WRITE UP ON RECENT DEVELOPMENTS

ON

FOREIGN INVESTMENTS IN INDIA & ACQUISITION OF PROPERTY

Foreign Direct Investment is freely permitted in almost all sectors except those sectors specifically prohibited/restricted. Under the Foreign Direct Investments (FDI) Scheme, investments can be made by non-residents in the shares / both convertible or non convertible debentures / preference shares of an Indian company, through two routes; the Automatic Route and the Government Route. Under the Automatic Route, the foreign investor or the Indian company does not require any approval from the Reserve Bank or Government of India for the investment. Under the Government Route, prior approval of the Government of India, Ministry of Finance, and Foreign Investment Promotion Board (FIPB) is required.

FDI Policy is formulated by the Government of India. The Ministry of Commerce and Industry, Department of Industrial Policy and Promotion has issued a "Consolidate FDI Policy Circular" dated March 31,2010 elaborating the policy and the process in respect of FDI in India, which is available in public domain FEMA Regulations prescribe the mode of investments i.e. manner of receipt of funds, issue of shares / convertible debentures and preference shares and reporting of the investments to the Reserve Bank.

Foreign Direct Investment (FDI) in India is governed by the FDI Policy announced by the Government of India and the provisions of the Foreign Exchange Management Act (FEMA), 1999. Reserve Bank has issued Notification No. FEMA 20 /2000-RB dated May 3, 2000 which contains the Regulations in this regard. This Notification has been amended from time to time.

Prohibition on investment in India

Foreign investment in any form is prohibited in a company or a partnership firm or a proprietary concern or any entity, whether incorporated or not (such as, Trusts) which is engaged or proposes to engage in the following activities:

(a) Business of chit fund, or
(b) Nidhi company, or

(c) Agricultural or plantation activities, or

(d) Real estate business, or construction of farm houses, or

(e) Trading in Transferable Development Rights (TDRs).

Investment in the form of FDI is also prohibited in certain sectors such as

(a) Retail Trading (except single brand product retailing)

(b) Atomic Energy

(c) Lottery Business including Government / private lottery, online lotteries, etc.

(d) Gambling and betting including casinos, etc

(e) Business of chit fund

(f) Nidhi company

(g) Trading in Transferable Development Rights (TDRs)

(h) Activities / sectors not opened to private sector investment

(i) Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to

Eligibility for Investment in India

(i) A person resident outside India (other than a citizen of Pakistan) or an entity incorporated outside India, (other than an entity incorporated in Pakistan) can invest in India, subject to the FDI Policy of the Government of India. A person who is a citizen of Bangladesh or an entity incorporated in Bangladesh can invest in India under the FDI Scheme, with the prior approval of the FIPB.

(ii) Overseas Corporate Body (OCB) means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non-Resident Indians and includes overseas trust in which not less than sixty per cent beneficial interest is held by Non- Resident Indians, directly or indirectly, but irrevocably. OCBs have been de-recognised as a class of investors in India with effect from September 16, 2003. Erstwhile OCBs which are incorporated outside India and are not under adverse notice of the Reserve Bank can make fresh investments under the FDI Scheme as incorporated non-resident entities, with the prior approval of the Government of India if the investment is through the Government Route; and with the prior approval of the Reserve Bank if the investment is through the Automatic Route.

ISSUANCE OF NON-CONVERTIBLE DEBENTURES

A corporate shall be eligible to issue NCDs *with original or initial maturity up to one year and issued by way of private placement;* if it fulfills the following criteria, namely,

a) the corporate has a tangible net worth of not less than Rs.4 crore, as per the latest audited balance sheet;
b) the corporate has been sanctioned working capital limit or term loan by bank/s or all-India financial institution/s; and
c) the borrowal account of the corporate is classified as a Standard Asset by the financing bank/s or institution/s.

Basic Requirements

a. NCDs shall not be issued for maturities of less than 90 days from the date of issue.
b. Every corporate issuing NCDs shall appoint a Debenture Trustee (DT) for each issuance of the NCDs.
c. The exercise date of option (put/call), if any, attached to the NCDs shall not fall within the period of 90 days from the date of issue.
d. The tenor of the NCDs shall not exceed the validity period of the credit rating of the instrument.
e. NCDs may be issued in denominations with a minimum of Rs.5 lakh (face value) and in multiples of Rs.1 lakh.
f. The aggregate amount of NCDs issued by a corporate shall be within such limit as may be approved

by the Board of Directors of the corporate
or
as indicated by the Credit Rating Agency,
whichever is lower.

Procedure for Issuance

i. The corporate shall disclose to the prospective investors, its financial position as per the standard market practice.

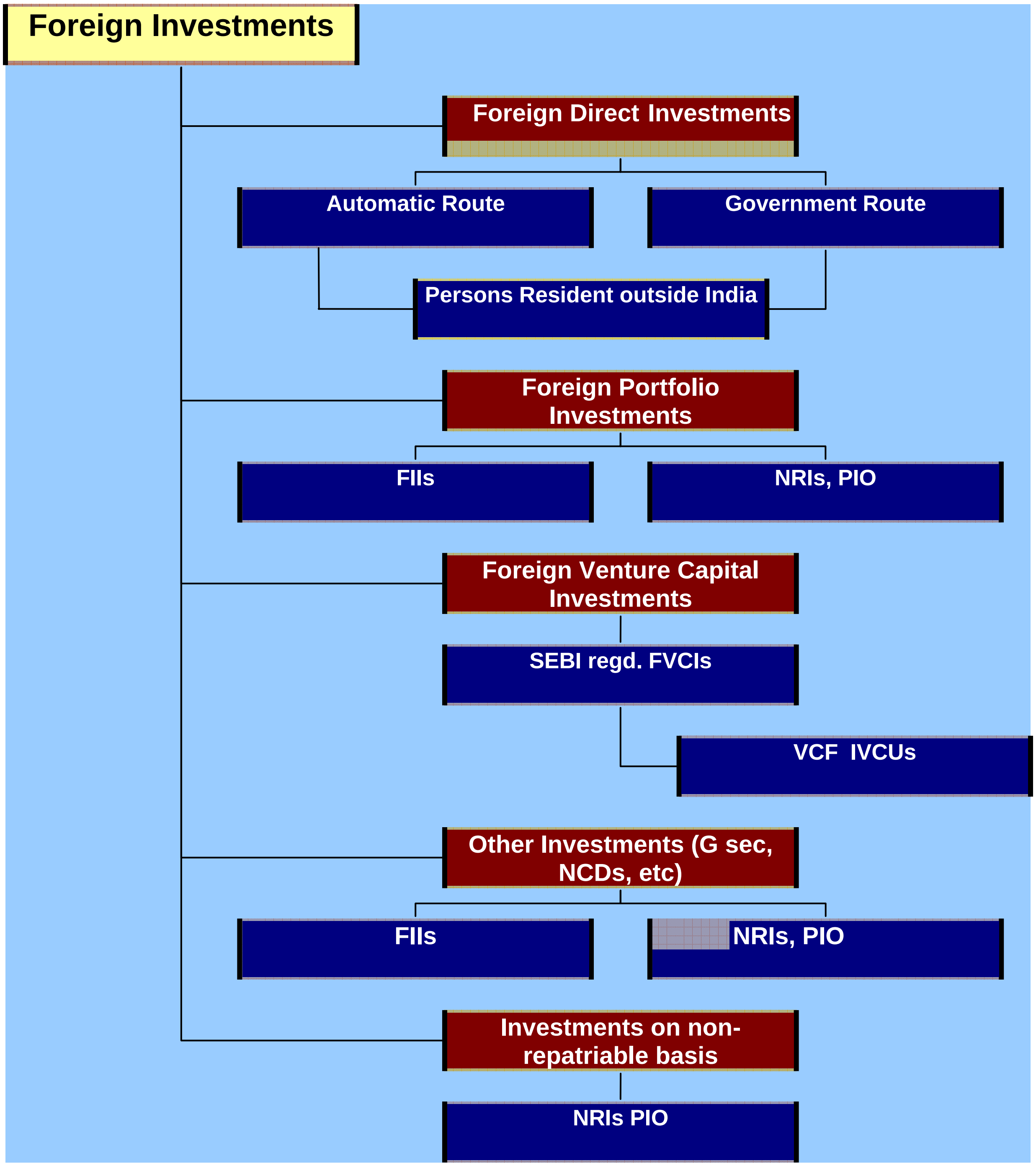
ii. The auditors of the corporate shall certify to the investors that all the eligibility conditions set forth in these directions for the issue of NCDs are met by the corporate.

