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President's Communication

Dear Students,

I convey my warm greetings on the auspicious occasion of 64th Independence Day of India. We feel pride to witness the enchanting colors of Independence Day dispersing cheerfulness and great joys all around. It is a moment of delight and grandeur for all of us. We will never ever forget the sacrifice of lives made by our valiant freedom fighters for the freedom of our nation. We must keep faith in our strength and contribute our inimitable share to overall growth of our profession and society at large.

I feel pleasure to express my hearty congratulations to all the successful students of May 2010 Examinations of CA Courses. This success will offer you a wide horizon to maneuver your professional graph to scale the new heights of fame and success. The students who failed to translate their efforts into success are advised to take their studies sincerely and regularly. I would like to urge all the students to take their articleship training seriously and develop a practical approach to tackle the examinations.



Vice-president's Communication

Dear Students,

I extend my heartiest greetings on the occasion of Independence Day. Indeed, it is a historic day to refresh our memories of freedom struggle and offer our tributes to the martyrs

who sacrificed their lives with undaunted courage and noble spirits to make our motherland free from despotic clutches of the foreign regime. At this juncture, the role of Accounting Professionals is of great significance. We as responsible professionals have to develop an ethical and value based environment for accounting practices that can be conducive for the progress of our beloved motherland and enduring profession as well.

I wish to convey my heartiest congratulations to the students who have achieved success in the May 2010 Examinations of CA Courses. Your grand success reflects your immaculate qualities of perseverance. I hope this saga of success is just a beginning of your professional career and not your final destination. Those of you who did not achieve the desired success and fail to mark an impression in this examinations, must chart out your strategy and plan to tackle the next examinations with dedication and sincerity.

As a well disciplined student of the CA course, you

It has always been Institute's endeavor to enhance the quality of its theoretical and practical training. Three online feedback forms relating to CA education and training, GMCS and 100 hours ITT have been hosted on the Institute's website. I exhort students to fill these forms with free mind and give their honest and true opinion. Your correct and unbiased feedback will help us in improving quality of our services.

Our Institute has always been instrumental in streamlining the Articleship training so that our students can draw out the optimum benefits from it. Recently, The Council of our Institute has taken some proactive measures in the matters pertaining to transfer/termination of Articleship regulation 56 (1). In the first year of the Articleship, transfer/termination of Articleship is permitted without any restrictions. But for the second and third year, the restrictive clauses will continue to be applicable.

With Best Wishes

Yours sincerely,

CA. Amarjit Chopra

President, ICAI, New Delhi

should be aware of the fact that to meet the challenges of a highly competitive professional world, you need to bring out and whet your quiescent skills. Recently, I had the chance of attending CA Students' Conferences at Baroda and Vijayawada and was overwhelmed by the stupendous performance of students. I wish more number of you would come forward to participate in these conferences which would ultimately help in your professional development by enhancing your presentation and communication skills. Extra-curricular activities will certainly empower you to boost your confidence level and will offer an appropriate platform to show your mettle before the rest of the world.

Our Institute is determined to offer the best possible training to you as to strengthen your basic fundamentals and understanding of the Accounting Profession. I personally feel that a strong professional foundation integrated with honesty and hard work is must to withstand the storm of challenges. You must prepare and mould your personality to remain conversant with the dynamics of modern professional environment. Wishing you all the best for a wonderful time ahead.

Yours sincerely,

CA. G. Ramaswamy

Vice-President, ICAI, New Delhi



Message From The Chairman, Board of Studies

Overall development as a Professional – A must for success

Dear Students,

The results of May 2010 examination are in front of you and I am personally not very happy about the performance of the students and am very seriously concerned about how we can significantly improve the passing percentage and result of the Institute, while ensuring that the quality is not compromised.

I have discussed this matter with a large number of Chartered Accountants including those who are involved in the examination process and the major issues are being outlined hereunder to act as a guide for better future performance and to ensure success in the ensuing CA examination:

- The depth of the knowledge of a large number of students is shallow and is based on short notes, small brief booklets and oral education provided in the coaching classes in various parts of the country.
- A large number of students failed to study the “latest edition” of the Institute’s study material, practice manuals, RTPs, scanners and other material relevant to the subject. It is a must to read the Institute’s material at least 3 to 4 times and undertaking practical solution by own hand at least 3 to 4 times for ensuring success.
- A large number of students do not refer to text books. Reliance on at least 1 or 2 good text books on each subject is mandatory. It is also important to refer to 3 or 4 reference books by Indian authors as well as foreign authors in respect of each subject for specific chapters.
- The original texts of the Institute publications i.e. Accounting Standards, Auditing Standards, Guidance notes and Statements should also be carefully studied.
- The original text of the Income Tax Act, Companies Act and other legislations should be referred while one is studying a particular topic from the text book and / or study material.
- The original full text of at least 15 to 20 leading judgments in respect of taxation laws and corporate laws should be thoroughly analyzed in order to sharpen analytical and comprehending capabilities. This will also develop writing skills.
- It has been noted and observed by us that **all those students who take practical training seriously and undertake various assignments sincerely** going in to the depth of business processes, internal control, accounting process and various other aspects of the working of the clients’ organizations **are definitely passing in significantly larger numbers** than those who are undertaking training as a burden or who do

not go to the depth of the training up to the desired level.

- It may be noted that the examination committee is committed to ensure that **only those students will pass, whose concepts are clear** and who know practical application of the concepts and laws in various situations. The future examinations of the Institute are going to become more and more practical oriented.
- It is also very necessary to have in-depth knowledge of all the concepts related to CA profession. This will help you to have an edge over others in this competitive world.

Overall Professional Development

Besides concentrating seriously on the study material and the books as referred herein before, it is also important to ensure overall development of oneself as a professional to achieve success in the examination and in professional life. It is, therefore, very important to have overall knowledge of the Indian economy, world economy, political and social atmosphere within India and outside India, latest management practices, issues and risks being faced by the businesses in India and overseas besides cultural aspects.

The question is how to achieve the above. It is advisable to regularly go through political and business news papers, political and business magazines, magazines of international affairs, magazines on current and cultural affairs, management magazines and publications and most important would be to participate in various cultural, religious and social events besides getting attached to 3-4 NGO’s working in various fields of the society, so that the interaction with a large strata of the society and the people who matter can bring latest knowledge and upgrade personality.

The CA students who devote time only to studies relevant to their examination, are not able to sometime even contemplate issues and risks which are bothering the profession and businesses, around which a number of practical questions may be structured in the examination. In any case besides the CA examination, the examination of life is important at every single step and it is important to develop capability to fight the war of life successfully and to be reckoned as a pragmatic well developed professional.

Let us all join together as a team and take **a pledge to bury all evils** especially dummy training, reliance on small books and pocket notes. **There is no substitute for self study** and unless all the theoretical and practical portions of the syllabus are gone through at least 4 times, success cannot be guaranteed.

I wish you all good luck in the ensuing examination.

Yours sincerely,

CA. Vinod Jain

Email : chairmanbos@icai.org



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(Set up under an Act of Parliament)

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BHARATHIAR UNIVERSITY (BU) & THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA (ICAI) have entered in to a Memorandum of Understanding to offer the following courses:

Under Graduate Course (U.G)		Post Graduate Course (P.G)	
B.B.A	B.Com.	M.Com.	M.B.A

Under the distance education mode, the above courses are exclusively meant for qualified Chartered Accountants and for those who are undergoing Chartered Accountancy Course.

- ✓ For the purpose of award of the degree, the total marks secured both in CA programme and UG/PG programme chosen by the candidate under this arrangement will be counted together.
- ✓ Exemptions in appearing from certain subjects in UG/PG examinations will also be provided both to the qualified Chartered Accountants and for those who have completed their Intermediate/PE II/ PCC /IPCC/Final programme.
- ✓ For eligibility, course fee and cost of application and prospectus you can visit Bharathiar University website **www.b-u.ac.in**. and/or ICAI website **www.icai.org**
- ✓ Admission for the programme will be made up to 31st August 2010. For those who are getting admission up to 31.08.2010, examination would be conducted during the last week of the May 2011.
- ✓ The application form can also be downloaded from the University website **www.b-u.ac.in** and/or **www.icai.org** under the heading BU-ICAI joint education programme. While submitting the filled-in application, a Demand Draft / Bank of India challan for Rs.100/- towards the cost of the application form in favour of **The Director, School of Distance Education, Bharathiar University payable at Coimbatore** should be enclosed.

Duly filled in application along with the enclosures can be sent to **The Co-ordinator, BU-ICAI Joint Programme, Administrative Building 1st floor, Bharathiar University, Coimbatore – 641 046** superscribed on the envelop as **"Application for BU-ICAI Programme"**.

Coordinator, BU-ICAI Joint Programme, Bharathiar University, Coimbatore -46

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Getting to Grips with Takeover Code

Vinod Kothari



This article provides a quick yet comprehensive overview of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 (SAST Regulations or the Takeover Code). The article is meant for students of professional courses or anyone interested to grasp the essence of the Takeover Code.

Intent of the Regulations:

Before we understand any regulation, it is necessary to track its “jurisprudence”, that is, the intent that the lawmakers are trying to achieve. In our interaction with hundreds of students, we ask – what is the purpose of the Takeover Code. We get numerous answers – for example, to protect the company from hostile takeovers, or to ensure that the company is not kept in dark when someone is taking over the shares in the company. These answers may not be wrong but they miss the essential point. For example, protecting a company from a hostile takeover is not the purpose of the Regulations, as what is hostile to the existing management may be good for the majority of the shareholders. Also, keeping the company informed about transactions in substantial chunk of shares is not the main purpose – that is incidental to main objective. The main purpose of the Takeover Code is to ensure that when substantial number of shares changes hands, that is, one group sells a controlling block of shares to another; the minority shareholders also get the opportunity to sell their shares at the negotiated price. If that was not the case, an existing group, say A, would sell the controlling stake to another group, say B, and the common shareholders simply continue to hold the shares without getting the right to participate in the sale that happened. A counter argument may be – the common

shareholders may always sell their shares in the open market. But then, remember that when a controlling block gets transferred, the price paid is usually much higher than the prevailing market value, as such price includes the price for control too. There is yet another reason in giving the common shareholders the open offer – that if they so wish, they may exit the company as there is a change of guard happening in the company.



So, the crux of the Takeover Code is public announcement of a “substantial” acquisition, followed by an open offer for buying a certain minimum of public holdings.

Key concepts:

In understanding the Takeover Code, it is important to understand the following terms:

- **Acquirer** is the person (s), who, with or without **persons acting in concert**, acquires or agrees to **acquire control** over a **target company**.
- **Target company** is the company whose control is being acquired.
- The applicability of the Code is attracted where **control** is being **acquired**. “Control” may be acquired either by acquisition of a substantial percentage of voting shares in the target company, or by acquisition of management control. We discuss below the percentage of shares that is treated as “substantial” to attract the applicability of the Code. We also discuss the meaning of acquiring management control to attract the Code.
- **Persons acting in concert (PACs)** are those persons who are collaborating with the acquirer in acquiring control. Note that when takeovers happen in practice, it may not just

**The author is a member of ICAI (Mem.No. 52078)*

be one person or corporate house, but several persons or more than one corporate house may collaborate and act together in acquiring the shares of a company. That is why the definition of PACs had to be brought in. Shares acquired by the PACs are counted along with those acquired by the Acquirer, to see if such acquisition is “substantial” and hits the Code. Certain persons are deemed to be PACs (**Deemed PACs**) – that is, in that case, it is not necessary to establish collaboration or togetherness in an acquisition – if shares have been acquired by the Deemed PACs, then they are clubbed with the shares acquired by the Acquirer.

