



EDITORIAL

PRIVATE EQUITY FUND INVESTMENT OR QUASI LOAN / DERIVATIVE



CA Vinod Jain*

A very serious issue is being examined by Reserve Bank of India currently in respect of various buy back and similar commitments and obligations of the investee company and / or the promoter towards the foreign private equity fund or venture capital fund investing in India as Foreign Direct Investment.

It is clearly understood that external commercial borrowings from outside India is restricted to specific lenders including banks and others and can be utilised only for certain specific purposes. The Foreign Direct Investment on the other hand is more freely permitted including in sensitive sectors like real estate, single brand retail, telecommunication, insurance, banking and most of the industrial and service sectors.

The Reserve Bank of India has noted that the private equity investors/venture capital funds investing as foreign direct investment in India are investing in equity or in fully mandatorily convertible debentures with pre committed

minimum return ranging from 18% to 30% besides various penalty default clauses. In view of RBI, these commitments actually convert these investments into as good as an international borrowing or as a derivative product, which is not permitted in terms of FEMA guidelines framed by Indian government as a sovereign. Such commitments can bring systemic risk.

The RBI may consider with open mind about providing an exit option to the investors on the basis of listing or pre committed buy back on the basis of a valuation of the equity invested by the foreign investor at the time of disinvestment also. Currently the valuation is prescribed only at the time of investment. India need to offer a reasonable and well structured solution to foreign investors so that it can be a win win situation for Indian industry as well as the foreign investors. A regulatory framework in this regard needs to be developed on the basis of open public debate and consensus may be arrived at keeping in mind interest of India, Indian economy and Indian entrepreneurs fully in mind while providing a judicial solution to the foreign investors.

ANTI CORRUPTION DRIVE ON CENTRE-STAGE

Anna Hazare movement duly supported by a large number of Indians including intellectuals, media, bureaucracy, judiciary as well as political parties and leaders has brought corruption as a major issue for consideration before the Indian polity as well as the Indian public.

The Jan Lokpal Bill, once enacted will be put to a real hard test of the LOK PAL regarding transparent working, judicious and practical approach and whether it is able to act as a deterrent or will it become another investigating / judicial endless process are all questions which are being considered by the Indian society. The Indian public and intellectuals and all those who matter including policy makers, bureaucrats, judiciary, regulators, top professionals, media, social activists are all committed in their minds that corruption is bad and it is vitiating our working, value system as well as the culture and is also creating impediments to growth and more importantly inclusive growth.

How to eradicate corruption from day-to-day life and at all levels of working in the government sector, regulators, tax department,

private sector as well as offices of public dealings, is a major question. What should be the approach of the policy makers and those who are responsible for governance in this country, is being questioned in every strata of the Indian society including top businesses, professionals, intellectuals besides the Indian public. We wish to give certain suggestions for consideration and reaction. The basic cause of corruption could be greed or fear and the following suggestions may be able to address these reasons to a great extent:

- Governance Process: The policy makers and system designers need to review all procedures and processes in governance on zero base basis to make these processes and procedures simple and time bound.
- The personal contact between the officials and the public has to be reduced to the most minimum and all the requirements and procedures can be automated using information technology and be made transparent in a manner that the interaction is completely electronic and

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LATEST IN FINANCE

1.0 RBI-DRAFT BANK LICENSING NORMS ANNOUNCED

The Reserve Bank of India (RBI) has paved the way for corporate India to enter banking, but has set stiff conditions that straightaway shut the door on real estate companies and brokerage firms. In its much-awaited draft guidelines for new private banks, Reserve Bank of India (RBI) said that private groups or entities with diversified ownership, sound credentials and a "successful track record" of 10 years would be allowed to apply for new banking licenses. The Central Bank is considering issuing banking licenses for the first time since 2004. Such groups or entities cannot have more than 10 per cent or more assets or income from real estate and capital market activities.

