

Annual Subscription
Rs. 100/-

Single Copy
Rs. 10/-

ICSI
ICSI - WIRC

Regn. No. MH/MR/South-107/2009-11, to
Post at Patrika Channel, Sorting Office, Mumbai-400 001
Registered with the registrar of Newspaper
New Delhi under Regn. No. 39907/82

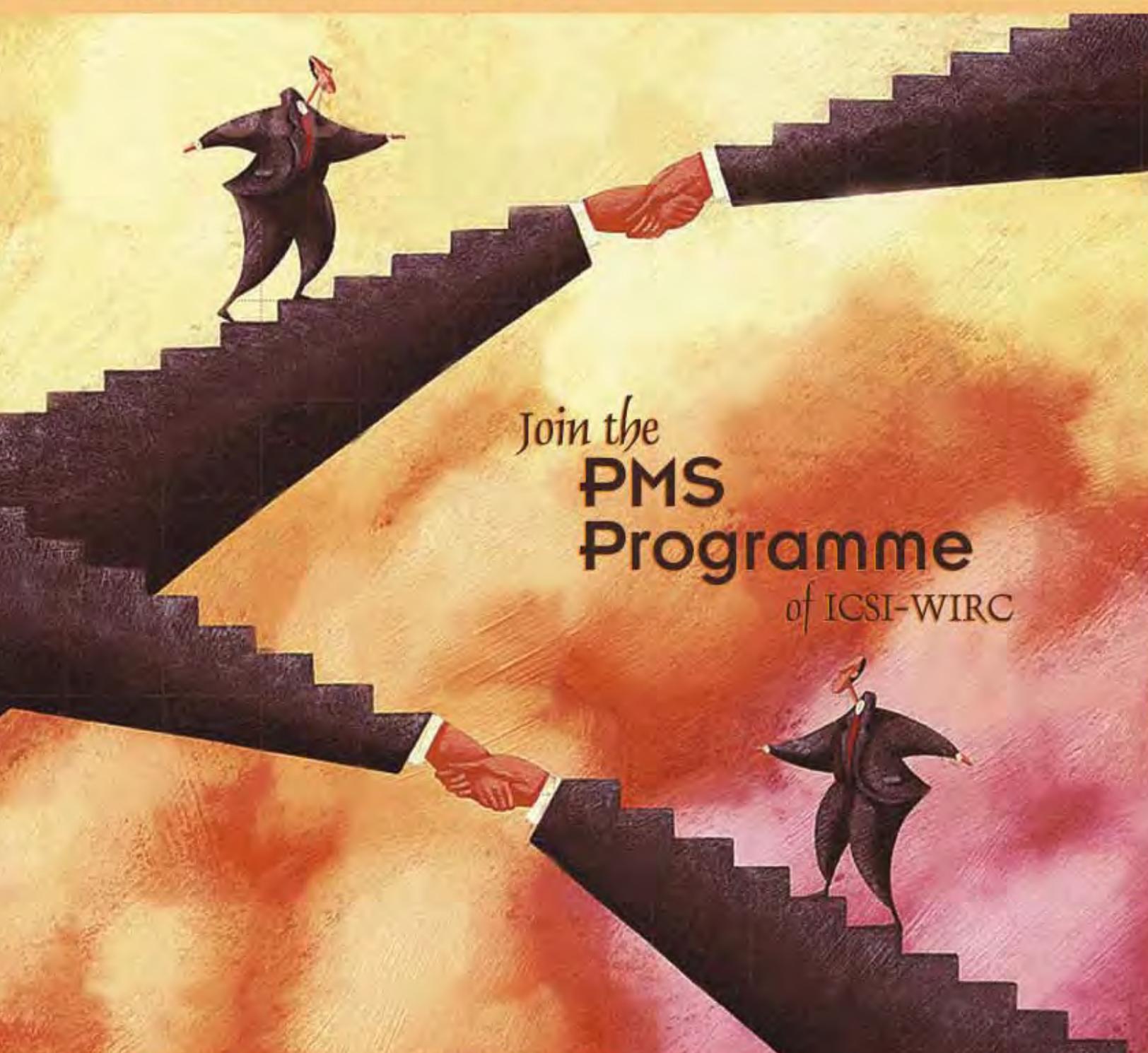
FOCUS

VOL. XXVIII NO. 4, April, 2010

"प्रगतिश्च विकासश्च जीवनं जीवनं खलु।"

MONTHLY BULLETIN OF WESTERN INDIA REGIONAL COUNCIL OF
THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

Join the
PMS
Programme
of ICSI-WIRC



Hatrick of WIRC study circle

ANDHERI STUDY CIRCLE ON CRITICAL ISSUES OF LISTING AGREEMENT ON SUNDAY 11TH APRIL



V. V. Vachhrajani, Chairman WIRC, Shri Ananta Barua, L.A. SEBI, Mahavir Lunawat, Secretary WIRC



The Members in the Study Circle



Shri Mahavir Lunawat addressing the delegates on the theme



Shri Ananthasubramanian presenting a memento to Shri Ananta Barua, L.A. SEBI

STUDY CIRCLE IN GHATKOPAR ON SECTIONS 297, 299, 301, 314 AND RELATED PROVISION ON SATURDAY 10TH APRIL



The lighting of the lamp



Chairman Shri V. V. Vachhrajani, felicitating the young members who played key role in organising Ghatkopar Study Circle. (Bhaskar, Dhummal Shah, Ms. Geeta Canabar & Ms. Nisha Naker)



Shri K. Sethuraman, Group Company Secretary of Reliance Industries addresses the delegates on the theme



Audience



Shri Mahavir Lunawat, Secretary WIRC conducts the Study Circle

STUDY CIRCLE ON ANNUAL REPORT IN WIRC ON FRIDAY, 9TH APRIL



Shri Rammohan Bhawe addressing the delegates on IFRS era of Annual Report



Shri Sureshthakurdesai deliberating on environmental issues of Annual Report

THANKS TO WIRC MEMBERS FOR OVERWHELMING RESPONSE TO WIRC PROGRAMMES



From the Chairman

Dear Professional Colleagues,

I am sure, you are aware of the theory propounded by Charles Darwin i.e. “the survival of the fittest”. This theory originally was propounded keeping in mind the environmental changes that takes place and those who sustain the changes would survive while those who are gullible would perish. This theory had, has and will continue to have significance to one and all and cannot be restricted within the precincts of natural environment. The environment shall necessarily include the professional environment in which we live and flourish.

Friends, if we want to survive we have to have professional excellence and we must update regularly with what is happening around. The best mode of survival of the fittest (i.e. we) is to be a part of the WIRC's endeavour in imparting knowledge across the region. This year at WIRC, it has been consciously decided to structure the programs in such a way that the topics covered are concurrent and instead of your coming across from the region to WIRC, proactively WIRC would come to you and hold joint seminars, study circle meetings, workshops etc.

We successfully organized a program at Panchmarhi, Madhya Pradesh during 27-28th March, 2010, which was one of its kind wherein the technical subjects of compliance management, good governance, corporate governance ratings were deliberated. The 2nd day was dedicated to the important subject of limited liability partnership, which was held under the aegis of NFCG and we acknowledge the guidance and support provided by NFCG in this regard. I would also like to place on record my acknowledgements for the efforts put in by the Bhopal, Nagpur and Raipur Chapters for successfully hosting this program.

During 6-7 August, 2010, a WIRC Regional Conference is being planned at Vadodara and through this communication, I would request all of you to block these dates in your diary and make it a point to attend the conference. On behalf of WIRC, I assure you that the academic menu that will be presented at the conference would be most sumptuous and I am sure that its taste will remain in your taste buds.

It is very encouraging for us to inform that as part of our efforts to hold programs of WIRC at places other than its office at Nariman Point, Mumbai, we got overwhelmed by the success of the study circle meetings held on 10th March at Ghatkopar & 11th March at Andheri. I would specially like to acknowledge the efforts put in by Mr. N.L. Bhatia & his team comprising Mr. Bhaskar Upadhyay, Mr. Dhrumil Shah, Ms. Geeta Canabar & Ms. Nisha Naker at Ghatkopar and Mr. Kausik Jhaveri and Mr. Rajkumar Tiwari at Andheri.

I would like to urge upon you to be a member of the Program Membership Scheme (PMS). Being a member of this scheme, it would offer you uninterrupted participation in WIRC programs for one year, practically at no cost. Details of the PMS are published in this issue of FOCUS.

I would once again urge you to come forward with generous donation towards WIRC building fund, WIRC is yours and you are the WIRC and by doing so, you will be strengthening your commitment to the profession further.

With best wishes,

Vishvesh V. Vachhrajani,
Chairman, ICSI-WIRC

Date : 15th, April, 2010

Place : Vadodara

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



CASE LAW DIGEST

by CS Ajay Kumar, Mumbai

A Bird's-Eye View : Recent Judgments on Company Law

1. REDUCTION OF SHARE CAPITAL

Petitioner filed a petition under Section 101 seeking confirmation of proposed reduction of paid-up equity capital by 10 per cent stating that due to cash losses suffered by it and its inability to service its debts, it had approached financial institutions and bank (joint lender), for restructuring its debts, under Corporate Debt restructuring Mechanism according to which petitioner was required to reduce (derate) its equity share capital by 10 per cent. It was further stated that proposed reduction had been approved by shareholders of company by special resolution duly passed in accordance with Section 189 and annual general meeting held on 29-9-2005; and that secured creditors had agreed to reduce interest liability. Notices of petition had been published in newspapers and no one had objected to proposed reduction of capital. Proposed reduction of capital of petitioner-company was to be confirmed – PASUPATI ACRYLON LTD., IN RE [2008] 88 SCL 93 (ALL.)