iii. The requirements of all the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, or any other law, that may be applicable, shall be complied with by the corporate.

iv. The Debenture Certificate shall be issued within the period prescribed in the Companies Act, 1956 or any other law as in force at the time of issuance.

v. NCDs may be issued at face value carrying a coupon rate or at a discount to face value as zero coupon instruments as determined by the corporate.

WHO CAN DO FOREIGN INVESTMENT IN INDIA?



SOME HIGHLIGHTS ON PROVISION RELATING TO ESTABLISHMENT OF BRANCH/ LIASION /PROJECT OFFICE IN INDIA BY FOREIGN ENTITIES

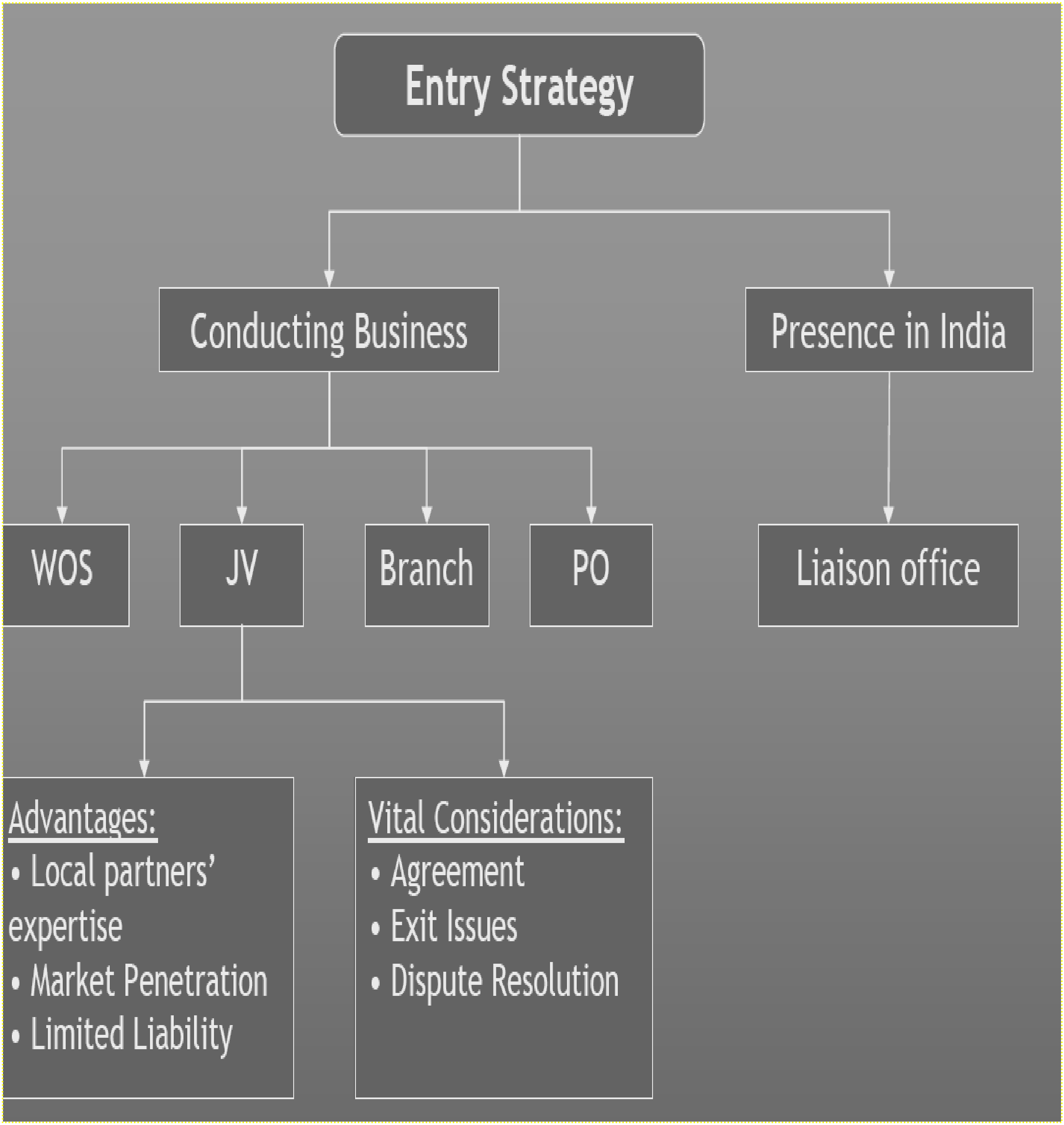
PARTICULARS	BRANCH OFFICE	LIASION OFFICE	PROJECT OFFICE
MEANING	--Represent the parent company /other foreign companies in various matters in India __________________ -- Profit earned by Branch offices is freely remittable from India, subject to payment of applicable taxes. __________________ --Not allowed to carry out manufacturing, processing activities directly/indirectly __________________ --Not allowed to undertake Retail Trading activities of	**--** Place of business in India __________________ --Does not undertake commercial/industrial /trading activity directly or indirectly __________________ -- channel of communication between Head Office abroad and parties in India __________________ --Expenses of such offices are to be met entirely through inward remittances of foreign exchange	-- Place of business of Foreign Company in India __________________ -- Execution of project in India __________________

	any nature in India	from the Head Office outside India	
ENTRY ROUTE	-- Both under Automatic Route and Government Route ________________ --Foreign banks do not require separate approval under FEMA, for opening branch office in India but has to obtain necessary approval under the provisions of the Banking Regulation Act, 1949, from Department of Banking Operations & Development, Reserve Bank. ________________ -- Reserve Bank has given general permission to foreign companies for establishing branch/unit in Special Economic Zones (SEZ5) to undertake manufacturing and service activities.	--Foreign Insurance companies can establish Liaison Offices in India only after obtaining approval from the Insurance Regulatory and Development Authority ________________ --Foreign banks can establish Liaison Offices in India only after obtaining approval from the Department of Banking Operations and Development (DBOD), Reserve Bank of India. ________________ --Permission to set up such offices is initially granted for a period of 3 years and this may be extended from time to time by an AD Category I bank.	-- Reserve Bank has granted general permission to foreign companies to establish Project Offices in India, provided they have secured a contract from an Indian company to execute a project in India ________________ -- In case the criteria for establishment are not fulfilled, the foreign entity has to approach the RBI, central office for approval.