Companies welcome, but with caveats

- Promoters with diversified ownership, track record of 10 years.
- Clearance needed from regulatory, investigative agencies.
- Minimum paid-up capital of Rs 500 crore.

Financial inclusion

- 25 per cent of branches in unbanked areas.

Checks and balances

- Exposure to single promoter group entity under 10 per cent
- Exposure to all promoter group entities under 20 per cent

Holding company

- Non-operative holding company to be set up, registered with the RBI
- Holding company to hold 40 per cent for 5 years, excess of 40 per cent to be brought down in 2 years
- Holding to be brought down to 20 per cent in 10 years, 15 per cent in 12 years

The ones left out

- More than 10 per cent of income or assets from broking and real estate

Differential treatment

- Foreign shareholding cap 49 per cent for 5 years versus 74 per cent now.
- IPO in 2 years versus no such mandate currently.
- Minimum capital adequacy at 12 per cent for at least 3 years versus 9 per cent now.

2.0 SEBI PERMITS IFCs TO ISSUE CORPORATE BONDS TO FI

To give a further boost to infrastructure financing, the Securities and Exchange Board of India (SEBI) allowed Infrastructure Finance Companies (IFCs) to issue corporate bonds to Foreign Institutional Investors (FIIs).

3.0 RBI FOR SPLITTING POSTS OF CHAIRMEN & CEOs IN PSBs

After implementing the move to split the posts of Chairmen and Chief Executive Officers (CEOs) in private banks in 2007, the Reserve Bank of India (RBI) is now considering the same step for public sector banks.

4.0 RBI NOD MUST FOR RAISING CAPITAL BEYOND RS. 1,000 CRORE

Banks would be required to seek prior approval of Reserve Bank of India (RBI) for raising paid-up capital beyond Rs. 1,000 crore for every block of Rs. 500 crore.

5.0 SEZ CO-DEVELOPERS TOLD TO SEPARATE ACCOUNTS OF OWN UNIT

The government has asked Special Economic Zone (SEZ) co-developers setting up their own units to register themselves as separate legal entities, a move that is expected to plug possible revenue leakages. If a separate legal entity cannot be set up, the co-developer will have to take special permission and ring-fence the activities of the SEZ and his unit by stringent accounting norms.

6.0 INDIA, BELGIUM & SOUTH AFRICA TEAM UP FOR CUSTOMS NETWORK

India is rolling out a system - Authorized Economic Operator (AEO) - under which traders, logistics providers, and customs agents sporting secure trader tag would be able to move their goods speedily through customs in countries with similar facility. US, Japan, South Korea and China already have such a system in place and talks are on with them for a mutual recognition agreement.

7.0 REMOVE SECTORAL CURBS ON VENTURE CAPITAL/PRIVATE EQUITY INVESTMENTS

The Centre must not link the availability of the clear income tax pass-through regime for venture capital (VC) fund investments into 10 specified sectors should be removed. The restrictions have to be removed so as to provide a clear and stable income tax regime for VC/PE funds investing in any sector.

INTERNATIONAL TAXATION

1.0 INDO-MAURITIUS TAX TREATY-SPECIAL PRECAUTION NEEDED

The Government of India (GOI) has entered into an agreement with the government of Mauritius for avoidance of double taxation. It provides that income earned by resident of Mauritius by way of sale of shares of an Indian company shall be taxable in Mauritius only. To avail the benefit, the Mauritian company has to prove that it is resident of Mauritius. Central Board of Direct Taxes (CBDT) has issued a circular that a certificate of residence issued by Mauritius will be sufficient evidence for accepting the status of residence as well as ownership for applying the provisions of the treaty. It is important to ensure that the transactions of transfer are only a transaction of sale of shares of Indian company and not resulted into transfer of business or large properties or other assets based in India. The clauses in share purchase agreement and associated agreements need to be drafted very carefully. We have noted that double tax avoidance treaty only exempts capital gain arising from transfer of shares, being the capital assets owned by the Mauritius Company. The real transaction is important.