2. COMPROMISE AND ARRANGEMENT

Petitioners, i.e. transferor and transferee-companies, filed petition under sections 391 and 394 for sanctioning of their scheme of arrangement which involved demerger of steel division of transferor-company and merger thereof into resulting company. Regional Director filed an affidavit stating that said scheme did not appear to be prejudicial to interest of shareholders and public but neither Petition nor scheme provided details of assets and liabilities of steel division of transferor-company that were to be transferred to and vested in resulting company. However, it was found that entire procedure had been complied with and no objection had been raised by any party including creditors and members. In view of fact that there is no provision in law which requires balance sheet and profit and loss account or scheme enumerating and setting out each and every asset which is subject-matter of scheme of demerger and since no party would be adversely affected if details of assets which formed a part of scheme had not been enumerated, proposed scheme was to be sanctioned. – AJMERA REALTY & INFRA INDIA LTD., IN RE [2009] 96 SCL 105 (BOM.)

3. JURISDICTION OF COMPANY JUDGE TO GIVE DIRECTION TO CONVENE GENERAL MEETING IN THE ABSENCE OF PRAYER FOR CONVENING SUCH MEETING – SECTION 169

Where neither of the parties has made any prayer for convening an extraordinary general meeting of shareholders, the Company Judge has no jurisdiction to give direction for convening the meeting, because the extraordinary general meeting could be convened only in accordance with section 169 at the instance of one of the shareholders – JAMES FREDRICK V. COROMANDEL INDAG PRODUCTS INDIA LTD. [2008] 86 CLA (SNR.) 1 (BOM.)

4. ELIGIBILITY CRITERIA FOR MAINTAINING – MEANING OF EXPRESSION ‘ISSUED SHARE CAPITAL’- APPLICABILITY OF RULE OF *NO CITUR ASOCIIS* INTERPRETING EXPRESSION ‘ISSUED SHARE CAPITAL’ – SECTION 399(1) READ WITH SECTION 397/398

There is absolutely no scope for applying the rule of *nocitur a sociis* in interpreting the expression ‘issued shares capital’ of the company in clause (a) of subsection (1) of section 399 as the expression is a wide expression in itself deliberately used by the Legislature with a view to include both the equity and preference share capital issued by the company. The Petitioner is, therefore, required to hold one-tenth of the total of the issued share capital including both the preference and equity share capital before he becomes eligible to maintain a Petition under section 397/398. – NORTHERN PROJECTS LTD. Vs. BLUE COAST HOTELS & RESORTS LTD. [2009] 89 CLA 560 (BOM.)

5. LIABILITY OF DIRECTOR FOR VIOLATION OF SECTION 73 BY NON-LISTING OF SHARES AT STOCK EXCHANGE AS PROMISED IN PREFERENTIAL OFFER DOCUMENT – SECTION 5 AND 73

Criminal liability cannot be attached to a person unless there is both *mens rea* and *actus* attributable to the person. The criminal liability of a director would arise only when he is an officer in default as defined in section 5. Where none of the Petitioners are officers in default within the meaning of section 5, they cannot be accused of having violated provisions of section 73 by non-listing of shares on the stock exchange as promised in the preferential offer document. Without justification corporate veil between corporate entities cannot be pierced. – SESA GOA LTD. Vs. STATE OF MAHARASHTRA [2009] 89 CLA 149 (BOM.)

ROC COLUMN



The MCA-21 e-Governance Project is dynamic and consistently evolving to keep pace with the changing times and needs of the Corporate Sector. The recent development is the publication of new Form-68 and amendment to Form-32 published in the Official Gazette *vide* GSR 68(E) dated 10.02.2010. These amendments to the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2010, seek to redress persistent grievances of the Corporate Sector regarding rectification of defects in Master Data as well as intimation of cessation of directors which took place prior to MCA-21.

Until the said Amendment, companies were allowed to carry out Master Data Correction only in respect of defects found in the Master Data prior to MCA-21. These defects in Master Data of companies occurred during the migration of erstwhile NIC Database to the MCA-21 Database. ROCs were empowered to carry out the correction in the Master Data based upon the application received along with supporting documents.

However, MCA-21 has recognized the need for providing facility to carry out corrections in the Master Data which occur subsequent to introduction of MCA-21. It is possible that errors can occur while filling up the e-forms in the present MCA-21 dispensation and a channel must be provided for correction of such data. The new e-form – 68 is an answer to this problem. Form-68 provides for correction of Master Data of MCA-21 in respect of 3 (three) e-forms, viz., Form-1A, Form-1 and Form-44. The corrections can be carried out in respect of errors committed relating to selection of Type of Company, Category of Company and Sub-category along with explanation for the reasons for committing error.

The revised Form-32 notified in the Gazette seeks to resolve the problem relating to intimation of cessation of directors prior to MCA-21. Under the old Form-32, it was not possible to include the name of a Director who ceased to be associated with the company prior to 31/10/2006 due to non-availability of DIN. The revised Form-32 has introduced Paras – 8, 9 and 10 wherein the company can furnish the details of directors who cease to be associated with the company before 31/10/2006 who do not have DIN. This would come as a relief for many companies whose directors' database continue to include the names of past directors who have resigned from the company prior to 31/10/2006. MCA-21 e-governance Project will continue to evolve to redress the problems of Corporate Sector with the ultimate goal of improving and providing Efficient Service Delivery. The Professional Friends are requested to extend their helping hand by ensuring that e-forms filed in the office of the Registrar of Companies are free of defects which can be directly approved by ROC Back Office without returning them back through "Resubmission/PUCL" for correction of the defects in the e-form. This will go a long way in creating a good image of MCA-21 Service Delivery System.

(HENRY RICHARD)
REGISTRAR OF COMPANIES
MAHARASHTRA, MUMBAI

Due Diligence :

(3ps.. purposes.. processes.. profits)

K. Venkataraman – *Company Secretary, DB Corp Limited*
Ms. Archana Khemka – *Practising Company Secretary*

It is a mad, mad world. Life is tuned to fast tracks. Fast trains, fast food, highly mechanical, tough deadlines and less time for sit-down thinking and decision making. But decisions with half-baked information and heard and said ideas may have long term tags waiting. Except for impulsive purchases like filling fuel in vehicles and buying last minute birthday gifts, every transaction of importance needs a careful and well considered decision. As the economy is showing signs of growth after recent recession, the capital market indices have begun upward movement. Be it buying a house, commercial premises.. et al for the individuals and extending the idea to Corporate functions.. entry into the capital market (including re-entries like rights issue, FPO), M&A, PE Investment, strategic alliances, etc.. involve substantial money coupled with present and future returns, permanent impact on reputation and the business risks at the top. Any slip or ignorance, at any stage, may cause an adverse effect and opportunity costs add fuel to the fire.

Is there a process, offering the most comfort feel or base for taking an informed decision...? Well, the process of 'due diligence' (DD) may be the answer.

The concept of due diligence is sewn within most types of transactions and it provides all possible information, to all concerned, enabling an informed determination and a well thought decision. 'DD' is the act of performing a reasonable investigation into the facts and circumstances of a transaction for having a complete understanding.

In simple terms, it is an investigation carried out to 'know' and applying the 'known' to the situation for arriving at decision. In legal language, it is the measure of prudence, exercised by, a reasonable and prudent person under the particular circumstances and also depends on the relative facts of the special case. To make it easier, it is ensuring that 'you get what you think you are paying for.'

Explained better, DD is not technically a legal phrase, but is based on the notion of avoiding negligence when giving advice.

Thus, the **purposes** of DD are multifold:

- to ensure and confirm the adherence to norms..
- to identify the loose ends and suggest the way forward, if required ..
- to report to enable smoother decision making process based on findings.

DD is carried out for many business transactions like Public offerings, Takeovers, private investments, strategic alliances, etc.. In all these, DD is an integral and indispensable part and most vital part. It may cover financial, legal, IPR, commercial and few more specific areas of investigation and reporting.

Process

- Prior to commencing, it is necessary to ascertain the objective of the exercise and if it is for one off transactions like JV, PE or equity offerings, the scope of DD, related statutory compliances require the special attention and thus the process is time bound and compliance oriented from within.
- Based on the scope, it is necessary to determine the time frame and will require Manpower planning, proximity to the data bank (centralized preferred). To facilitate availability of information and resources (including external, if need be) recent reports may also be relied upon , to eliminate redundancy.
- Embark on the process and start with an open mind. Normally, not less than a hundred questions (sometimes repetitive, in nature) are typed and sent. Talk, talk and talk.. to all, till you get the complete answers. Seek clarifications on complex issues and should need be, suggest outsourcing for clarity and hastening the process. For example, in the case of DD for any company acquisition, scope of due diligence would cover complete understanding of all the obligations of the company, like debts, pending and potential lawsuits, IPR issues and other significant areas. In cases where window dressing of figures appears, a closer analysis of the facts and figures, with tax and accounting experts may also be obtained, if

need be. For DDs related to capital market listings, compliance and disclosure norms of regulatory authorities are becoming very strict, day by day, and thus the contents of the related offer document are to be treated like the holy pages. Disclosure and transparency of the right information at the right time and at the right place, saves many complications in future and such DD exercises need more than extra care. Also, DD for private placement of securities, lay special emphasis on applicability of relevant guidelines related to the industry and additional efforts have to be taken for continuous compliance. DDs for IPR matters may sometimes require ideas and views scientific experts, R & D back-ups and complex situations can be examined more in detail, to prevent minor differences from becoming major hurdles in the long run.