- **Open Offer** is the offer to buy a certain minimum number of shares from the public shareholders.
- Needless to emphasize, the Code is limited to acquisition of shares in listed companies only. However, indirect acquisitions, that is, acquiring control over an unlisted company, which leads to acquisition of control over a listed company, is also covered by the Code – see below.

Types of Takeover:

Textbooks often begin by distinguishing between a friendly takeover, hostile takeover or a bailout takeover, but we think that distinction is of little relevance in understanding the Code. In fact, what is much more important is to understand:

- Takeover by Outsiders
- Takeover by Insiders
- Takeover by White Knight

Most significantly, one must note that takeover does not necessarily mean takeover by someone who is not currently in the controlling position of the company. That is to say, even if the current promoters, holding significant shareholding in the company, increase their holdings beyond a certain limit (Takeover by Insiders), then also the provisions of the Code are hit. Likewise, if someone not currently holding substantial equity in the company, buys a substantial chunk (Takeover by Outsiders), the provisions of the Code are hit. Takeovers are sometimes like battle for corporate control – if A is currently holding controlling stake, B buys a substantial chunk from the market and makes an Open Offer, it may be such that a competing acquirer C emerges who also makes an open offer. C may be either wanting to help A, or may be an acquirer in his own right.

So, what is acquisition of “control”?

The trigger point for the Code is (a) acquisition of control or (b) substantial acquisition. These two

are not necessarily the same, because a substantial acquisition may arise even where there is no change in control. So, the trigger points for applicability of the Code are as follows (note that while counting any of the percentages below, we will count together the holdings of the PACs):

(a) **Acquisition of 15% voting rights:** On acquiring shares/voting rights which (taken together with shares or voting rights held by him or by PAC), entitle him to exercise **15% or more** of the voting rights in the Target Company. Thus, the trigger point is acquisition of 15% shares in the company. This is how acquisition under this route would normally happen – a potential acquirer would either slowly build a stake in the company adding up to 15 % (note, however, the information requirement below) or buy a substantial chunk from someone (commonly called “negotiated takeover”). Once the holding crosses 15%, the Open Offer requirement is triggered. That is, the acquisition of the excess over 15% is subject to the Open Offer.

(b) **Consolidation of holdings:** The Code applies even if persons holding substantial stake currently acquire further shares, beyond a limit. This is applicable to persons holding 15% -55% stake in the equity of the company. The limit upto which shares may be bought in a financial year is 5% - that is, not more than 5% equity shares may be acquired within a financial year. This is called “creeping acquisition” – so, if the acquisition of shares in a financial year crosses the limit of creeping acquisition, the Open Offer requirement is triggered.

(c) **Exceeding of holdings:** The Open Offer requirement is also hit if a person holding between 55 %- 75% acquires any further shares. This would mean a simple rule – in a listed company, no single shareholder group should hold excessive shares, as the widely-held nature of the company should be maintained (as an exception, there is one time opportunity for acquiring 5% equity shares in excess of 55%).

(d) **Acquisition of control with/without acquisition of shares:** The requirement of the Code is also applicable if control is exercised by any other means – for example, an agreement with the Target Company (usually incorporated in the articles of association) permitted the Acquirer to control the composition of board of directors of the Target, etc.

(e) Indirect acquisition: That is, acquiring control is an unlisted company, which has a controlling stake over a listed company. This part of the Regulation does not have any numerical limits of shareholdings, leaving the question to interpretation.

Information requirements:

The Code, apart from laying down the requirements of public announcement of a substantial acquisition and open offer (see below), lays a significant information requirement so that transactions in shares do not happen hush-hush.

The information requirements are applicable where the shareholdings cross limits of 5%, 10%, 14%, 54%, and 74%. The information is to be given by the acquirer to the company and the stock exchange. In addition, any sale of shares of 2% or more is to be disclosed, if the seller holds 15%-55% stake in the company.

So what next, if there is acquisition of control?

If acquisition of control as above happens, there are primarily 2 requirements – public announcement, and open offer.

The public announcement is to put the company and the public to notice about a substantial acquisition that might have happened. The announcement is to be made within 4 working days of the acquisition, by a merchant banker, in all editions of an English daily, one Hindi daily, and one regional language daily. There are detailed contents of the public announcement given in Reg 16. The essence is to provide the shareholders and the public the identity of the acquirer, the acquirer's financial resources, and the intent in the acquisition. Within 14 days of the acquisition, a draft of the letter of offer (that is, for the Open Offer, discussed below), will be submitted by the merchant banker to SEBI.

Open offer

The open offer or public offer refers to the exit opportunity given to the public to sell their shareholding in the Target Company. The acquirers are compulsorily required to make public offer to acquire a minimum 20% of the equity capital of the company.

The key issue in the open offer is the pricing of the open offer. The spirit of the Code is the equality and fairness of the opportunity granted to the shareholders – they public shareholders must get at least the best price offered by the acquirer when the acquirer made the substantial acquisition. Thus, the minimum price is :

- The highest of the prices at which the negotiated acquisition might have been done
- The highest of the prices paid by the acquirer in a public issue, right issue or preferential issue within last 26 weeks.
- The higher of (a) the average of the weekly high and lows over the last 26 weeks, and (b) the average of the daily high and low prices over the last 2 weeks of the date of public announcement.

Exemptions under the Takeover Code:

- ✓ Allotment in pursuance of an application made to a public issue.
- ✓ Allotment pursuant to rights issue,
 - (i) to the extent of his entitlement; and
 - (ii) up to the percentage specified in Regulation 11
- ✓ Allotment to the underwriters pursuant to an underwriting agreement
- ✓ Inter-se transfer of shares amongst :-
 - (i) relatives within the meaning of Section 6 of the Companies Act, 1956
 - (ii) Qualifying Indian promoters and foreign collaborators who are shareholders;
 - (iii) Qualifying Promoters
- ✓ Acquisition of shares in the ordinary course of business by-
 - i. a registered stock-broker of a stock exchange on behalf of clients;
 - ii. a registered market maker of a stock exchange in respect of shares for which he is the market maker, during the course of market making;
 - iii. by Public Financial Institutions on their own account;
 - iv. by banks and public financial institutions as pledgees
- ✓ Acquisition of shares by way of transmission on succession or inheritance
- ✓ Acquisition of shares by government companies within the meaning of Section 617 of the Companies Act, 1956 and statutory corporations
- ✓ Pursuant to a scheme –
 - (i) framed under Section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985;
 - (ii) of arrangement or reconstruction including amalgamation or merger or demerger under any law or regulation, Indian or foreign
- ✓ acquisition of shares in companies whose shares are not listed on any stock exchange.

Mortgage Guarantee Company

*CA Navnit Choudhary and **CA Nilesh Choudhary



It may be recalled that while announcing proposals for the Union Budget 2007-08, the then Finance Minister of India announced:

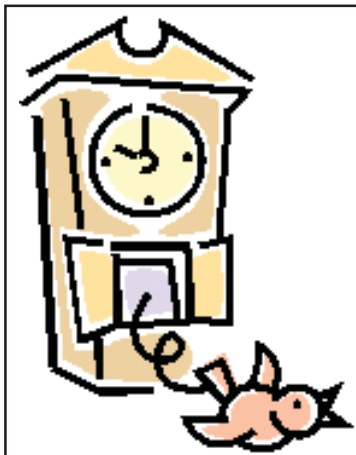
'Our people want housing loans. Banks and housing finance companies that lend against mortgages would have greater comfort if the mortgage can be guaranteed through a three way contract among borrower, lender and guarantor. Regulations will be put in place to allow the creation of mortgage guarantee companies'.

The Budget announced that the National Housing Bank would shortly introduce a novel product for senior citizens, viz., a 'reverse mortgage' under which a senior citizen who is the owner of a house can avail of a monthly stream of income against the mortgage of his/her house, while remaining the owner and occupying the house throughout his/her lifetime, without repayment or servicing of the loan. It assured that regulations would be put in place to allow the creation of mortgage guarantee companies whereby the mortgage can be guaranteed through a three way contract among the borrower, the lender and the guarantor, thereby allowing greater comfort to the lending banks and housing finance companies.

Mortgage insurance protects lenders and investors against borrower default on residential mortgage loans. The mortgage insurance industry has helped lenders in a number of countries manage their exposure to credit and economic risks while expanding homeownership opportunities for borrowers to purchase homes with smaller down payments. In addition, mortgage insurance from a highly rated mortgage insurance company facilitates the sale of low down payment mortgages

in the secondary market. As a result, mortgage insurance has helped to stabilise, revitalise, and vastly expand housing markets worldwide.

Mortgage insurance helps lenders and investors achieve a variety of goals, including transferring risk, obtaining regulatory capital relief, expanding market reach, and obtaining efficient execution in capital market transactions.

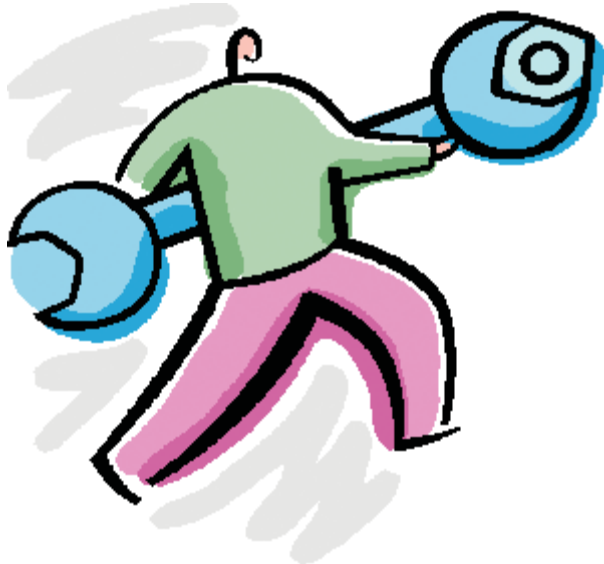


A mortgage guarantee company issues guarantees for the repayment of the amount of housing loan and interest accrued thereon to a creditor institution on the occurrence of a pre-determined trigger event. These guarantees help the primary lenders to the housing loan sector to transfer their credit risk to the mortgage guarantee company.

These will be a new category under the NBFC sector and the activities will be in the nature of mortgage guarantees and not mortgage insurance. Mortgage insurance falls within the jurisdiction of the Insurance regulator.

Vide Notification No. DNBS (MGC)1/CGM(PK) - 2008 dated January 15, 2008, The Reserve Bank of India, on being satisfied that it is necessary so to do, in exercise of the powers conferred on it under Section 45 I (f)(iii) of the Reserve Bank of India Act, 1934 (2 of 1934) (the Act), with the prior approval of the Central Government hereby specifies that a Mortgage Guarantee Company, that is, a company registered with the Bank under the scheme for registration of Mortgage Guarantee Companies notified by the Bank in this regard, will be treated as Non-Banking Financial Company under the provisions of the Act.