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ANTI CORRUPTION DRIVE ON

transparently on the record. The MCA 21 system of filing with ROC could be one glaring example, as to how the corruption can be eradicated by transparency and improvement in procedure.

- The Indian Tax Department, regulators, property department, Municipal Corporation, and other government departments can be mandated to urgently redesign their systems and procedures and rules & regulations in such a manner that the public contact is completely eradicated from the system.
- The initiative to centralize electronic filing of income tax return, selection of cases for scrutiny, centralized processing of refund undertaken by the tax department is worth appreciating. These models can be extended to the scrutiny process as well as appeals and personal hearing may be made only exceptional. The personal hearing, if it becomes very necessary, in a particular case, can be arranged by video conferencing with the concerned officials from a distant location or may be made a public hearing with audio/video recording.
- Time: The decision making as well as compliance of various procedures at the end of government officials may be time bound and officials should be made responsible for their decisions. The possibility of a wrong decision can still be exonerated but if the decision is done unprofessionally or with ulterior motive, the same should result in action against the concerned official.
- The charter of rights and responsibilities as well as the procedures can be transparently made available to all stake holders.
- A quick judicial redressal mechanism of difficulties or harassment being experienced by the public can be mandated.
- The politicians as well as bureaucracy of the country should be incentivised monetarily on the basis of good performance, achievement of targets, transparent working and a corruption free professional working in their domain areas.
- A silent and secret surveillance mechanism needs to work and bring exceptions to the knowledge of senior officials, judicial process and public servants.
- The working of government departments, municipalities, panchayats and various other public dealing departments can be supervised by duly elected local groups for which a detailed structure can be designed to delegate necessary authorities and responsibilities.

The aforesaid thoughts are only a broad framework of thinking and will require a lot of fine tuning and your suggestions in this regard may be sent to aicas.cfo@gmail.com addressed to Mr. Avineesh Matta, our Past President who is heading a working group of the Society against corruption.

AUDIT**1.0 INDEPENDENT AUDITING OF COOP, NGOS NEEDED : ICAI**

The Institute of Chartered Accountants of India (ICAI) has stressed the need for independent auditing of cooperative societies, various educational trusts and NGOs, saying it would bring down discrepancies in financial statements. ICAI said revenue of NGOs, cooperatives and educational trust had gone up manifold. ICAI had also said to the Centre and other state governments that if government wants transparency then they should go for private audit like in Maharashtra and Gujarat, where it is being carried out in cooperative societies.

2.0 IT RETURNS: CBDT WIDENS SCOPE FOR E-FILING UNDER DIGITAL SIGNATURE

The Central Board Of Direct Taxes (CBDT) has said that partnership firms, individuals and hindu undivided family (HUF's) subjected to mandatory tax audits will now be required to file their income tax (IT) returns only electronically and that too under digital signature. This regime would be applicable for assessment years 2011-12 and subsequent years. Hitherto, such assesses had an option to file their income tax returns either electronically under digital signature or transmit the data electronically and also physically file a supplementary return . Now this option has been done away with and all income tax returns of such assesseees would have to be filed electronically under digital signature.

3.0 THE COMPANIES (COST AUDIT REPORT) RULES, 2011

The Ministry of Corporate Affairs has issued a notification notifying the companies (cost audit report) rules, 2011. These rules shall apply to every company in respect of which an audit of the cost records has been ordered by central government under section 233(1) of the companies act, 1956. The rules specify the manner and the mode of appointment of a cost auditor, form of cost audit report, timeline for submission of the cost audit report, rights of cost audit in relation to the production of the accounting records, penalty for contravention of the rules.