- Satisfied with the outcome? It is time to prepare preliminary report and to eliminate redundant aspects. Should need be, offer solutions for tying the loose ends by suggesting probable consequences and proactive compliance. Share and discuss the report. The focus shall not drift from the target areas. The decision maker is awaiting your nod and time is the essence of the assignment.

In business, an opportunity missed is often remembered and it's value in money terms is remembered more.

- Test the outcome with the desired objective. Is the exercise now ready to face the test of law and the waters of the industry. Acting on the report is the prerogative of the client. However, any prudent business man knows best to utilize the report.

Profits

The efforts of a DD exercise bear abundant profits and provide invaluable benefits to all concerned.

- A feel of comfort for the decision maker.. yes. This is the ultimate objective of the exercise. The message given is “ Better know all that you can know” and the decision made is the result of a well considered thought-through process.
- Normally, after completion of a DD, the further process and action plan time lines become clear and thus momentum for the way forward is set on.

- During the exercise, many mistakes (most often unintentional and incidental) surface sometimes even chances of undoing them, arise.

E.g. if a particular info is not provided to a regulatory authority on time, perhaps a delayed reporting may save from total damage.

- Continuous and consistent compliance with statute, in future, sets in to the minds of all concerned.
- After a DD, the people get geared up, morally for similar exercises.

The other side of the coin indicates that a DD exercise is a time consuming process.. True. Rome was not built in a day. Any process, takes it's due time. Perhaps, during the period of DD, the concerned staff, may sometimes have only pizza and coke and late nights to meet the time lines.

Cost: In business, there is no free lunch. The DD exercise is considered sometimes, a costly affair: but, the spend is worth in view of the multifold results in waiting.

Are these different?

Due diligence and Audit: It may be seen that 'audit' may be an exercise carried out after the happening of an event.. whether right, true and fair, within scope.. etc., where as, DD is a proactive exercise. DD may cover examination of the yesteryears but the objective is for a future action like investment, alliance etc and forms basis for long term compliance.

Due diligence and Investigation: 'Investigation' is an exercise of probing into finding out the cause of an event and is always having a restricted scope. On the other hand, DD is a pre-event exercise and includes scope for reasons and remedies.

Conclusion

It may be observed that DD is the best method of ascertaining the required information for decision making. It should always be remembered that what someone tells or shows is only a representation, not a fact, until it is verified, documented and evidenced and it is always better to know all that one should know. It is sometimes painful and monotonous but the results are sweet and cherished and the knowledge gained from this process is in the permanent store for all.

Syndicate Member & Underwriting

B. Renganathan-Vice President-Corporate Affairs & Company Secretary-Edelweiss Capital Limited

Ms. Archana Khemka-Practising Company Secretary

SYNDICATE MEMBER

INTRODUCTION

The rapid evolution of the domestic capital market and the necessity to integrate with the global markets is always a challenge. To meet this end the concept of book building was introduced in 2000. This necessitated online offering of securities especially in an Initial Public Offering (IPO). Prior to this, the application forms for subscription to shares were physically distributed informally through various channels including brokers. Collating and assimilating the data was very difficult and time consuming. Under the online offering of securities, the details of the applications have to be uploaded in the electronic bidding system of the stock exchanges. Hence, the need to identify an intermediary, who could be entrusted with the task of doing this systematically, arose and the role of Syndicate Member(SM) was thus conceived.

WHO IS A SYNDICATE MEMBER ?

A Syndicate Member is an intermediary, registered with SEBI and who is permitted to carry on the activity of an Underwriter. Among the intermediaries the Merchant Bankers and the Brokers are those who normally underwrite. By virtue of being a Broker or a Merchant Banker, they are eligible to act as Syndicate members and underwriters. Though, it is not necessary to have a Syndicate Member for an issue, it becomes imperative from an underwriting perspective.

ROLES & RESPONSIBILITIES OF A SYNDICATE MEMBER

- Acts as an intermediary between the Issuer Company and the subscribers to the shares of an IPO.
- Circulates copies of the Red Herring Prospectus along with the bid cum application form to potential investors.
- Appoints Brokers for the purpose of accepting bids and placing orders with the Issuer.
- Ensures the financial viability of the brokers appointed by them.
- Checks for the investment limits prescribed under relevant laws for each category of investors.
- Is present at all the bidding centers.
- Collects the bids(application forms)
- Follows the instructions issued by the Registrar in dealing with the Bid cum Application Forms.
- Ensures accuracy of the details entered in the electronic bidding system.

- Uploads the bids on the online electronic bidding system of NSE & BSE on a regular basis.
- After receiving the bids, the SM enters the bid details into the electronic bidding system and generates a Transaction Registration Slip (“TRS”) for each price and demand option and give the same to the bidder.
- Deposits the bid amount into the Escrow Account of the Issuer.
- Provides identification numbers (terminal IPs) of all its Bidding Centers and those of its Sub-Syndicate Members to the Registrar.
- Not to accept any bid amount in Cash, Money Order or Stock Invest.
- Not to make any disclosure or announcement in any manner except with the consent of the BRLM / Issuer.

APPOINTMENT OF A SYNDICATE MEMBER

The BRLM appoints a SM through a Syndicate Agreement executed amongst the BRLM, the Issuer and the SM. The SM also enters into sub-syndicate agreements with other brokers. If the SM fails to fulfill their underwriting obligations the lead Book Runner has to fulfill the obligations of the SM.

RESTRICTION : A SM cannot subscribe to the issue except for fulfilling underwriting obligation.

LIABILITIES : A SM is solely responsible for any error, mistake, and miscalculation in the details entered and also for making good the short fall in the bid amount collected either directly or through any sub-syndicate member. Apart from the contractual obligations arising out of the syndicate agreement, they are also liable under the SEBI Act, 1992.

Some of the broking houses that act as Syndicate Members are SBI Capital Securities Limited, Edelweiss Securities Ltd., JM Financial Services Pvt Ltd., Reliance Securities Ltd. Kotak Securities Ltd.,

UNDERWRITING

Definition –

Pursuant to SEBI (Underwriters) Regulation, 1993, “Underwriting” means an agreement with or without conditions to subscribe to the securities of a body corporate when the existing shareholders of such body corporate or the public do not subscribe to the securities offered to them. In other words, when the Issuer is not able to garner even the minimum subscription, the Underwriters bridge the gap by subscribing to the Issue. In reality an underwriter may also procure subscription from a third party.

Underwriting is in the nature of an insurance against the possibility of inadequate subscription. An underwritten issue does not denote any negative signal requiring an underwriting support. On the contrary it adds to the Issuers' strength by indicating that intermediaries after assessing the risks have decided to back the issue. It is the ability of the underwriter to satisfy his commitment, which shall make the capital market a safer place.

The main reasons for underwriting are : (a) the Issuer has a "Safety feeling" while making an IPO and (b) investors have the confidence that the Company has been evaluated and the issue is backed with the financial commitment of the underwriters.

REQUIREMENTS UNDER SEBI (UNDERWRITERS) REGULATIONS, 1993

• REGISTRATION AS UNDERWRITER

No person shall act as an Underwriter unless he holds a certificate granted by SEBI. However, a Merchant Banker and a Broker are entitled to act as underwriters without obtaining a separate certificate, by virtue of the inherent nature of business undertaken by them.

• CAPITAL ADEQUACY REQUIREMENT

The underwriters have to maintain a networth of not less than Rupees Twenty Lakhs.

• GENERAL RESPONSIBILITIES OF AN UNDERWRITER

- The underwriter shall not derive any direct or indirect benefit from underwriting the issue other than the commission or brokerage payable under an agreement for underwriting.
- Normally under-writing obligation is to the extent of minimum subscription except in case of 100 % underwritten issue.
- The total underwriting obligations shall not exceed twenty times the net worth.

REQUIREMENTS UNDER (ISSUE OF CAPITAL & DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

- In case of :
 - Fixed Price Issue : Underwriting is mandatory only if the issuer desires so.
 - Book Building : Under-writing is mandatory (The QIB portion cannot be underwritten)

In a Book Building, the SM shall underwrite all the shares allocated to the bidders who have bid through him. In a book building issue, underwriting is done once the price is discovered and bids allocated.

Normally, the DRHP and the RHP have a reference regarding the intention to enter into underwriting agreement. However, it is only after the determination of the issue price and allocation of equity shares and before filing

the prospectus with ROC, an underwriting agreement is executed. The exact number of shares to be underwritten and the value thereof are stated in the prospectus.