TRACK RECORD/ CRITERIA	A profit making track record during the immediately preceding five financial years in the home country	A profit making track record during the immediately preceding three financial years in the home country	-- The project is funded directly by inward remittance from abroad or by a bilateral or multilateral International Financing Agency; or -- the project has been cleared by an appropriate authority; or -- a company or entity in India awarding the contract has been granted Term Loan by a Public Financial Institution or a bank in India for the project.
CLOSURE	--Copy of the Reserve Bank's permission/ approval from the sectoral regulator(s) for establishing the BO / LO --Auditor's certificate -- No-objection / Tax Clearance Certificate from Income-Tax authority for the remittance/s.	--Copy of the Reserve Bank's permission/ approval from the sectoral regulator(s) for establishing the BO / LO --Auditor's certificate -- No-objection / Tax Clearance Certificate from Income-Tax authority for the remittance/s.	--The Foreign currency accounts have to be closed on completion on projects -- AD Category — I bank can permit intermittent remittances by Project Offices pending winding up/ completion of the project provided they are satisfied with the bonafide of the transaction, subject to the following:

	--Applicant/parent company confirmation that no legal proceedings in any Court in India are pending and there is no legal impediment to the remittance -- Report from the Registrar of Companies regarding compliance with the provisions of the Companies Act, 1956, in case of winding up of the Office in India -- Any other Document specified by RBI while granting approval.	--Applicant/parent company confirmation that no legal proceedings in any Court in India are pending and there is no legal impediment to the remittance -- Report from the Registrar of Companies regarding compliance with the provisions of the Companies Act, 1956, in case of winding up of the Office in India -- Any other Document specified by RBI while granting approval.	a) The Project Office submits an Auditors' / Chartered Accountants' Certificate to the effect that sufficient provisions have been made to meet the liabilities in India including Income Tax, etc. b) An undertaking from the Project Office that the remittance will not, in any way, affect the completion of the Project in India and that any shortfall of funds for meeting any liability in India will be met by inward remittance from abroad. -- Inter-Project transfer of funds requires prior permission of the Regional Office concerned of the Reserve Bank under whose jurisdiction the Project Office is situated.

ENTRY ROUTES IN INDIA THROUGH FOREIGN INVESTMENT



ACQUISITION AND TRANSFER

OF

IMMOVABLE PROPERTY IN INDIA

NON RESIDENT INDIAN (NRI)			
Purchase of Immovable property	**Transfer of immovable property**	**Payment for acquisition of immovable property**	**Other aspects**
A NRI can acquire any Immovable property by way of purchase (Other than Agricultural land/ Plantation property/ Farm house) in India	1) A NRI may transfer any immovable property in India to a person resident in India. __________________ 2) A NRI may transfer any immovable property to an Indian citizen or a PIO resident outside India (Other than Agricultural land/ Plantation property/ Farm house)	NRIs can make payment for acquisition of immovable property (Other than Agricultural land/ Plantation property/ Farm house) out of: __________________ 1) Fund received in India through normal banking channels by way of inward remittance from any place outside India/ by debit to his NRE/ FCNR(B) / NRO account __________________ 2) Such payments cannot be made either by traveler's cheque/ foreign currency notes/ by other mode except those specifically mentioned	No documents to be filed if a NRI purchases Residential or commercial property under general permission

PERSON OF INDIAN ORIGIN

Purchase of Immovable property	Gift/ Inheritance Of Immovable Property	Transfer of immovable property	Payment for acquisition of immovable property	Other aspects
A PIO can acquire any Immovable property by way of purchase (Other than Agricultural land/ Plantation property/ Farm house) in India	1) A PIO may acquire any property in India by way of gift from a person resident in India/ NRI/ PIO 2) A PIO may acquire any immovable property in India by way of inheritance from a person resident in India/ a person resident outside India who had acquired the property in accordance with the provisions of the foreign exchange law in force or FEMA regulations, at the time of acquisition of the property.	1) A PIO can transfer any property in India by way of sale to a person resident in India Other than Agricultural land/ Plantation property/ Farm house. 2) He may transfer Agricultural land/ Plantation property/ Farm house in India, by way of sale or gift to a person resident in India, who is a citizen of India 3) He may transfer residential/commercial property in India by way of gift to a person resident in India/ to a person resident outside India, who is a citizen of India or to a person of Indian origin resident outside India	A PIO can make payment for acquisition of immovable property (Other than Agricultural land/ Plantation property/ Farm house) out of: 1) Fund received in India through normal banking channels by way of inward remittance from any place outside India/ by debit to his NRE/ FCNR(B) / NRO account 2) Such payments cannot be made either by traveler's cheque/ foreign currency notes/ by other mode except those specifically mentioned	No documents to be filed if a PIO purchases Residential or commercial property under general permission

FOREIGN EMBASSIES/ DIPLOMATS/ CONSULATE GENERALS

In regulation 5A of the Foreign Exchange Management (Acquisition and Transfer of Immovable property in India) Regulations 2000, Foreign Embassies/ Diplomats/ Consulate Generals may purchase/ sell immovable property (Other than Agricultural land/ Plantation property/ Farm house) in India provided:

Clearance from the government of India, Ministry of External Affairs is obtained for such purchase/ sale	The consideration for acquisition of immovable property in India is paid out of funds remitted from abroad through the normal banking channels.

PERSON RESIDENT OUTSIDE INDIA FOR CARRYING ON A PERMITTED ACTIVITY

A person resident outside India who has established a Branch, Office or other place of business, excluding a Liaison office, for carrying on in India any activity in accordance with the foreign exchange management (Establishment in India of Branch or Office or other place of business) Regulations, 2000 may -

Clause (a) Acquire any immovable property in India, which is necessary for or incidental to carry on such activity, provided that all applicable laws, rules, regulations or directions for the time being in force are duly complied with, and the person files with the RBI a declaration in the form IPI (Annex - 2) not later than 90 days from the date of such acquisition	Transfer by way of mortgage to an Authorised Dealer as a security for any borrowing, the immovable property acquired in pursuance of clause (a)

CURRENT ACCOUNT TRANSACTIONS –LIBERLISATION

FOREIGN EXCHANGE MANAGEMENT (CURRENT ACCUNT TRANSACTION) RULES, 2000 - ITEM 8 OF SCHEDULE II

The existing policy of Government of India on the payment of royalties under Foreign Technology Collaboration provides for automatic approval for foreign technology transfers involving payment of lumpsum fee of US$ 2 million and payment of royalty of 5% on domestic sales and 8% on exports. In addition, where there is no technology transfer involved, royalty up to 2% for exports and 1% for domestic sales is allowed under automatic route on use of trademarks and brand names of the foreign collaborator. Technology transfers involving payments above these limits required prior permission of the Government of India (Project Approval Board, Department of Industrial Policy and Promotion).

i.e according to Rule 4 of the Foreign Exchange management (Current Account Transactions) Rules 2000, *prior approval of the Ministry of Commerce and Industry, Government of India*, is required for drawing foreign exchange for remittances under technical collaboration agreements where payment of royalty exceeds 5% on local sales and 8 % on exports and lump sum payment exceeds USD 2 million.