CORPORATE LAWS

1.0 GUIDELINES ON SPEEDING UP SARFAESI PROCEDURE

A division bench of the Bombay High Court has issued 11-point guidelines to speed up proceedings under the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act (SARFAESI Act). Under this law, a creditor can take possession of secured assets without intervention of a civil court. In a batch of petitions by banks and FIIs led by International Asset Reconstruction Company (IARC), it was pleaded that a number of their applications were pending before the courts across Maharashtra, especially in Mumbai, Pune and Thane and appropriate directions need to be issued to magistrates asking them to dispose off the applications without delay. The Judgment agreed with this and stated that it is in the interest of general public to state that they take possession of the secured assets and recover money advanced by them where the borrower is under liability and his account has become non-performing. According to the guidelines, the borrower has no right to be heard at any stage of proceedings including the execution of the magistrate's order. The applications shall be decided within two months. The magistrate's order shall (i) authorize the taking of physical possession of the secured asset with reasonable force which includes the breaking open of locks, wherever necessary; (ii) direct the police station concerned to provide assistance in taking possession.

2.0 NON-ADVOCATES CAN APPEAR BEFORE CONSUMER FORUMS: SC

The Supreme Court (SC) has held that a non-advocate could appear before the consumer disputes redressal forum if he/she is appearing on an individual case basis without charging a fee and also without any pre-existing relationship with the complainant. A bench of Justice Dalveer Bhandari, Justice Mukundam Sharma and Justice Anil R Dave in their judgment has said that pre-existing relationship includes relatives, neighbours, business associates or personal friends. The court said this in its detailed suggestion to the National Consumer Disputes Redressal Commission (NCDRC) for framing rules to facilitate the appearance of representatives who, however, are not legal practitioners before consumer forums.

3.0 GIVE REASONS FOR DISMISSING APPEALS: SC TELLS COURTS

The Supreme court has ruled that court should give reasons for its decision and should not dismiss an appeal with a cryptic order. The Delhi High Court had dismissed the appeal of the importer against the customs tribunal's order with a cryptic order though seven substantial questions were raised. One of the issues was the power of the Additional Director General in the Directorate of Revenue Intelligence. However, the High Court did not deal with any. The Supreme Court states that every litigant who approaches the court for relief is entitled to know for the reason for acceptance or rejection of his prayer, particularly when either of the party has a right to appeal. Otherwise the right of appeal will not be meaningful. The Tribunal was asked to reconsider the case.

Decided Case: *Chandna Impex Ltd vs. Commissioner of Customs*

4.0 ARBITRAL TRIBUNALS MUST CONFINE ITSELF TO TERMS OF REFERENCE

The Supreme Court (SC) has reiterated that Arbitral Tribunals should not travel beyond the issues referred to them. They should not decide issues which are not in the terms of reference and should not enlarge the scope of the reference. If the tribunal goes beyond the reference, a court can intervene to correct it.

Decided Case: *MSK projects (JV)Ltd. vs. State of Rajasthan.*

5.0 INDIA INC CAN SOON TAP CAs FOR ARBITRATION SERVICES

The Institute of Chartered Accountants of India (ICAI) is piloting a new initiative by empanelling its members as arbitrators. This move could help bring down the cost of arbitration for domestic companies.

INSURANCE

1.0 EQUITY DILUTION NORMS FOR THE INSURANCE FIRMS RELAXED

The Finance Ministry has issued a circular diluting the rules that govern stake sale by promoters of Indian insurance companies.

OLD RULE

Any Indian promoters holding more than 26% stake in the insurance firms could divest stake only after completing 10-years of its operations.

NEW RULE

The Indian company will be able to sell stake any time but will have to retain at least 26% holding.



TAXATION

1.0 IN CASE OF LOSS MAKING COMPANY VALUING GOODWILL AT 10% OF THE TOTAL CONSIDERATION, WITHOUT ANY MATERIAL ON RECORD NOT SUSTAINABLE

The order of the Tribunal and the Commissioner of Income Tax (Appeals) show that the assessee purchased loss making cement plant from M/s. Coramandel Fertilizers Limited, for a sale consideration of Rs.105.30 crores. Evidently, the cement plant purchased was making loss ever since its commencement of the business, hence, no value was assigned in respect of the brand name as well as for goodwill.