The underwriting agreement is a material contract referred in the prospectus and serves for the purpose of complying with provisions of Section 76(1)(b)(v) of the Companies Act, 1956, as well.

"KINDS" OF UNDERWRITING

The Companies Act, 1956 does not define the term "Underwriting". Section 76 recognizes payment of commission for subscription or for procuring subscription. However, the Indian capital market has borrowed certain terminologies / concepts from international markets. Underwriting normally takes two dimensions viz., Soft & Hard Underwriting.

SOFT UNDERWRITING

In case of a "Soft underwriting" an underwriter agrees to buy the shares after the issue is closed. The underwriter is responsible only for the shortfall or errors occurring in the bids made through him and the risk faced by the underwriter is limited to that extent.

HARD UNDERWRITING

A "Hard underwriting" arises when an underwriter agrees to buy his commitment before the issue opens. The underwriter guarantees a fixed amount to the Issuer from the issue. Thus, in case, the shares are not subscribed by the investors, the issue is devolved on underwriters and they have to bring in the amount by subscribing to the shares. The underwriter bears a risk which is much higher than soft underwriting. During the erstwhile CCI regime hard underwriting was compulsory. However, neither soft / hard underwriting proved to be a guide for the post listing market price.

RESPONSIBILITIES OF LEAD MANAGERS

The issuer relies on the lead manager for appointment and performance of various intermediaries. In such a situation, the lead manager plays a pivotal role in ensuring the intermediaries discharge their functions effectively.

CONCLUSION

Though the introduction of Book building is a decade old, it is only in the last few years, the significance of Syndicate members has been greatly felt. In that direction SEBI vide its latest Press Release dated April 6, 2010, has acknowledged the role of SM by giving an additional day to modify the details entered by them in order to ensure only the correct data is entered. The role of a Syndicate member has thus transformed from a systematic supporter to a professional one. Hence, both Book Running Lead Managers and Syndicate Members (also as Underwriters) have to ensure the confidence reposed by the various stakeholders in an IPO and to facilitate them to the fullest extent.

IMPORTANCE OF PRODUCING CLEAR TERMS OF REFERENCE

(With reference to Remuneration Committee)

Prof. R Balakrishnan CS – Pune

1. Introduction

Remuneration Committee is one of the non-mandatory requirements under the clause 49 of the Listing Agreement executed between the company and the stock exchange(s) where the company's equity shares are listed. The Remuneration Committee is also one of the requirements under Schedule XIII of the Companies Act 1956, whenever, the company would like to make the remuneration to the executive directors at the time when the inadequate or no profit situation arises. Whenever, the Government approval is sought for the payment of remuneration in excess of the minimum remuneration in case of inadequate/no profit situation, the Remuneration Committee needs to play a vital role in giving its recommendations for the remuneration sought to be paid to the directors and the procedural issues are listed down in the Companies Act, 1956 under the situation of in adequate and no profit situations.

2. Provisions under clause 49 of the Listing Agreement

The clause 49 spells out the various things relating to Remuneration Committee as under:—

- (a) the Remuneration Committee to determine the company's policy on remuneration package for executive directors;
- (b) the committee might comprise of minimum three directors and
- (c) the Chairman to be an independent director etc.

3. Provision under the Companies Act, 1956

Under the Companies Act, 1956, as specified in Schedule XIII, Remuneration Committee is mandatory in the cases of companies having paid-up capital more than five crores and where minimum remuneration is payable in case of absence of profits or inadequate profits and further it is specified that:—

- (a) the composition of the remuneration committee to be of three non-executive independent directors.
- (b) No other things have been specified such as quorum, Chairman to be independent director etc.,

and there is no requirement for the chairman of Remuneration Committee to be present at the annual general meeting which is one of the conditions as per clause 49 of the Listing Agreement.

4. Terms of reference — its importance

The foundation of any functioning of a sub-committee appointed by the board of directors need to know the following and the Remuneration Committee established by the board is no exception to this. Well drawn terms of reference of the Remuneration Committee would answer very clearly the purpose of the committee, its composition, how the meetings are required to be conducted, authorities and duties of the committee, reporting responsibilities and finally the review. From this point of view, the terms of reference document is of utmost importance and the terms of reference need not be a lengthy document and it could be of few pages – ideally two or three sheets – what is important is well drawn in clear cut terms on all the above points so that smooth functioning of the committee could take place.

5. Content of Terms of Reference

The following are the illustrative contents of the terms of reference document taking into consideration of the regulatory requirement under the clause 49 of the Listing Agreement and as well under the provisions of the Companies Act 1956 and this could vary according to the organization depending upon the need and the scope of the remuneration committee, the board of directors would like to prescribe.

5.1 The purpose of the committee

The members of the remuneration committee need to know the primary purpose of the committee for which purpose it is established and what is the committee is expected to do in terms of the purpose such to determine and propose for Board approval the policy for the remuneration of the managing director and executive directors.

5.2 Composition of the committee

The terms of reference could spell out the number of members of the committee, independent member's requirement, specific requirement if any – in the case of Remuneration Committee, the minimum number of members to be three and all of them to be of non-executive or independent directors as defined in clause 49 of the Listing Agreement.

5.3 Meetings of the committee

Under this caption, the quorum requirement, frequency of meetings required, invitees to the meetings, agenda documents distribution, alternate chairman when the regular chairman is absent, minutes recording and any external invitees and such other related matters are spelled out. The terms of reference could also state that no one other than the Committee members are entitled to attend meetings and the committee could seek the attendance of external advisors to attend if required.

6 Authority of the committee

Under this caption, the remuneration committee's authority is clearly spelled out as to what the committee is authorized to do including taking professional advice when needed from an outside expert.

7. Duties of the committee

Under this caption, the remuneration committee's duties are clearly spelled out such as:-

- (a) determine and agree from the framework for setting remuneration for executive directors
- (b) remuneration of non-executive directors subject to shareholder approval
- (c) determining policy on executive remuneration, levels of remuneration which are sufficient to attract, retain and motivate directors of the quality required
- (d) incentives which could be provided so as to encourage and reward outstanding performance of directors
- (e) review remuneration policy and
- (f) discuss any major changes to the structure of employee benefits and such other related issues.

8. Reporting responsibilities of the committee

The terms reference would spell out about the reporting responsibility of the committee on all matters within its duties and responsibilities, making recommendations where actions or improvements are needed and as well disclosing the committee's report to the stakeholders in the annual reports etc.

9. Review of the committee

The terms of reference would state the committee should, at least once a year, review its own performance, composition and terms of reference to ensure that it is operating at maximum effectiveness and the committee could recommend any changes which are necessary to the board of directors for its approval

10. Conclusion

Once the well drawn terms of reference is documented spelling out the above in a very clear manner, answering the entire requirement, the functioning of the Remuneration Committee would become very smooth and the committee could function very efficiently and deliver the expected things from the committee. Needless to mention and the efficient functioning of the Remuneration Committee would depend upon the well drafted clearly defined terms of reference addressing all the issues so that the members of the committee are very clear as to what is expected and they could delivery the same.

11. Suggested Terms of Reference document of Remuneration Committee

Given below the suggested terms of reference of Remuneration Committee for the ready reference of the readers. This document is only an illustrative one and the terms of reference drawn by the organization could vary according to the need of the organization and to that extent the document could be modified.

SUGGESTED (MODEL) TERMS OF REFERENCE REMUNERATION COMMITTEE

PRIMARY PURPOSE

The primary purpose of the Committee is to determine and propose for Board approval the policy for the remuneration of the managing director and executive directors.

COMPOSITION OF THE COMMITTEE

1. The members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least three members all of whom shall be non-executive or independent directors as defined in Clause 49 of the Listing Agreement.
2. The Board shall appoint the Committee chairman who shall be an independent director. The Chairman shall not have a casting vote on any matter in the event of an equality of votes.
3. The Company Secretary will act as the secretary to the Committee.

MEETINGS

1. The Committee shall meet at least once per year and at such other times as the Chairman of the Committee shall decide.
2. The Committee quorum comprises a minimum of two directors.
3. The Chairman of the Committee shall attend the Annual General Meeting in order to respond to shareholder questions on the Committee's activities

4. The agenda and supporting papers for the meeting shall be emailed to each Committee member at least 10 working days (.....this could vary.....) before the meeting.

5. In the absence of the appointed chairman of the Committee and / or an appointed deputy, the remaining members shall elect one of their members to chair the meeting.

6. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Minutes of Committee meetings shall be circulated no later than 3 working days (.....this could vary.....) after the meeting to all members of the Committee and, once agreed, to all members of the Board.

7. No one other than the Committee members are entitled to attend meetings. However external advisors are allowed to attend if required.

AUTHORITY OF THE COMMITTEE

The Committee is authorized to:

1. Seek any information it requires from any employee, the internal or external auditors or third party in order to perform its duties
2. Obtain at the company's expense, outside legal or professional advice on any matters within its terms of reference when the Committee reasonably believes it necessary to do so.