RECENT AMENDMENT – A.P. (DIR SERIES) CIRCULAR NO.52 DATED MAY 13, 2010

AD category –I banks may permit drawal of foreign exchange by persons for payment of royalty and lump sum payment under Technical Collaboration Agreements *without the approval of Ministry of Commerce and Industry, Government of India.*

The GOI reviewed the extant policy with regard to liberalization of foreign technology agreement and it was decided to permit, with immediate effect, payments for royalty, lump sum fee for transfer of technology and payments for use of trademark/ brand name on the automatic route i.e. without any approval of the Government of India. All such payments will be subject to Foreign Exchange Management (Current Account Transactions) Rules, 2000 as amended from time to time. Accordingly, GOI issue a press note on 16.12.2009.

Hence the rule shall be deemed to have come into force with retrospective effect from 16.12.2009.No person will be adversely affected by giving retrospective effect to these rules.

EXTERNAL COMMERCIAL BORROWINGS

External Commercial Borrowings (ECB) refer to commercial loans in the form of bank loans, buyers' credit, suppliers' credit, securitized instruments (e.g. floating rate notes and fixed rate bonds, non-convertible, optionally convertible or partially convertible preference shares) availed of from *non-resident lenders with a minimum average maturity of 3 years.*

ECB can be accessed under two routes, viz(i) Automatic Route and (ii) Approval Route

PARTICULARS	AUTOMATICE ROUTE	APPROVAL ROUTE
ELIGIBLE BORROWERS	• Corporate Infrastructure Finance Companies except financial intermediaries, such as banks, financial institutions, Housing Finance Companies and Non-Banking Financial Companies are eligible to raise ECB. Individuals, Trusts and Non-Profit making organizations are not eligible to raise ECB. • Units in Special Economic Zones (SEZ) are allowed to raise ECB for their own requirement.	• ECB beyond 50 per cent of the owned funds by financial institutions which are classified as Infrastructure Finance Companies are considered on a case to case basis. • Banks and financial institutions which had participated in the textile or steel sector restructuring package as approved by the Government • ECB with minimum average maturity of 5 years by Non-Banking Financial Companies

	However, they cannot transfer or on-lend ECB funds to sister concerns or any unit in the Domestic Tariff Area. • Non-Government Organizations (NGO5) engaged in micro finance activities are eligible to avail of ECB	• Infrastructure Finance Companies • Foreign Currency Convertible Bonds (FCCB5) by Housing Finance Companies satisfying the minimum criteria • Special Purpose Vehicles • Multi-State Co-operative Societies • SEZ developers can avail of ECBs for providing infrastructure facilities within SEZ, as defined in the extant ECB policy • Corporate which have violated the extant ECB policy • Cases falling outside the purview of the automatic route limits
RECOGNISED LENDERS	(a) Borrowers can raise ECB from internationally recognized sources such as (i) international banks, (ii) International capital markets, (iii) multilateral financial institutions (such as IFC, ADB, CDC, etc)	(a) Borrowers can raise ECB from internationally recognised sources such as (i) international banks, (N) international capital markets, (Ni) multilateral financial institutions (such as IFC, ADB,

	(iv) export credit agencies, (v) suppliers of equipments, (vi) foreign collaborators and (vii) Foreign equity holders (other than erstwhile Overseas Corporate Bodies). (b) A "foreign equity holder" to be eligible as "recognized lender" under the automatic route would require minimum holding of paid-up equity in the borrower company as set out below: (i) For ECB up to USD 5 million - minimum paid-up equity of 25 per cent held directly by the lender, (ii) For ECB more than USD 5 million - minimum paid-up equity of 25 per cent held directly by the lender and debt-equity ratio not exceeding 4:1 (i.e. the proposed ECB not exceeding four times the direct foreign equity holding)	CDC, etc.), (iv) export credit agencies, (v) suppliers' of equipment, (vi) foreign collaborators and (v) foreign equity holders (other than erstwhile OCB5). (b) From 'foreign equity holder' where the minimum paid-up equity held directly by the foreign equity lender is 25 per cent but ECBs: equity ratio exceeds 4:1 (i.e. the proposed ECB exceeds four times the direct foreign equity holding).
AMOUNT & MATUIRITY	a) The maximum amount of ECB which can be raised by a corporate other than those in the hotel, hospital and software sectors is USD 500 million or its equivalent during a financial year. b) Corporate in the services sector viz, hotels, hospitals and software sector are allowed to avail of ECB up to USD 100 million or its equivalent in a financial year for meeting foreign currency and/ or Rupee capital expenditure for	Corporate can avail of ECB of an additional amount of USD 250 million with average maturity of more than 10 years under the approval route, over and above the existing limit of USD 500 million under the automatic route, during a financial year. Other ECB criteria, such as end-use, recognized lender,

	permissible end-uses. The proceeds of the ECBs should not be used for acquisition of land. c) ECB up to USD 20 million or its equivalent in a financial year with minimum average maturity of three years. d) ECB above USD 20 million or equivalent and up to USD 500 million or its equivalent with a minimum average maturity of five years. e) NGOs engaged in micro finance activities can raise ECB up to USD 5 million or its equivalent during a financial year. Designated AD bank has to ensure that at the time of drawdown the forex exposure of the borrower is fully hedged. f) ECB up to USD 20 million or equivalent can have call/put option provided the minimum average maturity of three years is complied with before exercising call/put option.	etc., need to be complied with. Prepayment and call/put options, however, would not be permissible for such ECB up to a period of 10 years.
PROCEDURE	Borrowers may enter into loan agreement complying with the ECB guidelines with recognised lender for raising ECB under Automatic Route without the prior approval of the Reserve Bank. The borrower must obtain a Loan Registration Number (LRN) from the Reserve Bank of India before drawing	Applicants are required to submit an application in form ECB through designated AD bank to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Central Office, External Commercial

	down the ECB.	Borrowings Division, Mumbai — 400 001, along with necessary documents.
END-USE	a) ECB can be raised for investment [such as import of capital goods (as classified by DGFT in the Foreign Trade Policy), new projects, modernization/expansion of existing production units] in real sector - industrial sector including small and medium enterprises (SME), infrastructure sector and specified service sectors b) Overseas direct investment in Joint Ventures (JV)/ Wholly Owned Subsidiaries (WOS) subject to the existing guidelines on Indian Direct Investment in JV/ WOS abroad. c) Utilization of ECB proceeds is permitted for first stage acquisition of shares in the disinvestment process and also in the mandatory second stage offer to the public under the Government's disinvestment programme of PSU shares.	(a) ECB can be raised only for investment [such as import of capital goods (as classified by DGFT in the Foreign Trade Policy), implementation of new projects, modernization/expansion of existing production units] in real sector - industrial sector including small and medium enterprises (SME) and infrastructure sector - in India. (b) Overseas direct investment in Joint Ventures, Wholly Owned Subsidiaries subject to the existing guidelines on Indian Direct Investment in JV, WOS abroad. (c) The payment by eligible borrowers in the Telecom sector, for spectrum allocation may, initially, be met out of Rupee resources by the successful bidders, to be refinanced with a long-term ECB, under the approval route, subject to the following conditions:

	d) For lending to self-help groups or for micro-credit or for bonafide micro finance activity including capacity building by NGOs engaged in micro finance activities. e) Payment for Spectrum Allocation. f) Infrastructure Finance Companies i.e. Non Banking Financial Companies categorized as IFCs by the Reserve Bank, are permitted to avail of ECBs, including the outstanding ECBs, up to 50 per cent of their owned funds, for on-lending to the infrastructure sector as defined under the ECB policy, subject to their complying with the following conditions: i) compliance with the norms prescribed in the DNBS Circular DNBS.PD.CCNo.168 / 03.02.089 / 2009-10 dated February 12, 2010 ii) hedging of the currency risk in full.	(i) The ECB should be raised within 12 months from the date of payment of the final installment to the Government; (ii) The designated AD - Category I bank should monitor the end-use of funds; (iii) Banks in India will not be permitted to provide any form of guarantees; and iv) All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, etc, should be complied with. (d) The first stage acquisition of shares in the disinvestment process and also in the mandatory second stage offer to the public under the Government's disinvestment programme of PSU shares. (e) Corporate engaged in the development of integrated township as defined by Ministry of Commerce and Industry, DIPP, SIA (FC Division), Press Note 3 (2002

	Designated Authorised Dealer should ensure compliance with the extant norms while certifying the ECB application.	Series) dated January 4, 2002. Integrated township includes housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities, such as roads and bridges, mass rapid transit systems and manufacture of building materials. Development of land and providing allied infrastructure forms an integrated part of township's development. The minimum area to be developed should be 100 acres for which norms and standards are to be followed as per local bye-laws/rules. In the absence of such bye-laws/rules, a minimum of two thousand dwelling units for about ten thousand population will need to be developed. This facility is available up to December 31, 2010.
END-USES NOT PERMITTED	(a) For on-lending or investment in capital market or acquiring a company (or a part thereof) in India by a corporate except Infrastructure Finance Companies, banks and financial institutions	(a) For on-lending or investment in capital market or acquiring a company (or a part thereof) in India by a corporate [investment in Special Purpose Vehicles, Money Market Mutual Funds, etc., are also

	(b) For real estate. However, the term real estate excludes development of integrated township as defined by the Ministry of Commerce and Industry, DIPP, SIA (FC Division), Press Note 3 (2002 Series) dated January 4, 2002. (c) For working capital, general corporate purpose and repayment of existing Rupee loans.	considered as investment in capital markets). (b) for real estate sector (c) for working capital, general corporate purpose and repayment of existing Rupee loans.

FOREIGN DIRECT INVESTMENT (FDI) IN INDIA - TRANSFER OF SHARES / PREFERENCE SHARES / CONVERTIBLE DEBENTURES

BY WAY OF SALE - REVISED PRICING GUIDELINES

PARTICULARS	EXISTING PROVISIONS	REVISED PROVISION
Transfer By Resident to Non resident	To incorporated non resident entity Other then erstwhile OCB, foreign national, FII, NRI a) the ruling market incase the shares are listed on stock exchange	To foreign national, NRI, FII and incorporated non resident entity other than erstwhile OCB a) where shares of an Indian company are listed on a recognized stock exchange in India, the price of shares

		transferred by way of sale shall not be less than the price at which a preferential allotment of shares can be made under the SEBI Guidelines, as applicable, provided that the same is determined for such duration as specified therein, preceding the relevant date, which shall be the date of purchase or sale of shares
	b) Incase of unlisted shares, fair valuation of shares done by a chartered accountant as per CCI guidelines	b) where the shares of an Indian company are not listed on a recognized stock exchange in India, the transfer of shares shall be at a price not less than the fair value to be determined by a SEBI registered Category - I - Merchant Banker or a Chartered Accountant as per the **discounted free cash flow method.** The price per share arrived at should be certified by a SEBI

		registered Category-I-Merchant Banker / Chartered Accountant.'
Transfer by non resident to resident	By incorporated non-resident entity, erstwhile OCB, foreign national, NRI, FII Where the shares of an Indian company are traded on stock exchange a) The sale is at the prevailing market price on stock exchange and is effected through a merchant banker registered with the SEBI or through a stock broker registered with the stock exchange. b) if the transfer is other than that referred to in clause (a), the price shall be arrived at by taking the average quotations (average of daily high and low) for one week preceding the date of application with 5 per cent variation. Where, however, the shares are being sold by the foreign collaborator or the foreign promoter of the Indian company to the existing promoters in India with the objective of passing management control in favour of the resident promoters the proposal for sale will be	By incorporated non-resident entity, erstwhile OCB, foreign national, NRI and FII Price of shares transferred by way of sale, by non-resident to resident shall not be more than the minimum price at which the transfer of shares can be made from a resident to a non-resident a) where shares of an Indian company are listed on a recognized stock exchange in India, the price of shares transferred by way of sale shall not be less than the price at which a preferential allotment of shares can be made under the SEBI Guidelines, as applicable, provided that the same is determined for such duration as

	considered at a price which may be higher by up to a ceiling of 25 per cent over the price arrived at as above. Where the shares of an Indian company are not listed on stock exchange or are thinly traded a) if the consideration payable for the transfer does not exceed Rs. 20 lakhs per seller per company, at a price mutually agreed to between the seller and the buyer, based on any valuation methodology currently in vogue, on submission of a certificate from the statutory auditors of the Indian company whose shares are proposed to be transferred, regarding the valuation of the shares, and b) if the amount of consideration payable for the transfer exceeds Rs.20 lakhs per seller per company, at a price arrived at, at the seller's option, in any of the following manner, namely: 1) a price based on earning per share (EPS) linked to the Price Earning (P/E) multiple, or a price based on the Net Asset Value (NAV) linked to book value multiple, whichever is higher,	specified therein, preceding the relevant date, which shall be the date of purchase or sale of shares b) where the shares of an Indian company are not listed on a recognized stock exchange in India, the transfer of shares shall be at a price not less than the fair value to be determined by a SEBI registered Category - I - Merchant Banker or a Chartered Accountant as per the **discounted free cash flow method.** The price per share arrived at should be certified by a SEBI registered Category-I-Merchant Banker / Chartered Accountant.

	(Or) 2) the prevailing market price in small lots as may be laid down by the Reserve Bank so that the entire shareholding is sold in not less than five trading days through screen based trading system (or) 3) where the shares are not listed on any stock exchange, at a price which is lower of the two independent valuations of share, one by statutory auditors of the company and the other by a Chartered Accountant or by a Merchant Banker in Category 1 registered with Securities and Exchange Board of India.	

Place : Chennai
Date : 08.07.2010

S.Dhanapal
Practising Company Secretary

Disclaimer

This write-up has been prepared based on my bona-fide understanding of the provisions provided in the Act and the legal provisions as they exist. This write up would be an indicative expression of my personal understanding and thoughts about the provisions provided in the Act and need not be conclusive one and the same should not be construed as professional advise. This write up only provides basic and elementary knowledge to its readers. Independent professional advice should be sought from experts if there requires any further clarity in the provisions of law depending upon various circumstances.