Decided Case: CIT, Chennai Vs M/s India Cement Ltd (madras HC)

2.0 PAYMENTS MADE BY THE ASSESSEE TO THE EMPLOYEES EMPLOYED ON DAILY WAGE BASIS CANNOT BE SAID TO BE A CONTRACTUAL PAYMENT

Payments made by the assessee to the employees employed by it on daily wage basis cannot be said to be a contractual payment, as such the assessee in such cases was not required to deduct tax from such payments u/s. 194 C of the Act. The payments were not in the nature of payments under contract but had the character of wages. It is obvious that the liability to deduct tax under Section 194C of the said Act, only arises in case of contractual payments. Since the payments were made to the employees employed by the assessee on daily wages, they cannot be said to be contractual payments.

Decided Case: CIT vs. Dewan Chand (Delhi HC)

3.0 DUE DATE FOR SUBMISSION OF ITR-V FOR A.Y. 2010-11 EXTENDED UPTO 31.10.2011 OR 120 DAYS FROM THE DATE OF UPLOAD WHICHEVER IS LATER

The due date for submission of ITR-V for A.Y. 2010-11 has been extended upto 31.10.2011 or 120 days from the date of upload whichever is later.

4.0 FEE FOR USER OF SOFTWARE TAXABLE AS ROYALTY - ITAT BANGALORE

From a plain reading of the definition of 'royalty' given in Article 12(3) of DTAA between India and Switzerland, it is clear that any payment made for the

use of or right to use of the properties mentioned there in would be royalty. We find that both the definitions are similar and encompass the payment for 'the use of and the right to use of' any intellectual property mentioned therein such as copyright of a literary, artistic or scientific work or any patent, trade mark, design or model, plan etc.. Thus, the license granted by Oracle Data Base for use of its software by the assessee company constitutes royalty.

Decided Case: ING Vysya Bank Ltd vs. DDIT (ITAT Bangalore)

5.0 LOSS ARISING ON YEAR-END VALUATION OF AN INTEREST RATE SWAP ALLOWABLE AS A DEDUCTION - ITAT MUMBAI

When anticipated profits on unmatured contracts are held to be non-taxable, there is no good reason as to why anticipated losses on unmatured contracts can be taken into account while computing business income. There is an inherent fallacy in this approach inasmuch as anticipated losses and anticipated profits are not treated in the same manner in the computation of business profits. These dual standards in recognizing anticipated losses and anticipated profits are accepted accounting norms.

Decided Case: ABN Amro Securities India Pvt. Ltd. Vs. ITO (ITAT Mumbai)

6.0 REDEMPTION OF PREFERENCE SHARES NOT TAXABLE AS DEEMED DIVIDEND AND AMOUNTS TO 'TRANSFER'

It is held that redemption of preference shares amounts to 'transfer' of a capital asset under the Income-tax Act and any loss on redemption thereon would thus be allowable as a capital loss. The Tribunal, relied on the Supreme Court (SC) decisions in the case of Anarkali Sarabhai v. CIT [1996] 224 ITR 422 (SC) and Kartikeya Sarabhai v. CIT [1997] 228 ITR 163 (SC), held that redemption of preference shares has to be considered as 'transfer' and loss on redemption thereof is an allowable long-term capital loss.

Decided Case: Parle Biscuits Pvt. Ltd. Vs. ACIT (ITAT Mumbai)

7.0 NON - DECLARATION OF UNDISCLOSED INCOME IN BLOCK RETURN, AND IF THE ADDITIONS ARE SUSTAINED, PENALTY IS WARRANTED

The undisclosed income determined in the case of the assessee is not as a result of disallowing any claim



of the assessee because the same is not allowable as per the provisions of law but undisclosed income has been determined on the basis of the evidences found during the course of search, which has established the fact that the true nature of transactions have not been recorded by the assessee in the books of account and the same has resulted the undisclosed income.