The authors are members of ICAI. (Mem.No. 105142, ** 116144)*



Commencement of Business

A mortgage guarantee company shall commence the business of providing mortgage guarantee after -

- (a) obtaining a certificate of registration from the Reserve Bank of India; and
- (b) having a net owned fund of one hundred crore rupees or such other higher amount, as the Reserve Bank of India may, by notification, specify.

Application for Registration

Every mortgage guarantee company shall make an application for registration to the Reserve Bank of India in such form as may be specified by the Reserve Bank of India for the purpose. An application for Certificate of Registration to commence the business of a Mortgage Guarantee Company must be done in terms of paragraph 4 of the guidelines on Registration and Operations of Mortgage Guarantee Company contained in Notification Nos. 3 dated February 15, 2008.

The Reserve Bank of India, for the purpose of considering the application for registration, shall require to be satisfied that the following conditions are fulfilled:-

- (a) that the mortgage guarantee company shall primarily transact the business of providing mortgage guarantee. A mortgage guarantee company shall be deemed to comply with the above when at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business (which includes the

income derived from reinvesting the income generated from mortgage guarantee business);

- (b) that the mortgage guarantee company is or shall be in a position to pay its liabilities arising from the contracts of guarantee it may enter into;
- (c) that the mortgage guarantee company has adequate capital structure and adequate earning prospects from mortgage guarantee business;
- (d) that the general character of the management or the proposed management of the mortgage guarantee company shall not be prejudicial to the public interest;
- (e) that the Board of Directors of such mortgage guarantee company does not consist of more than half of its total number of directors who are either nominees of any shareholder with substantial interest or associated in any manner with the shareholder with substantial interest or any of the subsidiaries of the shareholder with substantial interest if such a shareholder is a company;
- (f)
 - (i) Mortgage guarantee company shall have a well diversified shareholding;
 - (ii) Mortgage guarantee company shall not be a subsidiary of any other company including a company registered or incorporated under any law in force outside India;
 - (iii) No individual, association or body of individuals whether incorporated or not, partnership firm, company or company registered or incorporated under any law in force outside India shall, directly or indirectly, have any controlling interest in mortgage guarantee company;"
- (g) the Foreign Direct Investment to be eligible for investment in the equity of a mortgage guarantee company should have prior approval of FIPB. If the foreign entity which has received FIPB / FED approval is having substantial interest in the applicant mortgage guarantee company, it should be regulated by a home country financial regulator and should itself preferably be a mortgage guarantee company and have a good track record of operating as a mortgage guarantee company. However, the above clauses would not be applicable if the investor in the equity of a

mortgage guarantee company is international financial institution;

- (h) that the public interest shall be served by the grant of certificate of registration to the mortgage guarantee company to commence or to carry on the business in India;
- (i) that the grant of certificate of registration shall not be prejudicial to the operation and growth of the housing finance sector of the country;
- (j) that the mortgage guarantee company is compliant with the applicable norms for foreign investment in such companies; and
- (k) any other condition, fulfillment of which in the opinion of the Reserve Bank of India, shall be necessary to ensure that the commencement of or carrying on the business in India by a mortgage guarantee company shall not be prejudicial to the public interest and the housing finance sector in India.

Essential Features

The essential features of a mortgage guarantee contract shall be as follows:

- (a) it shall be a contract of guarantee under Section 126 of the Indian Contract Act, 1872;
- (b) the mortgage guarantee contract shall be unconditional and irrevocable and the guarantee obtained shall be free from coercion, undue influence, fraud, misrepresentation, and/or mistake under Indian Contract Act, 1872 ;
- (c) it shall guarantee the repayment of the principal and interest outstanding in the housing loan account of the borrower, up to the amount of guarantee;
- (d) the guarantor shall pay the guaranteed amount on invocation without any adjustment against the realisable value of the mortgage property;
- (e) it shall be a tri-partite contract among the borrower, the creditor institution and the mortgage guarantee company, which provides the mortgage guarantee.

The mortgage guarantee company shall not carry on insurance business.

Minimum Capital Requirement

A mortgage guarantee company shall have a minimum net owned fund of Rs.100 crore at the time of commencement of business, which shall be reviewed for enhancement after 3 years.

Capital Adequacy

A mortgage guarantee company shall maintain a capital adequacy ratio of ten percent (10%) of its aggregate risk weighted assets of on balance sheet and of risk adjusted value of off-balance sheet items or any other percentage that may be prescribed by the Reserve Bank of India for the purpose, from time to time.

A mortgage guarantee company shall maintain at least six percent (6%) of its aggregate risk weighted assets of on balance sheet and of risk adjusted value of off-balance sheet items as Tier I capital.

Prudential and Accounting Norms

The mortgage guarantee company shall be required to comply with various prudential guidelines including those relating to income recognition, asset classification, provisioning, classification and valuation of investments and prudential exposures that are issued by the Reserve Bank of India from time to time.

The mortgage guarantee company shall also comply with all the relevant Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India from time to time.

No single guarantee shall exceed 10% of the company's Tier I and Tier II capital.

Funding Options

Mortgage guarantee companies shall not accept public deposits. Mortgage guarantee companies shall not avail External Commercial Borrowings.

Further, a Mortgage Guarantee Company shall create and maintain a "Contingency Reserve" on an ongoing basis.

Accounting Year

Every Mortgage Guarantee Company shall prepare its Balance Sheet and Profit & Loss Account as on 31st March every year. Whenever a Mortgage Guarantee Company intends to extend the date of its balance sheet as per provisions of the companies Act, it should take prior approval of Reserve Bank of India before approaching the Registrar of Companies for this purpose.

Further, even in cases where the Bank and the Registrar of Companies grant extension of time, the Mortgage Guarantee Company shall furnish to the Bank a proforma Balance Sheet (unaudited) as on March 31st of the year and the statutory returns due on the said date.

Company Law Settlement Scheme - 2010

* Dr PT Giridharan

Filing of annual returns under section 159 of the Companies Act, 1956 is a statutory duty and obligation on the part of the company, whether the annual general meeting is held or not under section 166 or whether the accounts are ready or not under section 210. The defaults under section 159, 166, 210 and 220 are of universal application to private and public companies and offences under these sections are separate. While no penalty has been prescribed for non-filing of annual returns under section 159, yet it has consequential effects. Failure to file the annual return attracts disqualification of directors under section 274(1) (g) whereby, a director of a public company which has among other things failed to file its annual accounts and returns for three consecutive financial years shall not be eligible for appointment as director of any other public company until the expiry of five years from the date of default. The fact that company is also not functioning is no excuse for non-filing of annual return.



There are over 8 lac companies in India and monitoring and regulating their affairs by the Ministry of Corporate Affairs is a Herculean task. From the point of view of shareholders at large, the annual general meeting and annual report serves as network for communication with the company and instances have come to surface that large number of companies are not still duly complying with the law and yet remain in the Register of Companies. There are also companies which have not their minimum threshold limit of paid-up capital as prescribed in Section 3 (3) & (4) of the Act, 1956. Regulators face the task of monitoring such of those companies, which in turn

are burdened with additional fee and prosecutions. Taking into account the brand image of Corporate India and to ensure that better self corporate governance prevails among the companies, the MCA has again reintroduced recently (a similar scheme was introduced in 2000) a scheme known as 'Company Law Settlement Scheme, 2010' and the said scheme shall be in force from 30th May

2010 till 31st August, 2010.

The CLSS-2010 condones delay in filing of returns with the Registrar of Companies (ROC), thereby granting immunity from further prosecution, compounding the period of delay and charges additional fee of 25% of actual additional fee for filing belated documents under the Act and rules there under. The Scheme 2010 is focussed on companies

which have not increased their paid-up capital up to the threshold limit of rupees one lakh for private companies and rupees five lakh for public companies. Defaulting companies wishing to avail the opportunity will first have to file its documents to increase their base capital and then allowed to file other belated documents. The ROC having jurisdiction over the registered office of such defaulting company would be the designated authority for consideration of application from companies under the scheme and granting immunity certificate in respect of filed documents and withdraw prosecutions pending before any Court of Law.

Procedure to be followed by companies:

1. Apply for issue of immunity certificate under the CLSS-2010.

**The author is Joint Director, ICAI*

2. Application may be electronically made to the ROC in the prescribed Form (with no fee) under the scheme along with the proof of attachments of the following documents, namely,
 - regarding company withdrawal of any appeal(s) against any notice issued or complaint filed before the competent court
 - regarding details of prosecution(s) pending against the company and its officers in respect of belated documents filed under this scheme which requires withdrawal by the ROC.
 - regarding details of directors(s) declared as proclaimed offender or facing criminal case(s) for economic offences
 - Optional documents, if any.
3. The defaulting companies for the purpose of seeking immunity certificate from the Registrar may also file the Form after the closure of the Scheme (i.e. 31st August, 2010) and after documents are taken on file/ on record or approved by the ROC, but not after the expiry of six months from the date of closure of the Scheme. According to the then Department's Circular No 5/ 91 dated 26-2-1991, documents to be taken on record within ten days if certified by a Chartered Accountant in Practice/Company Secretary/Cost Accountant.
4. The fee for filing belated documents for seeking immunity under the Scheme is the statutory filing fees as prescribed under the Act and rules there under plus an additional fee of 25% of the actual additional fee under Section 611(2).
5. The Form shall be duly verified and digitally signed by the Managing Director or director or secretary of the company (in case of Indian company) and authorised representative (in case of foreign company).

Action by the Registrar of Companies

The Registrar shall consider the application from

defaulting companies seeking immunity under the scheme and upon being satisfied shall grant immunity certificate in respect of documents filed under the scheme. No time limit has been prescribed for disposal of the applications received under the Scheme.

Non-applicability of the Scheme

1. The scheme shall not apply to documents for which approval is to be obtained from Company Law Board or Central Government or Court or any other competent authority.
2. It shall also not apply to companies for which action has already been initiated by the ROC under section 560(5) of the Act, 1956.
3. After granting immunity the Registrar shall withdraw prosecution(s) pending if any before the concerned Court(s).
4. After the closure of the scheme, the Registrar shall take necessary action against companies which have not availed the scheme and still in default in filing of documents.

Introspection

The CLSS, 2010 is one more attempt by the MCA in facilitating the exercise of updating the records of companies to be readily available in the electronic registry. The efforts of the MCA and role of professionals in this direction are quite laudable.

However, one should remember that it is an occasion for the defaulting companies to set their records right, but on an easy way for the directors to escape away from being proclaimed offender or facing criminal cases for economic offences pending before other Court(s) for which prosecution is under way. The limited intent of CLSS, 2010 is only for those companies which have defaulted in filing the requisite documents to be duly filed under the Act, 1956 and for those companies which have not raised their threshold limit of paid-up capital. This is not an Easy Exit Scheme for directors for which they are otherwise liable for offences under various other Acts. The Scheme, 2010 is for creating an environment of trust, confidence and better corporate governance.

The Scheme 2010 is focussed on companies which have not increased their paid-up capital up to the threshold limit of rupees one lakh for private companies and rupees five lakh for public companies.

Limited Liability Partnership: An Overview

*Sugandh Awasthi



Presently, two forms of business organization are popular- Partnership under Indian Partnership Act, 1932 and Company under Companies Act, 1956. Here we have summed up some of the shortcomings of both Partnership and Company form of organization:-

Disadvantages of Partnership

1. Unlimited Liability
2. Partners are agents of partnership firm as well as of other partners, and therefore act of any partner binds Partnership firm, which in turn binds other partners also.