CASC BULLETIN

The Chartered Accountants Study Circle
2-L, Rear Block, Second Floor, 22-A, Cathedral Road,
(Next to Stella Maris College), Chennai - 600 086.
Phone : 28114283 E-mail : casc@vsnl.net

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MEETINGS

Date	Time	Speaker	Topic
08.07.10	06.30 P.M.	CA VIJAY ANAND	SERVICE TAX - NEW SERVICES INTRODUCED BY FINANCE ACT 2010
22.07.10	06.15 P.M	CA ANIL KHICHA	LAW OF ATTRACTION AN AUDIO VISUAL PRESENTATION

High Tea 5.45 pm (for the meetings)

Annual Members and CASC Bulletin subscribers are requested to renew their subscription for 2010 - 2011

The monthly magazine from CASC

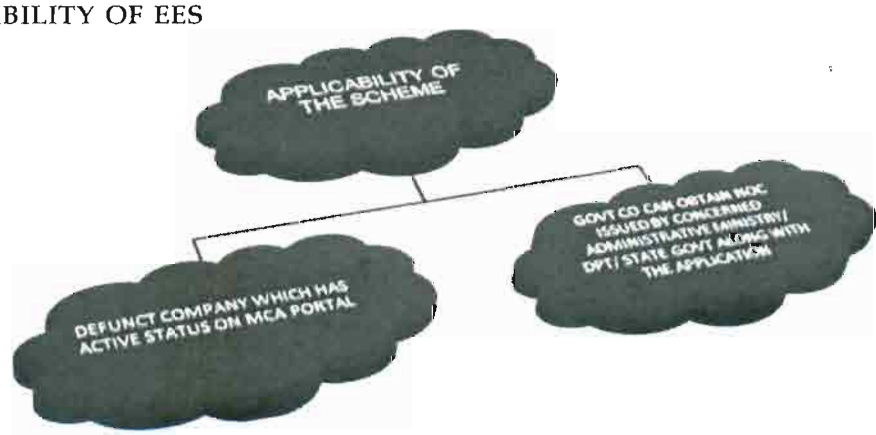
All about CLSS 2010 and EES 2010

S DHANAPAL

It is a **golden opportunity** to the defunct companies, for **getting their names strike off** from the Register of Companies under a Scheme namely, "Easy Exit Scheme, 2010". The Scheme has come into force on the 30th May, 2010 and shall remain in force up to 31st August, 2010.

CLSS gives opportunity to the defaulting Companies to enable them to make their default good by filing belated documents and to become a regular compliant in future. The Company shall pay statutory filing fees and additional fee of 25% of the actual total additional fee i.e. there shall be a waiver of 75% of the actual additional fee while filing the belated documents. The Scheme has come into force on the 30th May, 2010 and shall remain effective up to 31st August, 2010.

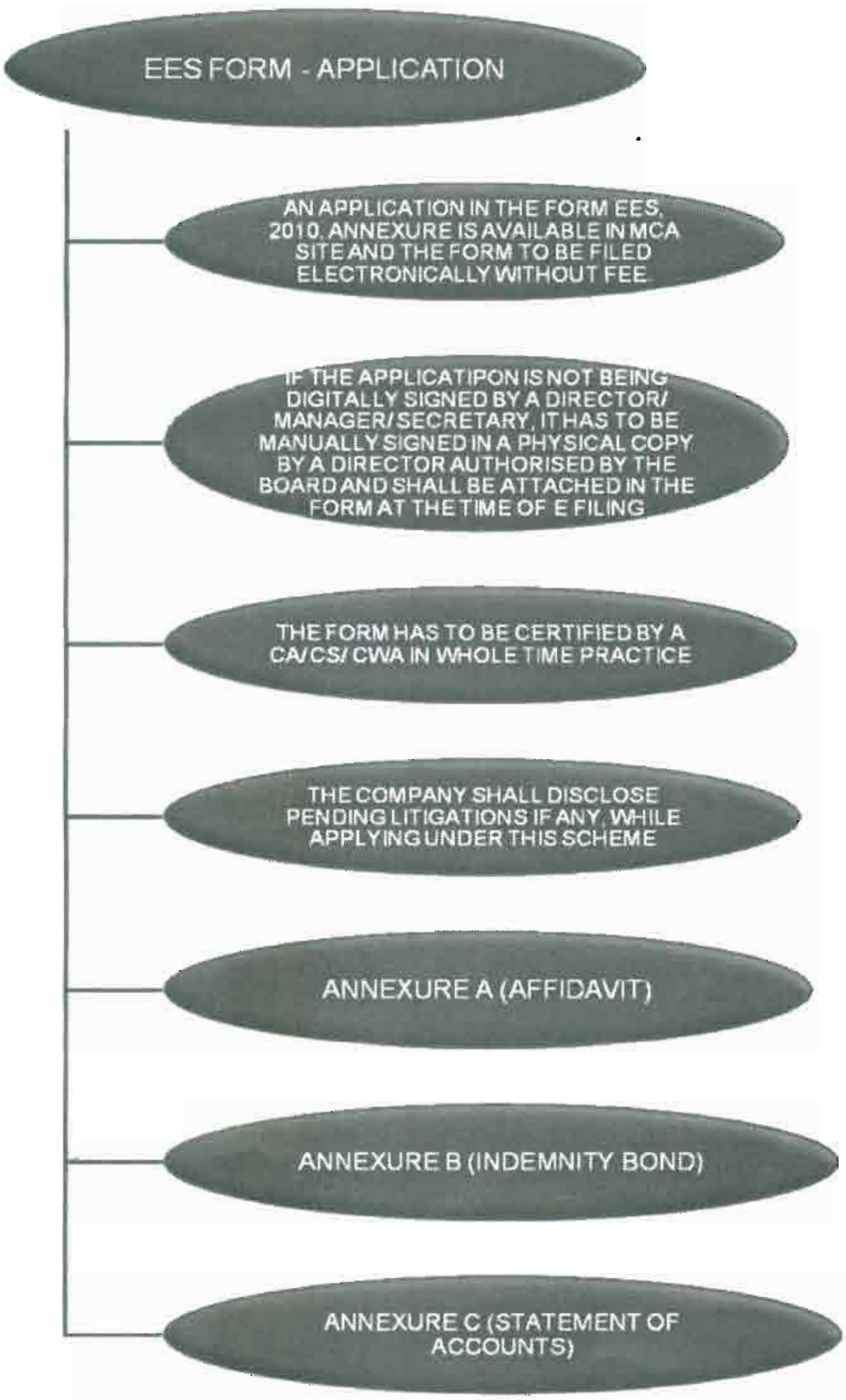
APPLICABILITY OF EES



WHO CANNOT APPLY UNDER EES 2010

- Companies who has discontinued operation on or after 01st April 2008
- Section 25 Companies
- Vanishing Companies
- Listed Companies
- Companies having secured loan / management dispute/ Government dues / Public Deposit default or outstanding / filing of documents stayed
- Company with a pending prosecution for a non-compoundable offence
- Company where inspection or investigation is ordered and still under process
- Company where order under section 234 has been issued and still under process