DUTIES OF THE COMMITTEE

Determining and Monitoring Remuneration Policy

- a. determine and agree with the Board the framework and policy for setting remuneration for the Managing Director and executive directors and such other members of the executive management as the Committee is required by the Board to consider. The remuneration of non-executive directors shall require shareholder approval. No director shall be involved in any decisions as to their own remuneration;
- b. in determining policy on executive remuneration, the objective shall be to ensure that levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully and that appropriate incentives are provided so as to encourage and reward outstanding performance and to reward, in a fair and responsible manner, directors' individual contributions to the success of the Company;
- c. keep under review the appropriateness and relevance of the remuneration policy;
- d. within the terms of the agreed policy, have delegated responsibility for setting the total individual remuneration packages of all executive directors including, where appropriate, pension rights and any bonuses, incentive payments, share options or other share awards;
- e. be aware of and discuss any major changes to the structure of employee benefits;

Contracts of Employment

- f. to approve all contracts of employment for executive directors;

Early Termination

- g. determine the Company's policy in relation to compensation to be paid to any executive director in connection with early termination of employment and, where appropriate, office as director, ensuring that terms are fair to both employee and the Company; Performance Related Pay

- h. approve the design of, and determine targets for, the performance-related pay schemes operated by the Company for executive directors and the senior management team and approve the total annual payments made under such schemes;
- i. review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior management and the performance targets to be used; Pension Arrangements
- j. determine the policy for and scope of pension arrangements for each executive director; Approval of Expense Claims of Executive Directors
- k. agree the policy for authorizing claims for expenses of Executive Directors;

Reporting and Disclosure

- l. ensure that all statutory provisions regarding disclosure of directors' remuneration are fulfilled;
- m. produce an annual report on the Company's remuneration policy and procedures and practices, particularly with regard to the work of the Committee, to form part of the Company's annual report;

Remuneration Consultants

- n. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms for any remuneration consultants who advise the Committee, at the Company's expense;

REPORTING RESPONSIBILITIES

1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
3. In addition, all evaluations, reviews and decisions of the Committee made in respect of policy on or for setting remuneration shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board in accordance with the Company's articles of association.

REVIEW

The Committee shall, at least once a year, review its own performance, composition and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

**Attend & Secure Your Credit Hours and Backgrounders
WESTERN INDIA REGIONAL COUNCIL**

Dear Members,
Greetings!

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

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

SR. NO.	DAY & DATE	PROGRAMME	TOPIC	VENUE
1	Saturday 8th May 2010	Study Circle Meeting	Secretarial Audit under MCA Corporate Governance guidelines	Ghatkopar
2	Sunday 9th May 2010	Study Circle Meeting	Mergers & Amalgamations – Case Studies	Andheri
3	Friday 14th May 2010	Study Circle Meeting	IPO / FPO certification	WIRC premises
4	Saturday 15th May 2010	Full Day Seminar	Statutory Compliance	Hotel Orchid
5	Saturday 22nd May 2010	Half Day Seminar	Takeover Code - Analysis	Ghatkopar
6	Friday 28th May 2010	Study Circle Meeting	General Meetings, Postal Ballot & e-voting	WIRC premises

Please attend in large number and take the benefit of professional development and interaction.

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

CS Vishvesh V Vachhrajani
Chairman, ICSI-WIRC

CS Mahavir Lunawat
Secretary, ICSI-WIRC

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

With Warm regards,

IFRS Corner

A monthly column by CS Rammohan Bhawe and CMA Dr. Anjali Bhawe

R N Bhawe, CS, CMA, CA, IFRS-ICAI, Six sigma green belt, Dip IFRS (ACCA, UK),
Certified IFRS – ICAI – Strategy & IFRS Consultant, & **Dr. Anjali Bhawe**, CMA, DBF, Ph.D., IFRS Consultant

Write queries to mohanbhawe@gmail.com or call on 9004043365

What is CRUDE?

With respect to PPE, CRUDE is a short form, easy to remember (my own creation, which represents differences between AS and IFRS/IAS..

What is this riddle?

C – Component accounting

R - Replacement spares

U – Useful life

D – Dismantling costs

E – Exchange difference

What is component accounting?

Component accounting helps for ensuring that charge to profit and loss account is on uniform and usage basis. In big machineries, there are major components, which have different lives. If an asset is written off over its useful life, the components with lesser life but significant portion of value, get replaced during the life of machine itself. It gives rise to situation of continuing putting charge to profit and loss despite the component being no more existent for remaining life. Hence IFRS/IAS aims at accounting for components of significant portion to be written off separately.

What is it about replacement spares?

Arising out of above point, the replacement spares are capitalized. Currently under AS, the treatment is to write them off in replacement year. This puts huge burden on P & L a/c of that year, which beats down revenue-cost matching principle. Hence it is found more appropriate by IFRS/IAS to capitalize and write off again towards its useful life.

How does it work?

Let us take layman's example – in case of an airplane – the engine, body will be having different useful life while other insignificant parts have different life. So the engine and body will be written off over its own life, while the remaining parts which are insignificant will be written off over normal useful life of aeroplane.

What is reference to useful life?

Currently in India we follow depreciation rates given under schedule XIV of companies act. They have been fixed as minimum. Generally companies stick to that. However, IFRS/IAS with a substance and principle based approach, believes that useful life standardising with 1) such a high variety available for each type of asset, 2) such a wide variation of innovations, 3) with so many applications and usage of so many assets, lead to incorrect charge to P & L A/c. Hence it recommends useful life ascertainment based on judgement and reality than sticking to some fixed %. The residual values also change with new economic situations. We have seen it in computers, where theoretical useful life have lost its meanings with quick advancements.

What is dismantling cost?

There are assets, which require installations and at end of useful life they require deinstallations, de-commissionings, dismantling like examples transformers, machineries, mines-land levelling etc etc. These involve huge costs. These are legal responsibilities, like land leveling under environments laws. These are also constructive obligations. These are even required for replacing with new machines at end of useful. IAS finds it necessary – not to charge suddenly as a big cost, at the end of useful life in one year. It finds necessary to create a liability for same from day one of first installation. The spirit is to provide for such a liability over a period, since it is known in beginning itself.

What is reference exchange difference?

As we know, organizations borrow in foreign currency. In India FCCB is common for reducing finance cost as Indian borrowing rate is high. Therefore, it is pertinent that asset under construction have capitalization of interest capitalized. IFRS/IAS also uses same principle with some minute differences. Exchange difference upto the level alternative Indian (within country-for organisation) borrowing costs, is treated as provision for exchange difference which need to be capitalized. Sort of usage of opportunity cost principle.



NEWS FROM WIRC

AND CHAPTERS

Workshop on Brokers' Audit & Diligence Report

ICSI-Western India Regional Council (WIRC) organized a Two day Workshop on "Brokers' Audit & Diligence Report" on Friday & Saturday 2nd & 3rd April, 2010 at its WIRC Premises.

Shri V. R. Narasimhan, Company Secretary of Kotak Mahindra MF inaugurated the Workshop and explained the implications of the SEBI mandate for brokers' to conduct internal audit and the utility of Diligence Report mandated by RBI to ensure statutory and other compliances in respect of companies to whom loans of Rs. 5 Crore and above have been sanctioned by commercial/co-operative banks, select all India institutions etc..

Shri Rakesh Puri, Director, Elara Capital, in the first technical session dwelt at length on the scope of Internal Audit and Ms. Madhu Maheshwari, Risk Manager of Bonanza Online explained risk mitigation techniques and compliance processes & procedures for effective performance and monitoring of brokers.

Shri B. N. Sahoo DGM of SEBI, elaborated the significance of SEBI' regulatory architecture for brokers' Internal Audit and the need for its introduction.

Shri S. N. Ananthasubramanian, Practising Company Secretary and Member, Central Council, ICSI, who had pioneered the concept of Diligence Report since 2004 while deliberating on the scope and professional responsibility also explained the unique nature of this recognition and the need to sustain the same.

Mr. Ananthasubramanian urged practising members to be fully conversant with the requirements of Diligence report. Certification. He also stressed on the skill-sets required which would make the entire process adding value to all those associated namely banks, borrowers and practising company secretaries.

Shri R. N. Vadivellu, Chief Executive FEDAI elaborated the nature, significance and accounting treatment of FOREX transactions, derivatives from the point of view of analyzing forex account in the Balance Sheet of the borrower and the requirement of the Diligence Report.

Shri M. V. Phadke, GM of IDBI Bank explained with interesting and insightful anecdotes the practical

issues connected with loan documentation, in a syndicated loan environment. He welcomed the introduction of the Diligence Report and felt the statutory compliance as well as exchange of information are the backbones of consortium/multiple banking arrangements.

Out of 52 who attended the programme, 27 were members and 25 were senior students.

Hat-trick of Study Circle meetings, organized by WIRC (three study circle in three days)

Annual Report

9th April 2010, WIRC organized a Study Circle Meeting on "**Annual Report**" in WIRC premises from 6.00 pm to 8.00 pm. In the programme two very senior members of the Institute highlighted a couple of emerging dimensions of the annual report. A cap on emission and its due disclosure — may not be fantasy any more --- a message reflected in the presentation of Shri Suresh Thakurdesai, Company Secretary with 45 years experience of holding senior management positions in various Companies including multi- nationals, past chairman of ICSI-WIRC & Hon. Secretary, Finance Forum of India, in 2000. Besides, the speaker provided some insightful words of wisdom about the sector specific disclosures. IFRS (International Financial reporting standard) is a reality of the day. Shri Rammohan Bhawe, Ex CFO Mittal Steel, CFO Reliance Infocomm, and an IFRS consultant addressed the delegates on some of the major and sweeping changes in the annual report in IFRS regime. There was an extended Q&A sessions, reflecting the interest of around 40 odd members, who attended the programme.