Disadvantages of Company

1. It removes the defect of unlimited liability, but over the years, lot of rigidity has entered in the Companies Act, 1956. The rigidity is acceptable and required when public money is involved, i.e., in case of listed companies. However, in case of private companies and small public companies, these precincts reduce flexibility in operations and increase administration costs.
2. There are many restrictions on managerial remuneration, loans, investments, guarantees, selling agents, contracts etc.
3. Too many procedural formalities like registration of charge, periodic meetings and filing of numerous documents with ROC is required.
4. Many statutory registers and records are to be maintained.



Limited Liability Partnership (LLP) is an ideal blend of Partnership and Company

If we mix Companies Act, 1956 and Indian Partnership Act, 1932 remove all defects of traditional partnership firm, remove all procedural hassles and rigidity in Companies Act, keep good points of both Indian Partnership Act and Companies Act, we get Limited Liability Partnership.

Features of LLP

1. Good hybrid of partnership and company form of organization.
2. LLP has Limited Liability and Perpetual Succession.
3. Removes defects of unlimited liability under partnership and rigidity of provisions as prevalent under Companies Act.
4. LLP is a "body corporate" having legal entity different from its partners. It can hold property in its own name.
5. Maximum flexibility in respect of internal management, remuneration to partners, specific powers like management power or veto power to some partners.
6. LLP can be formed for carrying out any lawful business with a view to profit, thus ideal for medium businesses, professionals, joint ventures, but not available for charitable organisation.
7. A partner can bind LLP but not other partners. LLP agreement can curtail powers, duties and liabilities of some partners.
8. Any Individual or body corporate may be a partner in an LLP.

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9. Every LLP shall have at least two partners.
10. Every LLP shall have at least two designated partners who are individuals and at least one of them shall be a resident in India. Provided that in case of a LLP in which all the partners are 'body corporate' or in which one or more partners are individuals who are partners of such LLP or nominees of such 'body corporate' shall act as designated partners. No Limit on maximum number of partners.
11. No limit on number of LLPs of which a person can become a partner.
12. Procedure for incorporation of LLP is similar to incorporation of company.
13. Incorporation documents, which are parallel to the Memorandum of Association and LLP agreement, which is parallel to Articles of Association, are required to be filed electronically.
14. Accounts are to be maintained but Small LLP are exempted from audit provisions.
15. Section 34(2) of LLP Act, 2008 casts an annual obligation on every LLP to prepare a statement of accounts and solvency for each financial year within 6 months from its end.
16. Change in partners is required to be reported within 30 days.
17. Concept of "holding out" by partner incorporated.
18. Heavy penalty (Rs. 100 per day) for late filing of returns.
19. Provisions of reconstruction, amalgamation, winding up, inspection and investigation are similar to those under Companies Act, 1956.
20. Existing partnership firms, private companies and unlisted companies can convert themselves into LLP.
21. LLP will be taxed the same way as a partnership. The exception is that a partner of partnership firm is liable personally for income tax liability of firm. In case of LLP, all partners are jointly and severally liable for income tax liability, but a partner can escape the income tax liability of firm. In case of LLP, all partners are jointly and severally liable for income tax liability, but a partner can escape the liability if he proves that non-recovery cannot be attributed to any gross neglect or breach of any duty on his part.
22. Higher cost compared to normal partnership.
23. Ministry of Corporate Affairs, Government of India is the administering ministry. Registrar of Companies (ROC) of respective State is the administrative authority where all documents are to be filed.
24. Central Government can make applicable any provisions of Companies Act, 1956 to LLP with suitable modifications by issuing a notification [section 67 of LLP Act, 2008]. This provision is dicey as rigidity under Companies Act, 1956 can be brought in LLP Act, 2008 through back door. But, provisions of Indian Partnership Act, 1932 will not apply to LLP [section 4 of LLP Act, 2008].
25. It was thought that LLP Act is necessary to form partnership among professionals only. However, LLP Act does not contain any such restriction. LLP can be constituted for any 'business' having profit motive.

Since LLP is not treated as company for income tax purposes, there will be no Dividend Distribution Tax (DDT) or Minimum Alternate Tax (MAT)

Income tax of LLP

LLP incorporated in India will be assessed as if it is a partnership firm. Section 2 (23) of Income Tax Act, 1961 states that 'firm' shall include LLP, 'partner' shall include partner of LLP and 'partnership' shall include LLP.

LLPs incorporated outside India (foreign LLPs) shall be taxed as 'company'.

Share of profit of LLP at the hands of partners will be exempt [section 10(2A) of Income Tax Act, 1961]

Remuneration to Partners

Remuneration paid to partners is deductible at the hands of LLP within limits prescribed under section 40(b) of Income Tax Act, 1961 if requirements of section 184 are satisfied. As per section 185 of the Income Tax Act, 1961 if requirements of section 184 are not satisfied, firm will be assessed as firm but shall not be eligible

for deduction of remuneration or interest to partner.

As per section 40 (b) of Income Tax Act, maximum amount deductible in respect of remuneration to partner of LLP is as follows:-

- If book profit is negative or less than Rs. 1,66,667 → Rs.1,50,000.
- If book profit is Rs.1,66,667 or more' → on first 3 lakhs 90% and on balance 60 %.

The amount deductible from income of LLP will be the amount given above or amount actually debited to profit and loss account of LLP, whichever is lower. Remuneration paid to partner will be allowable as deduction to LLP and it will be taxed at the hands of partner of LLP.

Interest to Partners

Interest paid to partners is deductible at the hands of LLP within limits prescribed under section 40(b) of Income Tax Act, 1961 if requirements of section 184 are satisfied. As per section 185 of the Income Tax Act, if requirements of section 184 are not satisfied, firm will be assessed as firm but shall not be eligible for deduction of remuneration or interest to partner. Interest paid to partner will be allowable as deduction to LLP and it will be taxed in the hands of partner of LLP.

Income tax rate for LLP

For the assessment year 2010-11 income of LLP will be taxable @ 30% plus 3% education cess.

Wealth Tax on LLP

Indian LLP will not be liable to wealth tax. Foreign LLP will be liable to wealth tax.

No MAT or DDT

Since LLP is not treated as company for income tax purposes, there will be no Dividend Distribution Tax (DDT) or Minimum Alternate Tax (MAT).

No Presumptive Taxation Scheme

LLP cannot avail presumptive taxation scheme under sections 44AC or 44AD of Income Tax Act, 1961.

Extent of Liability of Partner

A partner is not personally liable, directly or indirectly for an obligation referred to in sub-section (3) of section 27 solely because of being a partner of the LLP. The provisions of sub-section (3) of section 27 and sub-section (1) of this section shall not affect the personal liability of a partner for his own wrongful act or omission, but a partner shall not be personally liable for the wrongful act or omission of any other partner of LLP.

CROSSWORD

July-2010

Solution

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Alternative Model for Financial Sector Regulation

*CA.N.C.Maheshwari



Financial sectors caters to the need for Resources by trade, industry and commerce. It is a place which, mediates between the entities having surplus fund (resources lender) to the entities looking for funds (resources borrower). This Channelization of surplus funds (savings) to industry, has traditionally been in shape of equity or debt. Financial market has been a place where trading takes place round the clock; between industry which looks for cheaper cost of funds and, the lender who wants maximum returns on his investment.

Resources are always scarce, therefore, are required to be deployed as per the policy of Government preferring one sector to another or one model to another. Moreover, savings are generated through a large number of disorganized individuals or entities, scattered all over country having negligible inside information of the industry, whereas, funds are required by organized corporate sector, comparatively less in number, who can always acts in cartel and can influence the policy decisions to their advantage. To balance this inherent weakness of investors, various rules, regulations are made world over, so that investors can be protected. Owing to obvious dominance of corporate sector, innovative, ambitious and imaginative products keep on evolving, requiring a greater protection to investors and regulation of financial market. It has resulted into creation of body of regulators, distinct from Government and, drawn from personnel having domain knowledge of those products. Thus, world over regulation of financial market is being entrusted to a separate body which takes care of the total financial sector or different small regulators which take care of a segment of the market.

In India, the jurisdiction of financial markets is as under:-

Segment	Regulators
i) Monetary, credit Policy and Debt market	Reserve Bank of India

ii) Capital Market	Securities & Exchange Board of India (SEBI)
iii) Insurance	Insurance Regulatory & Development Authority (IRDA)
iv) Pensions	Pension Regulatory & Development Authority
v) Commodities Trading	Forward Market Commission
vi) Agriculture Product	Mandies Constituted under APMC Act
vii) Currency Trading	Technical Committee comprising of SEBI & RBI representatives

But with a large number of the hybrid products available and, being evolved on continuous basis, the separate legs of the same products, may encompass upon different regulators and, sometimes even interpretation can totally be opposite to each other. Not only this, over a period of time, the distribution model and channel for financial products have totally been changed. Now banking sector is providing share broking services, mutual fund distribution, even AMC's are selling insurance for commissions or IPO through ASBA (Application Supported by Blocked Amount). Therefore, it is essentials to have convergence of regulators and an inbuilt system to find out a solution for regulatory arbitrage, overlapping jurisdictions.

Presently, these issues are taken care of by High Level Co-ordination Committee on financial market (HLCC) headed by RBI Governor. It was proposed to have Financial Stability & Development Council which would concentrate on financial stability.

Lately Government. has also resorted to ordinance

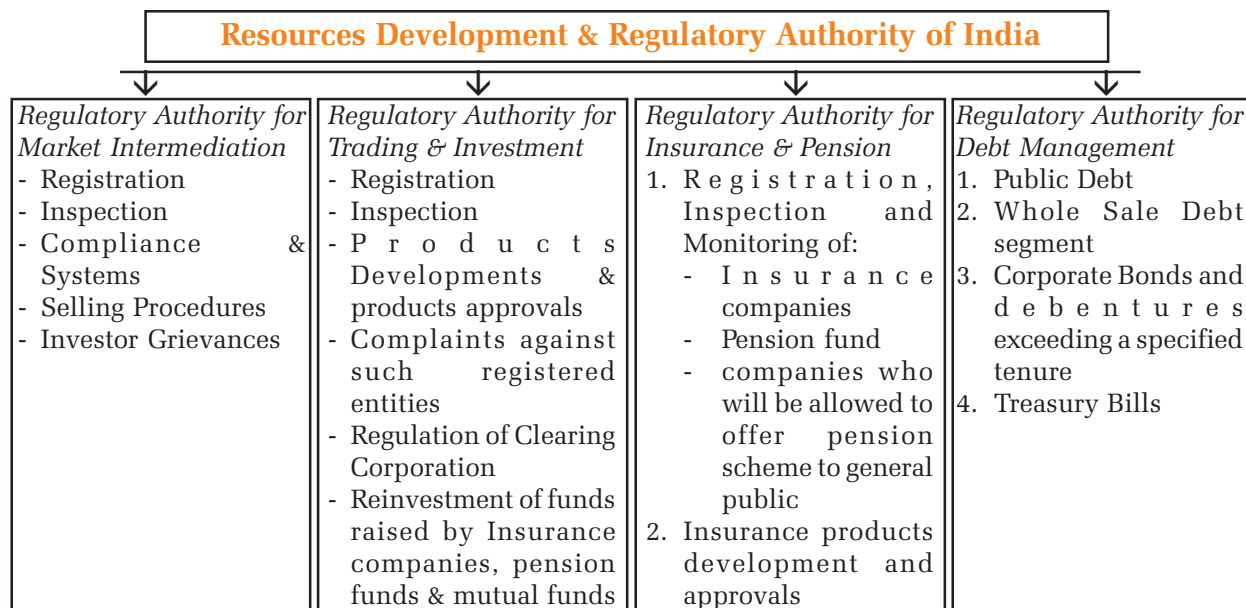
**The author is a member of ICAL. (Mem.No.81788)*

to settle the jurisdiction issue of ULIPs between IRDA and SEBI.