DETAILS OF THE FORM AND ANNEXURES INVOLVED IN THE SCHEME:



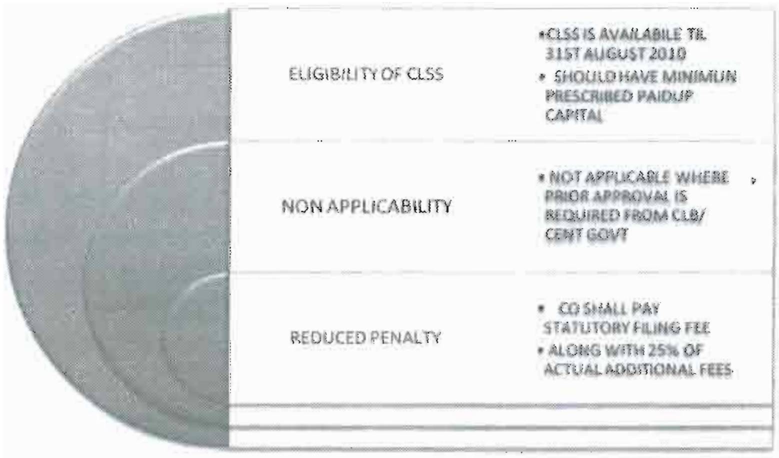
PROCESS FOR ROC TO STRIKE OFF DEFUNCT COMPANY:

CHECKLIST FOR EASY EXIT SCHEME 2010

S.No.	DETAILS / DOCUMENTS REQUIRED	DOCUMENTS TO BE CHECKED
1	Should not have any bank account as on the date of closure	• Balance Sheet For Cash And Bank Balance • Bank closure letter
2	No dues towards IT, sales tax, central excise, bank and financial institutions, any other government authorities	• Auditor Certification
3	No litigation pending against or involving the company	• Auditors report, • Compliance Certificate • Notices, petitions • Investor compliant form • Directors report
4	Din/ pan copy/ passport copy of directors	• Pan card • Passport • View signatory details(MCA Site)
5	Name, father name and grandfather name of directors	• Form32 • ID / Address Proof • View signatory details (MCA site)
6	Copy of address proof of directors	• Voter id • Driving license • Ration card • Bank statement • Telephone bill • Passport copy

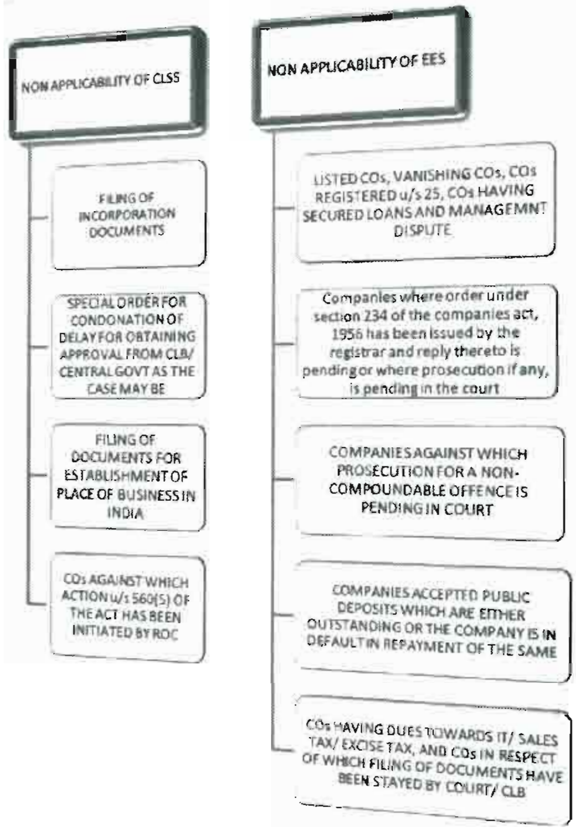
7	Number of years and reasons for being inoperative	• Brief Note by Directors of company
8	Latest statement of accounts/ balance sheet	• Previous year Balance sheet or • Previous financial figures or • Current year statement of accounts or • Current year Balance sheet.
9	Main objects as per memorandum of association of the company	• Memorandum of Association
10	Brief description of main business last carried down by the company	• NOTE BY DIRECTORS OF COMPANY

COMPANY LAW SETTLEMENT SCHEME



STEPS FOR OBTAINING IMMUNITY FROM PROSECUTION
Before filing an application for issue of immunity certificate, such companies have to withdraw any appeal / compliant filed before the court for violation of the provisions under the Act and should furnish the proof for such withdrawal.
Application for seeking immunity may be made electronically after closure of Scheme and after the document(s) are taken on file, or on record or approved by the Registrar of Companies. Such form carries no fees.
No application seeking immunity shall be made after the expiry of six months from the date of closure of the Scheme.
Registrar of companies on being satisfied with the documents filed shall grant the immunity certificate. After granting the immunity, the Registrar concerned shall withdraw the prosecution(s) pending if any before the concerned Court(s)

NON APPLICABILITY OF THE SCHEMES



CONCLUSION

It is wonderful steps taken by the Ministry to knock out the companies which desire their names to strike off from the register under Section 560 of the Companies Act, 1956. Further it also provides solution to large companies which have defaulted in filing their due documents timely with the Registrar of Companies. Such Companies can avail this opportunity to make their default good by filing belated documents and to become a regular compliant in future. The purpose of the schemes is to reduce the financial burden on the company by waiver of 75% of the actual additional fee and also no filing fee for making application for grant of immunity under CLSS and applications under EES. It should be noted that the settlement scheme is applicable to only certain forms, documents and returns required to be filed under the Companies Act. It does not offer a way out for a company which has defaulted like not obtaining prior approvals from the government or from the Company Law Board, etc. The schemes' basic aim is to ensure that at least some of the more important documents like annual returns, annual accounts and changes in the directors are filed by the defaulting companies.

(The author is a Chennai based Practicing Company Secretary. He can be reached at csdhanapal@gmail.com)

THE HINDU Business Line
VOL. 17 NO. 182 FRIDAY, JULY 2, 2010

Transparency, key to corporate governance

Our Bureau
Kochi, July 1

A seminar on the theme 'Emerging Dimensions for Corporate Professionals' was organised by the Centre for Corporate Development and Training (a Division of Baiju Ramachandran & Associates' Corporate Solutions Pvt Ltd) in association with the Indian Chamber of Commerce and Industry here.

Inaugurating the Seminar Dr Justice K. Narayana Kurup, former acting Chief Justice, High Court of Madras, pointed out that sound policies and actions that fulfil the aspirations of the people should form the bedrock of any corporate governance.

Transparency shall be the hall-mark of all corporate actions – transparency to the shareholders, to the creditors, to the statutory authorities, to the courts and to everybody who deals with the corporate entity, he said.

To be successful, apart from making profit at any cost, every corporation should be committed to a core ideology and live up to it, otherwise it would be open to the charge of acting against public interest.

Corporates and professionals could contribute, in their own ways in, achieving social justice.

Millions of people go without the basic facilities and much more remains to be done by NGOs, corporates etc, he added.