Decided Case: *Triumph International Finance I Ltd V. ACIT (ITAT Mumbai)*

8.0 IF TWO VIEWS ARE POSSIBLE THAN ASSESSING OFFICERS SHOULD TAKE THE ONE FAVOURABLE TO THE ASSESSEE AND PENALTY FOR CONCEALMENT CANNOT BE LEVIED

There is no finding that any details supplied by the assessee in its Return were found to be incorrect or erroneous or false. Such not being the case, there would be no question of inviting the penalty under Section 271(1)(c) of the Act. A mere making of the claim, which is not sustainable in law, by itself, will not amount to furnishing inaccurate particulars regarding the income of the assessee. Such claim made in the Return cannot amount to the inaccurate particulars.

Decided Case: *CIT Vs Mahavir Irrigation Pvt Ltd (Delhi HC)*

9.0 FEES PAID TO A FOREIGN COMPANY FOR RENDERING TESTING AND CERTIFICATION SERVICES CANNOT BE TREATED AS INCOME DEEMED TO ACCRUE OR ARISE IN INDIA UNDER SECTION 9(1)(VII) OF THE INCOME-TAX ACT

It has been held that where services have been rendered outside India and have been utilised for the purpose of making or earning any income from any source outside India, such payments would fall outside the purview of Section 9(1)(vii) of the Act and will not be deemed to accrue or arise in India.

Decided Case: *Havells India Ltd v. ACIT (ITAT Delhi)*

10.0 SEC 10A BENEFITS CANNOT BE DENIED ON GAIN FROM FLUCTUATION IN FOREIGN EXCHANGE IF SUCH GAINS ARE LINKED TO EXPORTS

Gain from fluctuation of foreign exchange is directly related with the export activities and should be considered as income derived from export in the year

in which the export took place for the purpose of deduction u/s 10A of the Act. The exchange value based on upward or downward of the rupee value is not in the hands of the assessee. The assessee does not determine the exchange value of the Indian rupee; that when the fluctuation in foreign exchange rate was solely relatable to the export business of the assessee and the higher rupee value was earned by virtue of such exports carried out by the assessee, there was no reason why the benefit of sec.10A should not be allowed to the assessee.

Decided Case: *Sanyo LSI Technology India Private Ltd Vs DCIT (ITAT Bangalore)*

INDIRECT TAXATION

1.0 EXCISE TRIBUNAL CANNOT CHANGE THE FINAL ORDER

The Supreme Court has said that the excise appellate tribunal cannot revise its final order on an application of rectification of errors in its final order. It can only remove errors apparent on the record.

Decided Case: *Commissioner of excise, Mumbai vs RDC(India) Ltd.*

2.0 PACKING CHARGES FOR VEHICLES INCLUDED IN EXCISE

The Supreme Court dismissed the appeal of Royal Enfield Ltd., rejecting its argument that the cost of packing charges incurred by it should not be taken into account for computing excise duty on the motorcycles manufactured by it.

3.0 ITEMS USED IN THE MANUFACTURE OF CAPITAL GOODS AND PARTS THEREOF AND ARE ELIGIBLE FOR CENVAT CREDIT

'Capital goods' would not only include goods falling under Chapters 82, 84, 85 and 90 of the Central Excise Tariff Act but also components, spares and accessories of such goods, and moulds and dies which are used in the factory of the manufacturer of the final product.

Decided Case: *CCE Vs. Rashtriya Ispat Nigam Ltd.*

4.0 ONLINE FILING OF SERVICE TAX RETURNS IS MANDATORY

The Revenue department has decided to make it mandatory for all the assesses to file online returns of their transactions. At present, the online filing of returns is mandatory only when the service tax payment is over Rs. 10 Lakh annually.