In the inaugural session Shri S. N. Anathasubramanian congratulated the council for conceiving and organizing such kind of forward looking programmes. Shri Mahavir Lunawat, Secretary of WIRC co-ordinated the programme and asked the members to expect programmes on relevant theme on a regular basis.

Discussion on Sections 297, 299, 301, 314 and related provision of the Companies Act

10th April, 2010, another Study Circle Meeting was organized by WIRC on the topic "**Discussion on section 297, 299, 301, 314 and related provision of**

the Companies Act” at Ghatkopar between 6.00pm to 8.00pm. Shri K Sethuraman, Group company secretary of reliance industries, deliberated on scope and purview of each of the sections. With his sharp analysis, he brought out the very essence of the sections, provided clarity and elaborated disclosure requirements pertaining to various types of related party transactions. Further, the speaker advised members to effectively fulfill the intricate compliance standard even without halting the business process and transaction. There were questions galore pertaining to nuances of the sections, for which Shri Sethuraman provided compact and terse answer. The programme was attended by nearly 80 delegates.

In the inaugural session the chairman Shri V V Vachhrajani expressed that the house full study circle was a testimonial to the good work of the council and an encouragement for him to come all the way from vadodhara, and reassured Ghatkopar study group that wirc’s endeavor would continue to hold programmes on topical theme. Shri Mahavir Lunawat, Secretary, of WIRC, while thanking all the members, coordinators Shri N L Bhatia, past chairman of WIRC and Shri Bharat Upadhyay, chairman of NaviMumbai chapter, highlighted the special contribution of Bhaskar, Dhummal Shah, Ms. Geeta Canabar & Ms. Nisha Naker who played key role in the success of the study circle and felicitated them with medals.

Shri S. N. Ananthasubramanian, Central Council Member congratuated WIRC for organising the Study Circle and expressed hoped that there would be regular programmes in Ghatkopar. Shri Atul Mehta, Past Chairman, assured that he would attend all the programmes of Ghatkopar Study Circle.

“Listing Agreement

11th April, 2010 on the topic: Critical issues on Listing Agreement at Andheri between 9.30 am and 12.00 noon Shri Ananta Barua, Legal Advisor, SEBI in his insightful keynote address remarked that company listing clauses relate to mandatory compliance standard with respective to stock exchange, however, members of the institute make internal code of conduct pertaining to each of the clauses. Shri Mahavir Lunawat, Associate Company Secretary of Reliance Industries and secretary of WIRC in his address deliberated on scope, provisions and importance of each of the clauses. However, he felt that clauses must be dealt in terms of its compliance—significance and critical organizational imperatives, for which he showcased an ABC analysis. For example clause 40A, pertains to minimum public shareholding, calls for organizational compliance and disclosure requirements.

Also there was a thought provoking discussion on audit committee review board. Dr S K Jain, Shri Rajkuamar Adukia, Shri Prashant Diwan and many senior members participated in the discussion on listing agreement. Shri S N Anathasubramanian informed the members about institute’s role along with stock exchanges for refinement, refurbishment and modernizing of listing agreement ((he and Mahavir Lunawat are part of a committee to take steps in this direction)

Shri V. Vachhrajani, In the inaugural session highlighted SEBI’s recent advise (CIR/CFD/DIL/1/2010 dated April 5, 2010) to the stock exchange to amend the listing agreement Shri V Vachhrajani thanked all the members who were present and specially congratulated Shri kaushik Jhaveri and Rajkumar Tiwari for making the programme a resounding success. The chairman also committed that WIRC would make way for holding many more good programmes in near future on a regular basis.

AHMEDABAD CHAPTER

Reporting for the month of March, 2010

1. Inaugural Session of Training Orientation Programme

Shri Chirag Shah – Chairman of Ahmedabad Chapter, inaugurated the programme. Mr. Kamlesh Shah – Secretary, Mr. Sanjay Maniar – Chairman, TEFC Committee, Mr. Ashish Doshi – Member WIRC of ICSI and Mr. P. N. Bhatt - A.O. Ahmedabad Chapter also remained present.

Participants were addressed by the Chairman and honourable office bearers.

It was conveyed to participants that learning from course material helps in acquiring degree but for professionals, every experience is an opportunity to learn. Learning is a continuous process and a way of life. All participants were urged to focus on learning during the five days programme and make the best use of opportunity to learn.

2. 9th Training Orientation Programme: 2nd to 6th March, 2010

Ahmedabad Chapter organized its 9th Training Orientation Programme for CS Executive Programme pass students from 2nd to 6th March, 2010. Considering the space constraint at chapter premises, the programme was organized at Pragati Residency, Navrangpura, Ahmedabad.

During the programme various topics relating to CS profession and acquiring life skills were covered and students were satisfied with the quality of programme with excellent faculty members. All the possible facilities including meals and refreshments were provided to student at the venue.

Learned faculty members deliberated on various topics through interactive sessions. Ahmedabad chapter is thankful to all the faculty members for extending wholehearted support and, valuable time.

3. Valedictory Session of Training Orientation Programme

The five day interactive programme ended with the valedictory session. Mr. Umesh Ved – Past Chairman, WIRC of ICSI had been invited as the chief guest who handed over certificates and addressed to participants. Mr. Kamlesh Shah – Secretary, Mr. Sanjay Maniar - Chairman, TEFC Committee, Mr. P N Bhatt - A.O. Ahmedabad Chapter remained present. All participants were congratulated and they shared views about the programme.

4. Crash Course for CS Professional Students: 21st & 28th March, 2010

Keeping in view the demand to conduct classes for the Professional Programme, the Ahmedabad Chapter of the ICSI launched a Crash Course for the subject Strategic Management, Alliances and International Trade, to give students the overall coverage of the whole subject on Sundays from morning 8.00 a.m. to evening 5.00 p.m. at the most economical cost of Rs. 250 which included lunch and tea. The faculty members lead by Mr. Amir Ali Jamani, conducted sessions throughout the day and interested students were benefited at the reasonable.

Students appreciated efforts made by the management and Mr. Chirag Shah – Chairman of Ahmedabad Chapter to have addressed the students' concern and organized the course immediately.

5. A session on “Investor Education & Protection” programme sponsored by the Ministry of Corporate Affairs, Government of India. 29th March, 2010.

The Ahmedabad Chapter of the Institute of Company Secretaries of India organized “A

Session on Investor Education & Protection” on 29th March, 2010 at 5.00 P.M. at Sathwara Samajni Wadi, P.O. Dhandhuka, Dist, Ahmedabad. The programme was attended by over 65 Investors.

Mr. Umesh Ved – Past Chairman – WIRC of ICSI, Mr. Chirag Shah – Chairman, and Mr. P. N. Bhatt - A.O. Ahmedabad Chapter, represented the ICSI Ahmedabad Chapter for organizing the event.

Mr. Umesh Ved – Past Chairman, WIRC of ICSI, and eminent Practising Company Secretary was invited as the speaker at the programme. Mr. Chirag Shah delivered welcome address and introduced the speaker. Mr. Umesh Ved with his experience and exposure of more than twenty years in stock market enlightened the participants. He explained in brief about importance of reading the prospectus with specific reference to financial capabilities, nature of products, current performance and future prospect of the company. He emphasized that most important thing to be taken care of while making investment either in primary market or in secondary market is track record of the company and quality of product

He cautioned investors that it is always dangerous for a small investor to act on tips because there are chances of incurring huge losses due lack of knowledge, in absence of proper stock analysis. When market is heading down, there is no need to panic if the investment is in good companies. If the script was not sold in the time of higher index, there is no need to sell when the stock is hitting bottom. The reason is that the same stock would perform, causing markets to go up.

Some of his remarks on equity markets and as a part of investors' education were as under:

- Limit the greed
- Profit booking on achieving reasonable/targeted return.
- Have rational return expectation and sale as soon as the same is achieved.
- Not to marry stock
- To invest when market is down and every body is selling and to sell when market is up and everybody is buying.

- Don't buy on rumor and to have your own decision based on Study.

From his practical experience of Investing in Primary/Secondary Market, Mr. Umesh Ved outlined the following fundamental principles of investing viz.

- Invest in regular dividend paying company and company having good track records of Bonus/Right Issue at reasonable price.
- Invest the only surplus fund in Capital Market to avoid compulsive/panic selling
- Small investors should avoid investing in future and options and trade in derivatives.
- Invest keeping in mind your age, need of fund and risk appetite.
- Always deal with the SEBI Registered Intermediary.
- Always keep Safety, liquidity and Return aspect of investing in mind.

Investors were also briefed about purpose of watchinvestors.com & Investor Helpline available for them.

The Programme got even better with Question-Answer Session. Various Questions ranging from credentials of companies coming out with IPO and certain questions related to better options of wise and safe investment were asked by the Investors that were replied to their utmost satisfaction by Mr. Umesh Ved. The entire proceeding was carried out in Gujarati and a little bit in English, to suit investors in general. It kept the session lively and more interactive. At the end of the programme investors had feeling of immense satisfaction and some of them expressed that if such programme had been arranged earlier, they would not have lost their hard earned money.