Mr Bharat N. Khona, former President of ICCI, in his presidential address, mentioned that the purpose of the seminar is to generate awareness among the corporates, company directors and corporate professionals and to provide a platform to discuss and deliberate upon various aspects of the Company Law Settlement Scheme 2010 and Easy Exit Scheme 2010.

Mr Baiju Ramachandran of CCDT gave a brief outline of the two schemes introduced by the Union Ministry of Corporate Affairs aimed at reducing the number of defaulters and weed out companies that are not interested in doing business.

മലയാള മനോരമ
2-7-10

സെമിനാർ നടത്തി

കൊച്ചി: പ്രവർത്തന രഹിതമായ കമ്പനികൾക്കായി കേന്ദ്ര കമ്പനികാര്യ മന്ത്രാലയം പ്രഖ്യാപിച്ച ഈസി എക്സിറ്റ് സ്കീം – 2010 നെപ്പറ്റി ഇന്ത്യൻ ചേംബർ ഓഫ് കൊമേഴ്സിന്റെ സഹകരണത്തോടെ സെന്റർ ഫോർ കോർപറേറ്റ് ഡവലപ്മെന്റ് ആൻഡ് ട്രെയിനിങ് സംഘടിപ്പിച്ച സെമിനാർ ജസ്റ്റിസ് കെ. നാരായണ ക്കുറുപ്പ് ഉദ്ഘാടനം ചെയ്തു.

ചേംബർ മുൻ പ്രസിഡന്റ് ഭരത് എൻ. ഖോന അധ്യക്ഷത വഹിച്ചു. സെന്റർ ചെയർമാൻ ബൈജു രാമചന്ദ്രൻ, ചാർട്ടേഡ് അക്കൗണ്ടന്റ് ഗോപാൽ കൃഷ്ണരാജു, കമ്പനി സെക്രട്ടറി എസ്. ധനപാൽ എന്നിവർ പ്രഭാഷണം നടത്തി.

കേരളകൗമുദി
3-7-10

ചേംബർ ഓഫ് കൊമേഴ്സ് സെമിനാർ

കൊച്ചി: നിയമപരമായി സമർപ്പിക്കേണ്ട റിട്ടേണുകൾ ഇ-ഫയൽ ചെയ്യുന്നതിൽ വീഴ്ചവരുത്തിയ കമ്പനികളുടെ എണ്ണം കുറയ്ക്കാനുള്ള കമ്പനി ലോ സെറ്റിൽമെന്റ് സ്കീം 2010, പ്രവർത്തനരഹിതമായ കമ്പനികളെ നീക്കം ചെയ്യാനുള്ള ഈസി എക്സിറ്റ് സ്കീം 2010 എന്നിവയെക്കുറിച്ച് സെമിനാർ നടന്നു. കമ്പനികളുടെ പ്രവർത്തനങ്ങളുമായി ബന്ധപ്പെട്ടവരിൽ അവബോധം സൃഷ്ടിക്കുകയാണ് സെമിനാറിന്റെ ലക്ഷ്യം. സെന്റർ ഫോർ കോർപ്പറേറ്റ് ഡെവലപ്മെന്റ് ആൻഡ് ട്രെയിനിംഗ്, ഇന്ത്യൻ ചേംബർ ഓഫ് കൊമേഴ്സ് ആൻഡ് ഇൻഡസ്ട്രിയുമായി ചേർന്ന് നടത്തിയ സെമിനാർ ജസ്റ്റിസ് ഡോ. കെ. നാരായണക്കുറുപ്പ് ഉദ്ഘാടനം ചെയ്തു. സാമൂഹിക നീതി കൈവരിക്കാൻ കോർപ്പറേറ്റുകൾക്ക് സംഭാവനകൾ നൽകാൻ കഴിയുമെന്ന് അദ്ദേഹം പറഞ്ഞു. ഇന്ത്യൻ ചേംബർ മുൻ പ്രസിഡന്റ് ഭരത് എൻ. ഖോന അദ്ധ്യക്ഷത വഹിച്ചു. സി. സി. ഡി. ടി ചെയർമാൻ ബൈജു രാമചന്ദ്രൻ സ്വാഗതം പറഞ്ഞു. ചാർട്ടേഡ് അക്കൗണ്ടന്റ് ഗോപാൽ കൃഷ്ണരാജു, പ്രാക്ടീസിംഗ് കമ്പനി സെക്രട്ടറി എസ്. ധനപാൽ എന്നിവർ പങ്കെടുത്തു.

സെന്റർ ഫോർ കോർപറേറ്റ് ഡെവലപ്മെന്റ് ആൻഡ് ട്രെയിനിംഗ് ഇന്ത്യൻ ചേംബർ ഓഫ് കൊമേഴ്സ് ആൻഡ് ഇൻഡസ്ട്രിയുമായി ചേർന്ന് നടത്തിയ സെമിനാർ ജസ്റ്റിസ് ഡോ. കെ. നാരായണക്കുറുപ്പ് ഉദ്ഘാടനം ചെയ്യുന്നു

THE NEW INDIAN EXPRESS

Call for corporate ideology, transparency

Express News Service
Kochi, July 1

SOUND policies and actions that fulfill the aspirations of the people should form the bedrock of corporate governance, Justice K Narayana Kurup has said.

Inaugurating a seminar on the 'Emerging dimensions for corporate professionals' organised by the Centre for Corporate Development and Training (CCDT) in association with the Indian Chamber of Commerce and Industry, he said transparency should be the hallmark of corporate actions - transparency to the shareholders, to the creditors, to the statutory authorities, to the courts, and to everybody who deals with the corporate entity.

"To be successful, apart from making profit at any cost, every corporation should be committed to a core ideology and live up to it, as otherwise it would be open to the charge of acting against public interest," Justice Kurup said.

EXPRESS

Justice K Narayana Kurup inaugurating the seminar on 'Emerging dimensions for corporate professionals' organised by the Centre for Corporate Development and Training in association with the Indian Chamber of Commerce and Industry, in Kochi on Thursday

Corporates and professionals can contribute to achieve social justice.

Millions of people are living without the basic facilities, and more remains to be done by the NGOs and corporates, he said.

Delivering the presidential address, former ICCI president Bharat N Khona said the purpose of the seminar was to generate awareness among the corporates, company directors and corporate professionals and to provide a platform to discuss and deliberate upon various aspects of the Company Law Settlement Scheme 2010 and Easy Exit Scheme 2010.

> Millions of people are living without the basic facilities, and more remains to be done by the NGOs and corporates

Baiju Ramachandran of CCDT, in his welcome address, gave a brief outline of the two schemes introduced by the Union Ministry of Corporate Affairs in order to reduce the number of defaulters and weed out companies which are not interested in doing business.

In the technical sessions that followed, subjects like 'multi-disciplinary firms in India through LLPs,' and 'CLSS 2010 and EES 2010' were handled by Gopal Krishna Raju, Chartered Accountant, Chennai, and S Dhanapal, Practising Company Secretary, Chennai, respectively.

THIRUVANANTHAPURAM
THE HINDU • SATURDAY, JULY 3, 2010

Seminar

THIRUVANANTHAPURAM: A seminar on 'Recent Developments in Company Law Matter,' organised by the Centre for Corporate Development and Training in Association with the Trivandrum Management Association, was inaugurated by Additional Chief Secretary T. Balakrishnan here on Thursday.