These all developments have necessitated the need to revisit the concept and structuring of regulators. The purpose of this articles is to give thought to the alternative models described below:

where SRO, can work wonder. The proposed system would be conducive and more efficient to the growth of market through SRO's.

- iv) Unified Clearing Corporations: Major efficiency to be achieved under proposed system, would be fungibility of funds, deposits



All the financial regulators would be the members of Resource Development & Regulatory Authority of India. In addition, it would have members from Government, RBI and Trade.

Proposed system would have following additional merits

- Synchronization of products: As aforesaid the basic purpose of financial market is to bridge the gap between resources available and needed at the optimum cost. The proposed system will synchronize all savings products.
- One approval for Registration and further changes: Registration of intermediaries will be required at one place, as against present system in which, all intermediaries (Brokers) are registered exchange wise with SEBI resulting into operational issues. Even if, a shareholder / director is to be changed or capital is to be increased, approval is required by all the exchanges separately. In the proposed system, only one approval would be required.
- SRO- Key to efficient growth of Market: Registration, compliances and adherence to best trade practices by intermediaries is a field

as margin or otherwise across exchanges. Single regulator across all exchanges, clearing and settlements would ensure unification or online connectivity across clearing corporations. This would result shifting of capital from one segment to another within no time.

- Prevention from Mis-Selling: World over, mis-selling of financial products is a major concern. Derivatives or hybrid products are sold to investors without explaining the risk associated with such products. The same types of cases were reported in Mutual Funds Distributions as well as under writing insurances. Since all the selling force would be regulated under a single umbrella, code of conduct would be standardized resulting into less investors complaints.
- Clear distinction of Responsibilities: There would be a clear distinction between Micro management and Macro policy initiatives while broad policy initiative would be responsibility of main body, ground work for putting those ideas to work would be the responsibility of functional regulators.

Series of master circulars issued by RBI

Reserve Bank of India consolidates and updates all the instructions/guidelines on the subject issued upto June 30, 2010 in the form of Master circulars. These Master Circulars are a one-point reference of instructions on a particular subject. These are issued by RBI on July 1 every year and automatically expire on June 30 next year. Accordingly, many master circulars have been issued on Banking Regulations for schedule and non-schedule Urban Commercial Banks (UCBs), Co-operative Banks, Currency, Financial Institutions, Financial Markets, Foreign Entities/FDIs, Government Business, NBFCs, Primary Dealers and others. The updated notifications are given on the <http://www.rbi.org.in>.

Podcasts on hedge accounting models

IASB staff have posted several short podcasts

(series of audios) on the hedging phase of the project to replace IAS 39 Financial Instruments: Recognition and Measurement. These podcasts are the first in a series about the models being developed by the IASB. The first hedge accounting podcasts provide an overview of the approach to phase III of the IAS 39 replacement project, the eligibility of derivatives as hedged items and background information on net positions in a hedging relationship.

(Source: www.ifrs.org)

Podcasts on leasing model

The first two lease podcasts provide an overview of the proposed approach to accounting for leases, and additional detail on the proposed lessee accounting.

(Source: www.ifrs.org)

Auditing

Amendment to SA 230- Retention Period for Engagement Documentation (Working Papers) -

The Council of the Institute of Chartered Accountants of India had in August 2009, had amended the audit documentation retention period appearing as ten years in paragraph 83 of Standard on Quality Control one to seven years.

As a consequence of the above decision of the Council, the audit documentation retention period appearing as ten years in paragraph A23 of the Standard on Auditing (SA) 230, Audit Documentation, issued in January 2009, shall also stand amended to seven years.

Announcement on – Requirement to include the registration number of the firm as allotted by ICAI, in the audit reports signed by members of the ICAI -

The Council of the Institute of Chartered Accountants of India (ICAI), at its 292nd meeting held on January 13, 2010 has decided to:

- Include, in addition to the other requirements relating to signature on the audit report, as prescribed under the relevant Standard on Auditing, the registration number of the firm as allotted by ICAI, in the audit reports signed by them; and

- Ensure that the resolution passed by the company regarding appointment of the statutory auditor of the company under section 224 of the Companies Act, 1956, also contain the registration number of the firm of the auditor(s) with the ICAI.

These requirements came into effect from April 1, 2010.

National Convention for CA Students

CA – A Vision Towards Conquering the World

Organized by: Board of Studies

Hosted by: EIRC of the ICAI & EICASA of the ICAI

SATURDAY, AUGUST 28, & SUNDAY, AUGUST 29, 2010.

Venue: Calcutta University – Centenary Hall, Kolkata

Contact: Convention Co-ordinator, National Convention for CA Students at Kolkata, EIRC of the ICAI, 7, Anandilal Poddar Sarani (Russell Street), Kolkata, 700 071, Phone: 033-39893989/3021-1120 to 23, Fax: 033-30211145/46; ero@icai.org

For complete details please visit <http://www.eircicai.org>

Circular issued by the Insurance Regulatory and Development Authority (IRDA)

Circular No. : IRDA/ACT/CIR/ULIP/102/06/2010 dated June 28, 2010: Guidelines on Unit-Linked Insurance Products (ULIPS)

In order to meet the emerging needs of prospective insurance policyholders, Insurance Regulatory and Development Authority (IRDA), has, vide this circular, specified the following guidelines for all ULIPs which may be offered for sale to the public commencing from September 1, 2010:

1. Lock-in Period Increased to Five Years:

IRDA has increased the lock-in period for all Unit Linked Products from three years to five years, including top-up premiums, thereby making them long-term financial instruments, which provide risk protection.

2. Level Paying Premiums:

All regular premium/limited premium ULIPs to have uniform/level paying premiums. Any additional payments to be treated as single premium for the purpose of insurance cover.

3. Even Distribution of Charges:

Charges on ULIPs are mandated to be evenly distributed during the lock-in period, to ensure that high front ending of expenses is eliminated.

4. Minimum Premium Paying Term of Five Years:

All limited premium unit linked insurance products, other than single premium products to have premium paying term of at least five years.

5. Increase in Risk Component:

All unit linked products, other than pension and annuity products to provide a mortality cover or a health cover thereby increasing the risk cover component in such products.

6. Minimum Guaranteed Return for Pension Products:

As regards pension products, all ULIP pension/annuity products to offer a minimum guaranteed return of 4.5 percent per annum or as specified by IRDA from time to time. This will protect the lifetime savings for the pensioners, from any adverse fluctuations at the time of maturity.

7. Rationalisation of Cap on Charges:

With a view to smoothen the cap on charges, the capping has been rationalized to ensure that the difference in yield is capped from the 5th year onwards. This will not only reduce the overall charges on these products, but also smoothen the charge structure for the policyholder.

8. Discontinuance of Charges:

The IRDA (Treatment of Discontinued Linked Insurance Policies) Regulations brought out by IRDA in this regard ensure that policyholders do not get overcharged when they wish to discontinue their policies for any emergency cash requirement.

9. Net Reduction in Yield:

The net reduction in yield for policies with term less than or equal to 10 years should not be more than 3 percent at maturity while for policies with term above 10 years, it should not be more than 2.25 percent.

10. Maximum Loan Amount:

The maximum loan amount that can be sanctioned under any ULIP policy not to exceed 40 percent of the net asset value in those products where equity accounts for more than 60 percent of the total share and not to exceed 50 percent of the net asset value of those products where debt instruments account for more than 60 percent of the total share.

Business & Corporate Laws

Business Laws

(i) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Central Government has amended the Employees' Deposit Linked Insurance Scheme, 1976 by **Employees' Deposit Linked Insurance (Amendment) Scheme, 2010** through the Notification G.S.R. 523(E) dated 18th June, 2010. According to the notification, on the death of an employee, who is member of the Fund or of a provident fund exempted under section 17 of the Act, 1952, the person entitled to receive the provident fund accumulations of the deceased shall, in addition to such accumulations be paid an amount, equal to the average balance in the account of the deceased in the fund or a provident fund exempted under section 17 of the Act, as the case may be, during preceding twelve months or during the period of his membership, whichever is less, except where the average balance exceeds rupees fifty thousand, the amount payable shall be rupees fifty thousand plus 40% of the amount in excess of fifty thousand subject to a ceiling of Rupees one lakh. For further details refer www.labour.nic.in

Corporate Laws

(i) The Companies Act, 1956

The Ministry of Corporate Affairs has decided to revive the Scheme of **Certified Filing Centres (CFCs)** for a further period of three years from **July 01, 2010**. The Ministry had earlier Authorised 965 Certified Filing Centres (CFCs) across the country for greater outreach and e-filing facilities across the country. The said Certified Filing Centres are managed by Professionals (Chartered Accountants, Company Secretary & Costs & Works Accountants). However, a large

number of CFCs have been inactive for last 1 year or so. The Ministry is giving an opportunity to such CFCs to renew their registration with the MCA for which they should send their application to the concerned Institute along with a renewal fee of Rs. 500 within a period of 60 days. Fresh applications are also invited from Professionals who are in desirous of registering as CFCs with MCA. Applications can also be submitted through the respective Institute along with Registration Fee of Rs. 1000 within a period of 60 days. For further details refer www.mca.gov.in

(ii) FEMA, 1999

The Reserve Bank of India vide its **A.P. (DIR series) Circular no. 56 dated 28th June, 2010** has issued an updated procedure for Compounding of Contravention/s under Foreign Exchange Management Act, 1999 (FEMA), thereby superseding the circular A.P. (DIR series) Circular no. 31 issued on 1st February, 2005, with the aim to streamline the process and procedure for compounding and for better transparency and effective implementation of the compounding process.

The Reserve Bank of India vide its circular **RBI/2009-10/513 A.P. (DIR Series) Circular No.57** dated 29th June, 2010 issued provisions related to Liberalization of realization and repatriation of export proceeds. Reserve Bank of India has again obliged the exporter, in relaxing the period of realization and repatriation to India the amount representing full value of goods and software exported and had enhanced the said period to twelve months and extend it upto 31st March, 2011.

For further details refer www.rbi.org.in

(The above amendments are not applicable for November 2010 examinations)

I T

During the month of June, 2010, two major threats (One Trojan and One Worm) were reported by CERT-IN, DIT, Ministry of Communications & IT, Govt. of India. These are given as follows, along with their counter measures:

1. Win32/Alureon family

Alureon is a family of data stealing trojan with rootkit capabilities. The trojan spreads presumably via hacked websites, File sharing, cracks, and spammed messages with embedded URLs. The trojan observed to have been involved in the following activates;

- Modifying affected user's search results (search hijacking),
- Redirecting affected user's browsing to sites of the attacker's choice (browser hijacking),
- Changing DNS settings in order to redirect users to sites of the attacker's choice without the affected user's knowledge,
- Downloading and executing arbitrary files, including additional components and other malware,
- Serving illegitimate advertising, and
- Installing Rogue security software.