Mr. Chirag Shah, Chairman of the ICSI Ahmedabad Chapter summarized the event with the usefulness of such programme, that an investor can get educated and remain careful while investing. He also proposed vote of thanks to Mr. Umesh Ved and all the investors who turned up to attend the session.

The programme then ended with HIGH TEA.

6. Managing Committee Meeting on 31st March, 2010.

Meeting of the Managing Committee of Ahmedabad Chapter was held on Wednesday, the 31st March, 2010, at 6.00 p.m at Chapter premises to carry out the business as per the agenda. Various items including the programmes organized by the chapter and schedule of forthcoming programmes were also discussed.

AURANGABAD CHAPTER

REPORT ON HALF DAY SEMINAR ORGANISED BY AURANGABAD CHAPTER OF WIRC OF ICSI ON 28th MARCH, 2010

Aurangabad Chapter of WIRC of ICSI organized half day seminar on STRESS MANAGEMENT at Conference Hall of Mahatma Gandhi Mission Institute of Management, Aurangabad on the Sunday, 28th March, 2010.

Mr. Shrikant Ranade, ex banker and the main speaker for the seminar was welcomed by Mr. Madhu Kumar Ghatiya, Programme Coordinator Mr. Sateesh Chirputkar, Chairman of the chapter introduced Mr. Shrikant Ranade

Mr. Shrikant Ranade addressed the participants on "Stress management ". He elaborated the reasons of stress in day to day life on scientific basis. He presented the research done on AUM as a sound therapy on health aspects by Dr. Jayant Karandikar MD (Medicine) .He demonstrated and taught seven ways of scientific pronunciation of AUM as a sound. He explained how this practice is useful in reducing stress, speech defects , improves resistance power by activating our immune system , increase in memory power & moreover as a self healing technique for day to day and psychosomatic disorders etc. The participants were individually taught the practice.

Ms. Rina Nathani anchored the programme which was attended by more than 30 members and students. Vote of thanks were proposed by Mr. Manohar Kulkarni, Secretary.

NASHIK CHAPTER

A REPORT ON THE EVENT HELD OF Sunday 21ST FEB 2010 BY ICSI NASHIK CHAPTER

Nasik Chapter of WIRC of ICSI, conducted a seminar Programme on Forex Market and Corporate Governance on 21st Feb 2010. The Event Speaker for the Programme was Mr. Guruprasad Narvekar, Assistant Vice PresidentjNG Vysa Bank Mumbai. The Seminar Programme was attended by students

of all three professional institutes CS,CA,ICWA. About 200 Students Participated in the Seminar Programme. The committee members of ICSI Chapter, Mr. Saleem Raja-vice Chairman of Nashik Chapter and Mr. Vrushal Saudager -Treasurer also graced the Occasion with their views on the seminar topic. The event was started with a opening speech by Mr. Saleem Raja who gave his Preamble views about corporate Governance and later Mr. Vrushal Saudagar who himself is acumen about the Forex market gave his views on Forex Market. The Event speaker Mr. Guruprasad Narvekar covered a number of concepts under Forex Market like What is forex market, factors effecting Forex market, interest parity rate ,swaps and other Relevant Topics as per the Syllabus of the Institutes thus helping students to clarify their Concepts. As far as corporate governance is concerned, he laid emphasis on how corporate governance is important after the Satyam fraud took place .The event thus was very beneficial for students as it helped in solving their difficulties about Forex market Concepts and also understanding the concept of Corporate Governance. The Event was first of its kind where CS students had organized with the support of the Committee members of Nashik Chapter. The CS Students who supported and coordinated the event are Ravishankar Sitharaman, Khushal Sarada, Deepa Sharma, Pradyna Loya, Deepti Ghodekar, Yogesh Chandak, Bhaskar Ravi, Kamlesh Kulkarni, Rashmi Hawaldar, , Amit Agarwal, Seema Pant, Vishal Kulkarni, Ajay Topale, CS Darshan Talikot, Swapna Naphade, Tanuja P. Kshatriya, Karan Singh, Hitendra Surana, Sonali Bacchav, Chinmay Hanumante.

PUNE CHAPTER

1. FELICITATION OF SUCCESSFUL STUDENTS - 26.2.2010

Felicitation of Successful students those who have passed in the December 2009 exams was organized by Pune Chapter on 26.02.2010 at Pune Chapter. Around 70-80 students have been felicitated during the program. CS Shridhar Kulkarni, Chairman and CS Pawan Chandak, Secretary of Pune chapter of ICSI were present during the function.

2. STUDY CIRCLE MEETING ON LIQUIDATION AND WINDING UP OF THE COMPANIES

A Study circle meeting was conducted on 27.02.2010 on "Liquidation and Winding up of the Companies". The faculty for the meeting was CS Milind Kasodekar, Central Council Member of ICSI. Around 60 participants were present for the Study Circle Meeting.

3. TWO DAYS' WORKSHOP ON LABOR LAWS ON 12TH & 13TH MARCH 2010

Two days' Workshop on Labor Laws on 12th & 13th March, 2010 was organized at Hotel Deccan Rendezvous, Pune. Around 85 participants has attended this Two days' seminar.

4. 1ST MANAGEMENT SKILL ORIENTATION PROGRAM [MSOP] (15.03.2010 to 02.04.2010)

Pune chapter of ICSI has organized 1st Management Skill Orientation Program [MSOP] from 15.03.2010 to 02.04.2010 at Pune chapter premises. Total 51 students are registered and undergoing this program.

5. STUDY CIRCLE MEETING ON GST - AN OVERVIEW AND OPPORTUNITIES FOR COMPANY SECRETARIES

A Study circle meeting was arranged on GST - an Overview and Opportunities for Company Secretaries on 20.03.2010. The faculty for the meeting was CS Vikas Khare, Member of WIRC of ICSI. Around 55 participants were present for the Study Circle Meeting.

6. INVESTOR AWARENESS PROGRAM ON 20.03.2010

Pune Chapter of WIRC of The Institute of Company Secretaries of India had Organized Investor Awareness Program on Vigilant Investor in Capital Market At Pudumjee Hall, Maharatta Chambers of Commerce, Industries & Agriculture (MCCIA), Tilak Road, Pune- 411002 On Saturday, 20th March 2010. Around 100 peoples attended the program. This program was sponsor by Ministry of Corporate Affairs , Government of India.

RAJKOT CHAPTER

Rajkot Chapter of WIRC of the ICSI organized Study Circle meeting for its members dated 19th February, 2010 on the subject: Merger & Amalgamation – Practical Aspects.

The programme was delivered by CS Dharmendra Ganatra, Practising Company Secretary. Mr. Ganatra elaborated various aspects related to Mergers and Amalgamations with respect to the current scenario. He emphasized about the process of Mergers and Amalgamations which had gained substantial importance in today's corporate world and utility for restructuring the business organizations. Mr. Ganatra explained with suitable examples that the increased competition in the global market had

prompted the Indian companies to go for Mergers and Amalgamations as an important strategic choice, and how the trends of Mergers and Amalgamations in India had changed over the years. Role of Company Secretaries in Mergers and Amalgamation with areas of compliance requirements were explained in detail. It was an interactive meeting, where members elaborately discussed the role of various statutory authorities involved in the process and also various practical issues involved in the MCA system and with other statutory authorities after the receipt of court order for amalgamation. The meeting was followed by Question and Answer Session. The members asked practical and compliance related questions, which were answered with convincing clarity by Mr. Ganatra.

Programme on “Preferential Allotment of Securities & Listing Agreement“:

Rajkot chapter of WIRC of the ICSI organized a Programme dated 03-04-2010 on the subject: Preferential Allotment of Securities & Listing Agreement.

The program was delivered by Mr. Vishal Chavda, Deputy Manager - Listing, BSE. CS Naling Ganatra, Chirman of the Chapter introduced the Speaker

followed by welcome speech. Mr. Chavda discussed that in the present scenario, Preferential issue is one of the key sources of funding for companies. He briefly explained SEBI ICD Regulations, Pricing, Payment of Consideration, Lock-in-period with Listing Agreement provisions as per the SEBI Guidelines. Role of Company Secretaries in Preferential Allotment and Listing Agreement Provisions was explained in detail.

This was an interactive session, members elaborately discussed Pros and cons of the Preferential Allotment, Procedural aspects for the issuance and Technical difficulties related thereto. CS Bhavin Mehta – Partner, MJP Associates provided in-depth study material to members as a reference to the programme.

The Programme was followed by Question and Answer Session, all members actively participated and clarified their queries related to subject with Mr. Chavda. CS Devang M. Vyas, Secretary of the Chapter delivered vote of thanks.

The Report of Good Governance & LLP Programme in Panchmari, Bhopal will appear in the next issue.

A Reputed, Professionally Managed Investment / Trading Company having international affiliation requires following personnel for its office at Nariman Point

COMPANY SECRETARY

Candidate should be a member of the Institute of Company Secretaries of India

The Candidate should have good knowledge of Secretarial and Legal matters such as compliance with various laws, filing of various documents / return with the RoC, drafting of minutes/agreements, mergers & amalgamations, trade marks, stamp duty and FEMA Freshers can apply.