CAPITAL MARKET

1.0 BROKERS TO BE FINED FOR NOT COLLECTING MARGIN MONEY

Securities & Exchange Board of India (SEBI) has asked stock exchanges to impose heavy penalty on brokers allowing their clients to trade in derivative market without sufficient margin in money and said that fines could be as high as the shortfall of funds, while the minimum penalty is 0.5 % of the shortfall of margin money, the penalty could be as high as 100%.

2.0 SEBI ALLEGES MCX- SX CONCEALED DILUTING EQUITY

The Securities & Exchange Board of India (SEBI) alleged in the Bombay High Court that MCX-SX Stock Exchange (MCX- SX) had concealed some facts while diluting its equity stake under the Capital Reduction cum arrangement.

The court observed that it was obligatory on the part of MCX - SX to disclose the buy- back to SEBI and that such negligence could not be tolerated.

3.0 SEBI ALLOWS QFIs ENTRY IN MUTUAL FUNDS

A qualified foreign investor (QFI) is a person residing in a country (other than India) which is a signatory to IOSCO's multilateral MoU and is compliant with FATF standards. He should be registered with SEBI as a foreign institutional investor or a sub-account.

- ✓ SEBI allows QFIs in Indian MFs
- ✓ Aggregate investment can be up to \$ 10 billion in equity schemes; \$3 billion in debt schemes
- ✓ QFISs can't avail facilities such as SIPs, withdrawals, transfer of units and switching between schemes
- ✓ Foreign investors can only subscribe and redeem
- ✓ MFs responsible for deduction of applicable tax at source before redemption payments.
- ✓ DPs to open separate, single-rupee poll bank account only for QFI investments in India.
- ✓ Foreign-based agent of MFs to be appointed after SEBI's approval.
- ✓ MFs required to file details of subscription and redemption on a daily basis with SEBI.

4.0 SEBI'S MOVE TO BOOST INVESTOR PROTECTION

The move by Securities & Exchange Board of India (SEBI) allowing Non-Banking Financial Companies (NBFC), categorized as infrastructure finance companies, to issue long-term bonds to foreign institutional investors would help boost investment. SEBI's decision to frame regulations for alternative investments to govern entities promising returns from off-beat avenues, examination of social relevance of innovative financial products, launch of web-based complaints redressal system and simplification of trading account opening procedures would enhance investor confidence in the markets and also aid investment decision-making.

5.0 SEBI SIMPLIFIES PROCESS FOR OPENING ACCOUNTS

To simplify and rationalize the trading account opening process, stock market regulator Securities & Exchange Board of India (SEBI) has replaced all client-broker agreements with the "Rights and Obligations" document. "The client will now be required to sign only on one document: the Account Opening Form. Further, in the same form, the client shall continue to put his signatures instead of saying 'yes' or 'tick mark' while indicating preferences for trading in different exchanges/segments, in accordance with existing requirements."

FINANCIAL INDICATORS

	Current Rate* (in %)	Month Ago (in %)
3 Month LIBOR	0.34	0.28
3 Month MIBOR	9.41	9.43
SENSEX	16867	16858
NIFTY	5059	5073
CRR	6	6
REPO	8	8
REVERSE REPO	7	7
Gold (per 10 gm)	28176	25450
Silver (per kg)	65165	57200
Crude (USD/bbl)	112.77	104.53
Rs. vs USD	46.38	45.17
Rs. vs Euro	64.48	64.25

*As on 10th September 2011

(Sources: Bloomberg, NSE, BSE, RBI)

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Registered Office:-

M-6, M-Block Market
Greater Kailash Part-II
New Delhi-110 048, India
Tel: +91-11-29216309
+91-11-29212610
Fax: +91-11-29213867

Development Center:-

B-22, Sector-4
Noida-201 301, India
Tel: +91-120-2534068
Fax: +91-120-2534111

Branch Office:-

Office No.604, 6th Floor.
Corporate Avenue,
Sonawala Road,
Goregaon(E)
Mumbai-400 063
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