Suggested Countermeasures:

- Delete files and the registry entries made by the Trojan Alureon mentioned above,
- Install and maintain updated anti-virus software at gateway and desktop level,
- Install and maintain Desktop Firewall and block the ports which are not required,
- Use caution when opening attachments and accepting file transfers,
- Use caution when clicking on links to web pages,
- When performing searches in search engines,

treat any results returned with caution and double-check them before following the links, and

- Do not click on or follow any links if pop-up advertisements are displayed.

2. Sasfis Botnet

Sasfis Botnet is a family of worm spreads via malicious spammed messages or downloaded while visiting sites that have been compromised using the Eleonore Exploits Pack (a package that is actually sold to various business sites so that the site can invade your computer whenever you visit that site). Generally, users are receiving spoofed /spam email typically trying to pose as a payment demand or a warning about email or messaging account problems. The recipient is convinced with social engineering tactics to open the "attached document", which is actually the zipped bot dropper (usually distributed in a zip file attached to a spam email).

Suggested Countermeasures:

- Search for the malicious files, registry entries created by the *sasfis worm* and delete the same,
- Install and maintain an updated anti-virus software at gateway and desktop level,
- Use caution when opening attachments and accepting file transfers from untrusted sources,
- Keep up-to-date on patches and fixes on the operating system and applications,
- Install and maintain Firewall at Desktop level, and
- Firefox users may consider using "NoScript" -an add-on that prevents untrusted scripts from loading.

For details, visit: www.cert-in.org.in

Income Tax

1. **Does the Appellate Tribunal have the power to recall its own order under section 254(2)?**
CIT v. Earnest Exports Ltd. (2010) 323 ITR 577 (Bom.)

In this case, the High Court observed that the power under section 254(2) is limited to rectification of a mistake apparent on record and therefore, the Tribunal must restrict itself within those parameters. Section 254(2) is not a carte blanche for the Tribunal to change its own view by substituting a view which it believes should have been taken in the first instance. Section 254(2) is not a mandate to unsettle decisions taken after due reflection.

In this case, the Tribunal, while dealing with the application under section 245(2), virtually reconsidered the entire matter and came to a different conclusion. This amounted to a reappraisal of the correctness of the earlier decision on merits, which is beyond the scope of the power conferred under section 254(2).

2. **Can the Assessing Officer reopen an assessment on the basis of merely a change of opinion?**

Aventis Pharma Ltd. v. ACIT (2010) 323 ITR 0570 (Bom.)

The power to reopen an assessment is conditional on the formation of a reason to believe that income chargeable to tax has escaped assessment. The existence of tangible material is essential to safeguard against an arbitrary exercise of this power.

In this case, the High Court observed that there was no tangible material before the Assessing Officer to hold that income had escaped assessment within the meaning of section 147 and the reasons recorded for reopening the assessment constituted a mere change of opinion. Therefore, the reassessment was not valid.

Indirect Tax

1. **Whether classification of the imported product changes if it undergoes a change after importation and before being actually used?**

Atherton Engineering Co. Pvt. Ltd. v. UOI 2010-TIOL-271-HC-Kol-Cus

The assessee imported artemia cyst (brine shrimp eggs). It classified it as 'prawn feed' under the heading 2309 which includes products used as animal feed. However, the Department contended that this product was classifiable under the heading 0511.99 which refers to other products in the category of non edible animal products. The contention of importer was that these imported cysts contained little organisms/embryos which later became larva that prawns feed on. Therefore, according to them, the nature and character of the product was not changed by nurturing or incubation.

The Court noted that it was the use of the product that had to be considered in the instant case. If a product undergoes some change after importation till the time it is

actually used, it is immaterial, provided it remains the same product and it is used for the purpose specified in the classification. Therefore, in the instant case, it examined whether the nature and character of the product remained the same.

The Court opined that if the embryo within the egg was incubated in controlled temperature and under hydration, a larva was born. This larva did not assume the character of any different product. Its nature and characteristics were same as the product or organism which was within the egg.

Hence, the Court held that if the said product should be classified as feeding materials for prawns under the heading 2309. These embryos might not be proper prawn feed at the time of importation but could become so, after incubation.

2. **Can the order of the Settlement Commission be considered to be a judicial proceeding?**

UOI v. East and West Shipping Agency 2010 (253) ELT 12 (Bom.)

The Custom House Agent License of the respondents was suspended on the ground that authorised agent of the respondents had committed misconduct by taking active part in the act of smuggling and has thus violated the Custom House Agent Licensing Regulations, 2004. During pendency of the misconduct proceedings, respondents approached Settlement Commission. The Settlement Commission after hearing all the parties held that Revenue had failed to prove that the authorised agent of the respondent Custom House Agent (CHA) had a conscious knowledge of mis-declaration of goods. On the basis of said order of the Settlement Commission, Tribunal decided the case in favour of the respondents and dropped the misconduct proceedings against them. The

appellants challenged the Tribunal's order alleging that the order passed by the Settlement Commission was ab-initio, null and void being without jurisdiction.

The High Court observed that as per section 127M of the Customs Act, 1962, the order passed by the Settlement Commissioner is in judicial proceedings and it is a judicial order. Further, the appellants had not challenged the said order. Hence, the order passed by the Settlement Commissioner could not be brushed aside considering the scheme of Chapter XVIA. It must be held good in law so long as it is not set aside. Considering the facts and circumstances of the case, the High Court answered the question of law in affirmative in favour of the respondents and against the appellant.

List of Institute's Publications for November, 2010 examination

The following List of Institute's Publications is relevant for the forthcoming examination i.e. November 2010.

Paper 1: Financial Reporting/ Advanced Accounting Final Examination (New Course)/ (Old Course)

I. Statements and Standards

1. Framework for the Preparation and Presentation of Financial Statements
2. Accounting Standards (including limited revisions) – AS 1 to AS 32*.

II. Guidance Notes on Accounting Aspects

1. Guidance Note on Treatment of Reserves created on Revaluation of Fixed Assets.
2. Guidance Note on Accrual Basis of Accounting.
3. Guidance Note on Accounting Treatment for Excise Duty.
4. Guidance Note on Accounting for Depreciation in Companies.
5. Guidance Note on Availability of Revaluation Reserve for Issue of Bonus Shares.
6. Guidance Note on Accounting Treatment for MODVAT/CENVAT.
7. Guidance Note on Accounting for Corporate Dividend Tax.
8. Guidance Note on Accounting for Employee Share-based Payments.
9. Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.
10. Guidance Note on Measurement of Income Tax for Interim Financial Reporting in the context of AS 25
11. Guidance Note on Applicability of Accounting Standard (AS) 20, Earnings Per Share.
12. Guidance Note on Remuneration paid to key management personnel – whether a related party transaction.
13. Guidance Note on Applicability of AS 25 to Interim Financial Results.
14. Guidance Note on Turnover in case of Contractors.

***Note: 1. Students are expected to have thorough**

knowledge of the Accounting Standards (AS 1 to AS 29) and Guidance Notes on various aspects issued by ICAI. As far as AS 30, 31 and 32 are concerned, in view of the complexities involved, the questions involving conceptual issues (not involving application issues) may be asked. Since a separate topic of 'Financial Instruments' is included in the curriculum, simple practical problems based on AS 30, 31 and 32 may be asked.

2. **Official Announcements and Notifications (in relation to syllabus) issued till 30th April, 2010 will be applicable for November, 2010 examination.**

Paper 3: Advanced Auditing and Professional Ethics/ Advanced Auditing Final Examination (New Course)/ (Old Course)

I. Professional Topics/Subjects

1. Code of Ethics

II. A. Framework for Assurance Engagements

II. B. Engagements and Quality Control Standards on Auditing (SQC/SA/SRS/SRE/SAE)

1. Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements (SQC 1)
2. Basic Principles Governing an Audit (SA 200)
3. Objectives and Scope of the Audit of Financial Statements (SA 200A)
4. Agreeing the Terms of Audit Engagements (SA 210) **(Revised)**
5. Quality Control for Audit Work (SA 220)
6. Audit Documentation (SA 230) **(Revised)**
7. The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements (SA 240) **(Revised)**
8. Consideration of Laws and Regulations in an Audit of Financial Statements (SA 250) **(Revised)**
9. Communication with Those Charged with Governance (SA 260) **(Revised)**

10. Communicating Deficiencies in Internal Control to Those Charged With Governance and Management (SA 265) **(Newly Issued)**
11. Responsibility of Joint Auditors (SA 299)
12. Planning an Audit of Financial Statements (SA 300) **(Revised)**
13. Identifying and Assessing the Risk of Material Misstatement through Understanding the Entity and its Environment (SA 315) **(Newly Issued)***
14. Materiality in Planning and Performing an Audit (SA 320) **(Revised)**
15. The Auditor's Responses to Assessed Risks (SA 330) **(Newly issued)***
16. Audit Considerations Relating to Entities Using Service Organisations (SA 402) **(Revised)**
17. Evaluation of Misstatements identified During the Audit (SA 450) **(Newly Issued)**
18. Audit Evidence (SA 500) **(Revised)**
19. Audit Evidence – Additional Considerations for Specific items (SA 501)
20. External Confirmations (SA 505)
21. Initial Audit Engagements – Opening Balances (SA 510) **(Revised)**
22. Analytical Procedures (SA 520)
23. Audit Sampling (SA 530) **(Revised)**
24. Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures (SA 540) **(Revised)**
25. Related Parties (SA 550) **(Revised)**
26. Subsequent Events (SA 560) **(Revised)**
27. Going Concern (SA 570) **(Revised)**
28. Written Representations (SA 580) **(Revised)**
29. Using the Work of another Auditor (SA 600)
30. Using the Work of an Internal Auditor (SA 610) **(Revised)**
31. Using the Work of an Expert (SA 620)
32. The Auditor's Report on Financial Statements (SA 700)
33. Comparatives (SA 710)
34. The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements (SA 720) **(Newly Issued)**
35. Engagements to Compile Financial Information (SRS 4410)
36. Engagements to Perform Agreed- upon Procedures Regarding Financial Information (SRS 4400)
37. Engagements to Review Financial Statements (SRE 2400)
38. The Examination of Prospective Financial Information (SAE 3400)

III. Guidance Notes/Study Guide/Monograph

1. Guidance Note on Independence of Auditors.
2. Guidance Note on Audit Reports and Certificates for Special Purposes.
3. Guidance Note on Audit of Fixed Assets.
4. Guidance Note on Audit under Section 44AB of the Income-tax Act (2005 Edition).*
5. Guidance Note on Audit of Abridged Financial Statements.
6. Guidance Note on Audit of Inventories.
7. Guidance note on Audit of Debtors, Loans and Advances.
8. Guidance note on Audit of Investments.
9. Guidance note on Audit of Miscellaneous Expenditure.