Salary & perquisites will not be a constraint for the right candidate.

Apply with resume within 7 days to
Metmin Investment & Trading Pvt. Ltd.

161/162, Mittal Court, “A” Wing, 16th Floor,
Nariman Point, Mumbai-400 021.

NIDHI RESOURCES

720, 7th Floor, Reena Complex, Vidyavihar (West),
Mumbai-400 086. (+912267991713 (100 Lines)

LEADING SYNDICATOR

of Debt (Short Term / Long Term)

TRADE FINANCE

Local LC Bill Disc. /Local
Inv. or Bill of Exchange

Export Bill under LC & DA Terms,
Import Financing @ LIBOR RATES
Buyers Credit / Suppliers Credit

CORPORATE FINANCE

Working Capital/Term Loan/
Project Loan / ECB Loan

ADVISORY SERVICES

CREDIT RATING

Sick Unit - Reschedulement
NPA / DRT Cases-
Settlement with Bank
Pre IPO process and placement

RETAIL FINANCE

Loan
Home/Mortgage/LRD
LOAN AGAINST SHARES

kannan@nidhiresources.com
(+91-9820023996)

sivakumariyer@nidhiresources.com
(+91-9820400679)

REFERRAL PARTNERS INVITED

India's New Generation Stock Exchange

Enabling inclusive growth via
Information, Innovation, Education, Research

India has witnessed reforms across banking, telecom and insurance, ensuring inclusive development and customer satisfaction at an optimum cost. Thanks to the vision of Regulators and Policy Makers, India will witness new generation financial markets with the onset of new stock exchanges. These exchanges will create an informed investor base via financial literacy and literate investors will have access to products across equity and other asset classes along with state-of-the-art technology and world-class service at competitive cost. We realise our responsibility as India's New Stock Exchange and are committed to contributing towards the all-round development of industry leading to capital formation and employment creation.

India's 1st stock exchange to introduce pioneering initiatives

- > Launched website in 11 regional languages enabling over 2.5 lacs people to choose their language for Financial Literacy
- > Driving financial literacy by conducting average of 1 training program per day
- > Empowering participants by giving access to prices via SMS
- > Launched India's 1st handbook & CD on currency and interest rate futures
- > Injecting efficiency by reducing gap of collecting Mark to Market margins
- > Deployed superior technology for continued operation during sun outage
- > Joined hands with DD and other industry partners such as ICAI, CII YI, ASSOCHAM, FEDAI, FIEO, FISME, TIE and other trade associations to drive **Financial Literacy – for – Financial Inclusion™**

MCX'SX
India's New Stock Exchange

MCX Stock Exchange Ltd.

Exchange Square, Suren Road, Andheri (E), Mumbai 93. Tel: +91-22-6731 9000. Email: info@mcx-sx.com

THE DIFFERENCE IS RESEARCH.

ICSI-WIRC Programmes Membership Scheme 2010-11

For Professional Development Programmes for Members of ICSI-WIRC

PMS

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

The details of the Scheme are as follows;

Programmes Covered:

Study Circle meetings (No restriction of attending study circle)

Full Day Programmes (Maximum 8 in a year)

Credit Hours:

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

Fees: The Membership is valid for one year from the date of registration (for any eight programmes)

1. Individual Member of ICSI: Rs.6,000/-
2. Corporate Member/ Firm of Practicing Company Secretaries/ Non member : Rs. 7,500/-
3. Senior Citizen (Age – 55 years) and C. S. Students : Rs. 5,000/-

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

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

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

CS Vishvesh Vachhrajani
Chairman, ICSI, WIRC

CS Mahavir Lunawat
Secretary, ICSI-WIRC

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

PMS 2010-11

Terms and conditions

1. PMS is applicable only for study circle/one day programmes/ seminars/ felicitations arranged by WIRO individually (any eight programmes).
2. PMS members are not entitled for free entry for Joint Programmes/ National Level Programmes/ Regional Conferences / Residential Programmes / Workshops / Student Programmes or any other programmes not specified at 2 above. However WIRC may from time to time announce the Discount on fees for PMS members for such programmes.
3. PMS corporate and PCS firm member is entitled to depute one of their member / employee for the programme (employed in the same Company/ Firm / Organization or Partner of the firm). They are not entitled to depute associates or member employed in the other group company or any other person.
4. The Membership is valid for one year from the date of registration.
5. WIRO will issue the identity card to each member/ corporate/ firm/ non member joining the scheme. Production of identity card on demand is mandatory.
6. While registering for the programme, quoting of membership number is mandatory.

7. PMS members will get the priority during registration for the programmes.
8. PMS members will get one free copy of Corporate Calendar released during the period by WIRO.
9. WIRC reserves the right to cancel/ terminate/ change/ modify the terms and conditions of the PMS without any notice to members.
10. Decision of the Executive committee of WIRC will be final and binding on members.

ICSI-WIRC Programmes Membership Scheme 2010-11

REGISTRATION FORM

To
The Chairman, ICSI-WIRC, Mumbai

Dear Sir,

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

Sr. No	Particulars	
1.	TYPE OF MEMBERSHIP	CORPORATE/FIRM/INDIVIDUAL/NON MEMBER
2.	NAME	
3.	ICSI MEMBERSHIP NO. ACS / FCS NO. / COP NO. / STUDENT REGN. NO.	
4.	DESIGNATION & NAME OF THE COMPANY / FIRM	
5.	CORRESPONDENCE ADDRESS	
6.	CONTACT DETAILS.	TEL : CELL : E-MAIL :
7.	DETAILS OF FEES PAID :	Cheque / Demand Draft for Rs. _____ or Rs. _____ in favour of "WIRC of ICSI" payable at Mumbai.

Yours faithfully,

Signature of the Member/ Authorized Signatory of Firm/ Corporate

Date:

Place:

Form for Donation towards Fund Raising for the Purchase of New Premises

1. Name _____
2. Address _____
3. Amount _____
4. Cheque/DD Number /Name of the Bank _____
5. Permanent Account Number _____

It may be mentioned that contributions/donations to our Institute have been granted exemption u/s 80G of the Income-tax Act 1961(valid till 31-3-2010) and Cheques/Demand Drafts may please be drawn in favour of "The Institute of Company Secretaries of India".

List of Donors : Shri Keyoor Bakshi, PCS — 1,00,000/-

(excluding the names published earlier)



Programme on Stress Management organised by Aurangabad Chapter



Preferential Allotment of Securities & Listing Agreement: Organised by Rajkot Chapter on 3rd April, 2010



Audience at the Programme.



CS Nalin Ganatra (L) Welcoming Mr. Vishal Chavda (R), Deputy Manager - Listing, BSE

Forex Market and Corporate Governance on 21st Feb 2010 organised by Nasik Chapter



L to R : Shri Saleem Raja, Vice Chairman, Nasik Chapter, Mr. Guruprasad Navekar, Asst. Vice President, ING Vyasa Bank, (Speaker), Mr. Vrushal Saudagar, Treasurer, Nasik Chapter



Nasik Students with Dignitaries



Fellowship, question & answer on listing agreement and protocols during the three hour study circle in bhavans college in andheri



Kaushik Jhaveri & Rajkumar Tiwari co-ordinators of the Study Circle with the Secretary of WIRC



Workshop in WIRC on 2nd & 3rd April on Brokers' Audit and Diligence Report



L to R : Shri Rakesh Puri, Director Elara Capital, Shri Mahavir Lunawat, Secretary WIRC, Shri V. Narsimhan, Chief Compliance Officer, Kotak Bank, Smt. Ragini Chokshi, PDC Chairperson



Shri Rakesh Puri, Director Elara Capital, accepting a good luck plant. Shri Puri addressed the delegates on guidance note for brokers' audit



Smt. Madhu Maheshwari, Risk Management Department of Bonanza online addressed the delegates on internal control of brokers operation



Shri B. N. Sahoo, DGM SEBI is taking question. He addressed the delegates on regulatory architecture



Shri R. N. Vadivelu, Chairman FEDAI addressing the delegates on issues of FOREX treatment.



Shri S. N. Ananthasubramanian, Central Council Member accepting a good luck plant. Shri Ananthasubramanian addressed the delegates on professional responsibilities of diligence report



Shri M. V. Phadke, General Manager, Legal of IDBI Bank, addressing the delegates on Documentation of Syndicated Loan.

Printed and published by Mr. Sudipto Pal, Joint Director for and on behalf of Western India Regional Council of the Institute of Company Secretaries of India, 13, Jolly Maker Chambers No. II, First Floor, Nariman Point, Mumbai-400 021. Tel.: 22021826/22844073/22047569/22047580/22047604. Fax No.: 22850109 Email : wiro@icsi.edu and printed at Finesse Graphics & Prints Pvt. Ltd., 309, Parvati Industrial Premises, Sun Mill Compound, Lower Parel, Mumbai-400 013. Tel. Nos.: 24961685/24961605 Fax No.: 24962297 and published at Mumbai.

Views expressed by contributors are their own and the Institute/WIRC does not accept any responsibility.

Date of Posting

To

If undelivered, please return to :

WIRC of the Institute of Company Secretaries of India, 13, Jolly Maker Chambers No. II, Nariman Point, Mumbai - 400 021. Tel.: 2202 1826
• Fax : 2285 0109

Space for Address