduate from Shri Ram College of Commerce since 1978. He is actively associated with various study groups of Institute of Chartered Accountants of India.

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