10. Guidance Note on Audit of Cash and Bank Balances.
11. Guidance Note on Audit of Liabilities.
12. Guidance Note on Audit of Revenue.
13. Guidance Note on Audit of Expenses.
14. Guidance Note on Sections 227(3)(e) and (f) of the Companies Act, 1956.
15. Guidance Note on Certificate of Corporate Governance **(2006 Edition)**
16. Guidance Note on Computer Assisted Audit Techniques (CAATs).
17. Guidance Note on Audit of Payment of Dividend.
18. Guidance Note on Audit of Capital and Reserves.
19. Guidance Note on Provision for Proposed Dividend.
20. Guidance Note on Auditing of Accounts of Liquidators.
21. Guidance Note on the Duty Cast on the Auditors under Section 45-MA of the Reserve Bank of India Act, 1934.
22. Guidance Note on Section 293A of the Companies Act and the Auditor.
23. Guidance Note on Reports in Company Prospectuses **(Revised)**.
24. Guidance Note on Audit of Consolidated Financial Statements.

* Guidance Note on Audit under section 44 AB of the Income-tax Act, 1961 (2005 edition) alongwith the supplementary guidance note (excluding the portion relating to Fringe Benefit Tax Provisions) published in September, 2006.

IV. Statements

1. Statement on Reporting under Section 227 (1A) of the Companies Act, 1956
2. Statement on the Companies (Auditor's Report) Order, 2003 (2005 Edition)

Paper 2: Auditing and Assurance IPCC/PCC

The following List of Institute's Publications is relevant for the PCC / IPCC forthcoming examination i.e. November, 2010.

I. Statements

1. Statement on Reporting under Section 227 (1A) of the Companies Act, 1956
2. Statement on the Companies (Auditor's Report) Order, 2003 (2005 Edition)

II. Standards on Auditing (SAs)

1. Basic Principles Governing an Audit (SA 200)
2. Objectives and Scope of the Audit of Financial Statements (SA 200A)
3. Agreeing the Terms of Audit Engagements (SA 210) **(Revised)**
4. Quality Control for Audit Work (SA 220)
5. Audit Documentation (SA 230) **(Revised)**
6. The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements (SA 240) **(Revised)**
7. Consideration of Laws and Regulations in an Audit of Financial Statements (SA 250) **(Revised)**
8. Communication with Those Charged with Governance (SA 260) **(Revised)**
9. Communicating Deficiencies in Internal Control to Those Charged With Governance and Management (SA 265) **(Newly Issued)**
10. Responsibility of Joint Auditors (SA 299)
11. Planning an Audit of Financial Statements (SA 300) **(Revised)**
12. Identifying and Assessing the Risk of Material Misstatement through Understanding the Entity and its Environment (SA 315) **(Newly Issued)***

13. Materiality in Planning and Performing an Audit (SA 320) **(Revised)**
14. The Auditor's Responses to Assessed Risks (SA 330) **(Newly issued)***
15. Audit Considerations Relating to Entities Using Service Organisations (SA 402) **(Revised)**
16. Evaluation of Misstatements identified During the Audit (SA 450) **(Newly Issued)**
17. Audit Evidence (SA 500) **(Revised)**
18. Audit Evidence – Additional Considerations for Specific items (SA 501)
19. External Confirmations (SA 505)
20. Initial Audit Engagements – Opening Balances (SA 510) **(Revised)**
21. Analytical Procedures (SA 520)
22. Audit Sampling (SA 530) **(Revised)**
23. Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures (SA 540) **(Revised)**
24. Related Parties (SA 550) **(Revised)**
25. Subsequent Events (SA 560) **(Revised)**
26. Going Concern (SA 570) **(Revised)**
27. Written Representations (SA 580) **(Revised)**
28. Using the Work of another Auditor (SA 600)
29. Using the Work of an Internal Auditor (SA 610) **(Revised)**
30. Using the Work of an Expert (SA 620)
31. The Auditor's Report on Financial Statements (SA 700)
32. Comparatives (SA 710)
33. The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements (SA 720) **(Newly Issued)**
34. Engagements to Compile Financial Information (SRS 4410)
35. Engagements to Perform Agreed- upon Procedures Regarding Financial Information (SRS 4400)
36. Engagements to Review Financial Statements (SRE 2400)
37. The Examination of Prospective Financial Information (SAE 3400)

III. Guidance Notes on Auditing Aspects:

1. Guidance Note on Audit of Fixed Assets.
2. Guidance Note on Audit of Inventories.
3. Guidance Note on Audit of Debtors, Loans and Advances.
4. Guidance Note on Audit of Investments.
5. Guidance Note on Audit of Miscellaneous Expenditure.
6. Guidance Note on Audit of Cash and Bank Balances.
7. Guidance Note on Audit of Liabilities.
8. Guidance Note on Audit of Revenue.
9. Guidance Note on Audit of Expenses.
10. Guidance Note on Provision for Proposed Dividend

Final (New) Course

Paper 7 : Direct Tax Laws

1. The study material for Paper 7: Direct Tax Laws (A.Y.2010-11), as amended by the Finance (No.2) Act, 2009 (relevant for A.Y.2010-11) and significant notifications/ circulars/ other legislations up to 30.4.2009.
2. Final Course - Supplementary Study Paper – 2009, which contains the amendments made by the Finance (No.2) Act, 2009 (relevant for A.Y. 2010-11) and significant notifications/circulars issued between 1.5.2008 and

30.4.2009 [Portions relating to Direct Tax Laws].

3. Select cases in Direct and Indirect Taxes (2009) – An Essential reading for the Final Course [Portions relating to Direct Tax Laws].
4. The significant amendments made by circulars/ notifications issued between 1.5.2009 and 30.4.2010 would be hosted on the website of the Institute **www.icaai.org** and would also be given in the Revision Test Paper (RTP) for November, 2010 examination.

Final (New) Course

Paper 8 : Indirect Tax Laws

1. The study material for Paper 8: Indirect Tax Laws, as amended by the Finance (No.2) Act, 2009 and significant notifications/circulars/other legislations up to 30.4.2009.
2. Final Course – Supplementary Study Paper – 2009, containing the amendments made by the Finance (No.2) Act, 2009 and significant amendments made by notifications and circulars issued between 1.5.2008 and 30.4.2009 [Portions relating to Indirect Tax Laws]
3. Select cases in Direct and Indirect Taxes (2009) – An essential reading for the Final Course [Portions relating to Indirect Tax Laws].
4. The significant amendments made by circulars/ notifications issued between 1.5.2009 and 30.4.2010 would be hosted on the website of the Institute **www.icaai.org** and would also be given in the Revision Test Paper (RTP) for November, 2010 examination.

Final (Old) Course

Paper 7: Direct Taxes

1. The study material for Paper 7: Direct Tax Laws [Final (New Course)], as amended by the Finance (No.2) Act, 2009, relevant for A.Y.2010-11, and significant circulars and notifications issued up to 30.4.2009. This study material will also be relevant for November, 2010 examination for the Final (Old Course) examination for Paper 7: Direct Taxes with the exception of the following chapters -
 1. Chapter 12 on Inter-relationship between Accounting and Taxation and
 2. The portion relating to Ethics in Taxation (14.4) in Chapter 14.
2. The Supplementary Study Paper - 2009 for the Final Course, which contains the amendments made by the Finance (No.2) Act, 2009 (relevant for A.Y. 2010-11) and significant notifications/circulars issued between 1.5.2008 and 30.4.2009 [Portions relating to Direct Taxes].
3. Select cases in Direct and Indirect Taxes (2009) - An Essential reading for the Final Course [Portions relating to Direct Taxes].
4. The significant amendments made by circulars/ notifications issued between 1.5.2009 and 30.4.2010 would be hosted on the website of the Institute **www.icaai.org** and would also be given in the RTP for November, 2010 examination.

Final (Old) Course

Paper 8 : Indirect Taxes

1. The study material for Paper 8: Indirect Tax Laws [Final (New Course)], as amended by the Finance (No.2) Act, 2009 and significant notifications/circulars/other legislative amendments up to 30.4.2009. This study material will also be relevant for November, 2010 examination for Final (Old Course) Paper 8: Indirect Taxes with the exception of the following:
 1. Chapter 16 of Section C on Inter-relationship of accounting with excise, customs and service tax.

2. Chapters 6 to 12 of Section B relating to VAT.
2. Select cases in Direct and Indirect Taxes (2009) - An Essential reading for the Final Course [Portions relating to Indirect Taxes]
3. Final Course-Supplementary Study Paper - 2009 containing the amendments made by the Finance (No.2) Act, 2009 and significant amendments made by notifications and circulars issued between 1.5.2008 and 30.4.2009 [Portions relating to Indirect Taxes].
4. The significant amendments made by circulars/ notifications issued between 1.5.2009 and 30.4.2010 would be hosted on the website of the Institute www.icaai.org and would also be given in the RTP for November, 2010 examination.

Professional Competence Examination

Paper 5: Taxation

1. Study Material for IPCC Paper 4: Taxation (as amended by the Finance (No.2) Act, 2009). The relevant assessment year for Income-tax is A.Y.2010-11. This study material has been updated with the amendments made by the Finance (No.2) Act, 2009 as well as the significant amendments made by notifications/circulars/other legislations up to 30.4.2009. This study material is relevant for PCC students also, however, with the exception of the following chapters in Part II: Service tax and VAT -
Chapter 5 on Input Tax Credit and Composition Scheme for Small Dealers; and

Chapter 6 on VAT procedures.

2. Supplementary Study Paper - 2009 for PCC/IPCC- This contains the amendments made by the Finance (No.2) Act, 2009 and important notifications/circulars issued between 1.5.2008 and 30.4.2009.
3. The significant amendments made by circulars/ notifications issued between 1.5.2009 and 30.4.2010 would be hosted on the website of the Institute www.icaai.org and would also be given in the RTP for November, 2010 examination.

Integrated Professional Competence Examination

Paper 4: Taxation

1. Study Material for IPCC Paper 4: Taxation (as amended by the Finance (No.2) Act, 2009). The relevant assessment year for Income-tax is A.Y.2010-11. This study material contains the amendments made by the Finance (No.2) Act, 2009 as well as the significant amendments made by notifications/circulars/other legislations up to 30.4.2009.
2. Supplementary Study Paper - 2009 for PCC/IPCC - This contains the amendments made by the Finance (No.2) Act, 2009 and important notifications/ circulars issued between 1.5.2008 and 30.4.2009.
3. The significant amendments made by circulars/ notifications issued between 1.5.2009 and 30.4.2010 would be hosted on the website of the Institute www.icaai.org and would also be given in the RTP for November, 2010 examination.

Applicability of services for November 2010 examinations:-

Professional Competence Examination

It is clarified that in Part -II : Service tax and VAT of Paper 5 : Taxation, students will not be tested on specific questions covering individual taxable services

Integrated Professional Competence Examination

It is clarified that in Part -II : Service tax and VAT of Paper 4 : Taxation, students will be examined only in respect of the following taxable services:

1. Legal consultancy services
2. Mandap keeper's services
3. Commercial training or coaching services
4. Information technology software services
5. Services in respect of membership of clubs or associations

Final Examinations (Both Existing and New)

Paper 8 : Indirect taxes/ Paper 8 : Indirect Tax Laws

It is clarified that in respect of taxable services covered in the syllabus of Paper 8 : Indirect taxes/ Paper 8 : Indirect Tax Laws, students will be examined only in respect of the following taxable services:

- **Intellectual Property Services**
 1. Franchise services
 2. Intellectual property services
- **Financial services**
 3. Banking & other financial services
 4. Credit rating agency's services
 5. Stock broking services
- **Transport of goods services**
 6. Goods transport agency's services
 7. Courier services

8. Mailing list compilation and mailing services
9. Transport of goods by air services
10. Clearing and forwarding services
11. Cargo handling services
12. Customs house agent's services
13. Storage and warehousing services
14. Transport of goods through pipeline or other conduit
15. Transport of goods in containers by rail by any person, other than government railway

- **Professional Services**

16. Practising chartered accountant's services
17. Management or business consultancy services
18. Consulting engineer's services
19. Scientific and technical consultancy services
20. Technical testing and analysis services
21. Market research services
22. Opinion poll services
23. Public relations services

- **Real estate & infrastructure services**

24. Construction services in respect of commercial or industrial buildings or civil structures
25. Construction services in respect of residential complexes
26. Architect's services
27. Real estate agent's services
28. Site preparation and clearance, excavation, earthmoving and demolition services
29. Interior decorator's services

- **Business services**

30. Business auxiliary services
31. Business support services
32. Manpower recruitment or supply agency's services

Applicability of relevant Amendments/Circulars/Notifications/Regulations etc. relating to Business and Corporate Laws for November 2010, Examination:

Subject Matter	PCC/IPCC - Business Laws, Ethics and Communication	CA Final (New Course) - Corporate and Allied Laws	CA Final (Old Course) - Corporate Laws and Secretarial Practice
Employees Deposit Linked Insurance (Amendment) Scheme, 2010	Not Applicable	-	-
The Payment of Gratuity (Amendment) Act, 2010	Not Applicable	-	-
Companies Bill, 2009	Not Applicable	Not applicable	Not applicable
Company Law Settlement Scheme, 2010	-	Not Applicable	Not Applicable
Easy Exit Scheme, 2010	-	Not Applicable	Not Applicable
Provisions relating to Revival and Rehabilitation of Sick-Industrial Companies	-	Not applicable [Students have been advised to study only definitions as covered under Paragraph 8.0 of chapter 8 of the study material]	Not prescribed in syllabus - Not applicable
Companies (Second Amendment) Act, 2002 [relating to Winding Up]	-	Not applicable [Students have been advised to study only the general provisions of winding up as covered under Paragraph 9.4 of chapter 9 of the study material]	Not applicable [Students have been advised to study only the general provisions of winding up as covered under Paragraph 4.0 of chapter 4 of the study material]
SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009	-	Applicable (Amendments upto April 2010)	Applicable (Amendments upto April 2010)
SEBI (Disclosure and Investor Protection) Guidelines, 2000 (now rescinded)	-	Not applicable from May 2010 examination	Not applicable from May 2010 examination
FEMA, 1999 Circular No. 50 of A.P. (DIR Series)/Circular No. 7 of A.P. (FL Series) relating to release of Foreign Exchange for Visits Abroad as covered under FEMA 1999- Currency Component (Increased to \$3000 from \$2000)	-	Not applicable	Not applicable
Competition (Amendment) Act, 2009	-	Applicable (from May 2010 examination)	Applicable (from May 2010 examination)
Prevention of Money - Laundering (Amendment) Act, 2009	-	Applicable (from May 2010 examination)	Not prescribed in syllabus - Not applicable

Residential Programme on Professional Skills and Development

A Six Week's Residential Programme on professional skills and development has been initiated by Board of Studies, ICAI for the benefit of CA Students and newly qualified Chartered Accountants. This programme would focus on development of communication skills, leadership skills, personal traits as well as technical skills for effective functioning in business organization

and profession.

The programme is commencing from August 16, 2010 at Centre of Excellence, Hyderabad.

Students interested to pursue this programme may visit website of the Institute for registration form.

Vijay Kapur
Director, Board of Studies

TO BE PUBLISHED IN PART III SECTION 4 OF THE GAZETTE OF INDIA

NOTIFICATION

28th June, 2010

No. 13-CA (EXAM)/N/2010: - In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to notify that the Professional Competence Course (PCC), Integrated Professional Competence Course (IPCC) and Final (Existing and New course) examinations will be held on the dates given below at the following centres provided that sufficient number of candidates offer themselves to appear from each centre.

Similarly Post Qualification Courses in Management Accountancy Course (MAC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) examinations will also be held on the dates given below at the following centres (centres in India only) in terms of provisions as contained in Schedule "C", "G" and "H" of the Chartered Accountants Regulations, 1988 respectively, provided that sufficient number of candidates offer themselves to appear from each centre.

PROFESSIONAL COMPETENCE EXAMINATION (PCE)

[As per syllabus contained in the scheme notified by the Council under Regulation 28 C (3) of the Chartered Accountants Regulations, 1988]

Group-I: 9th , 11th & 13th November-2010

Group-II: 15th , 17th & 19th November-2010

INTEGRATED PROFESSIONAL COMPETENCE EXAMINATION (IPCE)

[As per syllabus contained in the scheme notified by the Council under Regulation 28 E (3) of the Chartered Accountants Regulations, 1988]

Group-I: 9th, 13th, 15th & 17th November-2010

Group-II: 11th, 19th & 21st November-2010

FINAL (EXISTING AND NEW COURSE) EXAMINATIONS:

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (2) since revised as Regulation 31 (i) of the Chartered Accountants Regulations, 1988.]

Group-I: 8th , 10th, 12th, 14th November,2010

Group-II: 16th, 18th, 20th & 22nd November, 2010

MANAGEMENT ACCOUNTANCY COURSE (MAC PART-I) EXAMINATION :

[As per provision contained in "Schedule C" of Chartered Accountants Regulations, 1988]

Group-I: 16th & 18th November,2010

Group-II: 20th & 22nd November, 2010

INSURANCE AND RISK MANAGEMENT (IRM) COURSE EXAMINATION:

[As per provisions contained in "Schedule G" of Chartered Accountants Regulations, 1988]

Modules I to IV 16th , 18th , 20th & 22nd November, 2010

INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION

(ITL&WTO) COURSE EXAMINATION:

[As per provisions contained in "Schedule H" of Chartered Accountants Regulations, 1988]

Group A 9th ,11th & 13th November, 2010

Group B 15th , 17th & 19th November, 2010

EXAMINATION CENTRES: (FOR ALL EXAMINATIONS)

CENTRES IN INDIA:

1	AGRA	2	AHMEDABAD
3	AHMEDNAGAR	4	AJMER
5	AKOLA	6	ALAPPUZHA
7	ALIGARH	8	ALLAHABAD
9	ALWAR	10	AMBALA
11	AMRAVATI	12	AMRITSAR
13	ANAND	14	ASANSOL
15	AURANGABAD	16	BANGALORE
17	BAREILLY	18	BATHINDA
19	BEAWAR	20	BELGAUM
21	BELLARY	22	BERHAMPORE
23	BHARAUCH	24	BHAVNAGAR
25	BHILWARA	26	BHOPAL
27	BHUBANESWAR	28	BHUJ
29	BIKANER	30	BILASPUR
31	CHANDIGARH	32	CHENNAI
33	COIMBATORE	34	CUTTACK
35	DEHRADUN	36	DELHI/NEW DELHI
37	DHANBAD	38	DURG
39	ERNAKULAM	40	ERODE
41	FARIDABAD	42	GANDHIDHAM
43	GHAZIABAD	44	GOA
45	GORAKHPUR	46	GUNTUR
47	GURGAON	48	GUWAHATI
49	GWALIOR	50	HISAR
51	HUBLI	52	HYDERABAD
53	INDORE	54	JABALPUR
55	JAIPUR	56	JALANDHAR
57	JALGAON	58	JAMMU
59	JAMNAGAR	60	JAMSHEDPUR
61	JODHPUR	62	KANPUR
63	KARNAL	64	KOLLAM
65	KOLHAPUR	66	KOLKATA
67	KOTA	68	KOTTAYAM

ANNOUNCEMENT

69 KOZHIKODE	70 KUMBAKONAM
71 LATUR	72 LUCKNOW
73 LUDHIANA	74 MADURAI
75 MANGALORE	76 MATHURA
77 MEERUT	78 MORADABAD
79 MUMBAI	
80 MUZAFFARNAGAR	
81 MYSORE	82 NAGPUR
83 NANDED	84 NASHIK
85 NELLORE	86 NOIDA
87 PALGHAT	88 PALI MARWAR
89 PANIPAT	90 PANVEL
91 PATNA	92 PATIALA
93 PIMPRI-CHINCHWAD	
94 PONDICHERRY	95 PUNE
96 RAIPUR	
97 RAJAMAHENDRAVARAM	
98 RAJKOT	99 RANCHI
100 RATLAM	101 REWARI
102 ROHTAK	103 ROURKELA
104 SAHARANPUR	105 SALEM
106 SAMBALPUR	107 SANGLI
108 SATARA	109 SHIMLA
110 SIKAR	111 SILIGURI
112 SIRSA	113 SOLAPUR
114 SONEPAT	115 SRI GANGANAGAR
116 SURAT	117 THANE
118 THIRUVANANTHAPURAM	
119 THRISSUR	120 TINSUKIA
121 TIRUCHIRAPALLI	122 TIRUPATI
123 TIRUPUR	124 TUTICORIN
125 UDAIPUR	126 UDUPI
127 UJJAIN	128 VADODARA
129 VAPI	130 VARANASI
131 VELLORE	132 VIJAYAWADA
133 VISAKHAPATNAM	134 YAMUNA NAGAR

OVERSEAS CENTRES: (FOR PROFESSIONAL COMPETENCE COURSE (PCE), INTEGRATED PROFESSIONAL COMPETENCE COURSE (IPCC) AND FINAL EXAMINATIONS ONLY)

- 1) ABU DHABI
- 2) DUBAI
- 3) KATHMANDU

Payment of fees for the examinations should be made by Demand Draft only. The Demand Drafts may be of any Scheduled Bank and should be drawn in favour of The Secretary, The Institute of Chartered Accountants of India, payable at New Delhi only.

The Council reserves the right to withdraw any centre at any stage without assigning any reason. Applications for admission to these examinations are required to be made either online at <http://icaiaexam.icaai.org> free of cost (i.e, Rs.100/- for application form shall not be charged if applications are filled in online) or in the relevant

prescribed form, copies of which may be obtained from the Additional Secretary (Examinations), The Institute of Chartered Accountants of India, ICAI BHAWAN, Indraprastha Marg, New Delhi - 110 002 on payment of Rs.100/- per application form in respect of Professional Competence Course, Integrated Professional Competence Course and Final Examinations. The cost of Examination application forms for Management Accountancy Course (MAC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) examinations is Rs. 100/- per application form. The forms shall also be made available in the Regional and Branch Offices of the Institute and can be obtained therefrom on cash payment on or from 5th AUGUST, 2010 .

Applications together with the prescribed fee by Demand Draft of any Scheduled Bank may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than 26th AUGUST, 2010. However, applications will also be received direct by Delhi Office after 26th AUGUST, 2010 and upto 3rd SEPTEMBER, 2010 with late fee of Rs. 500/-. Applications received after 3rd SEPTEMBER, 2010 shall not be entertained under any circumstances. Applications for the students' examinations only duly filled in will also be received by hand delivery at the office of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Delhi, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune upto 3rd SEPTEMBER, 2010. Candidates residing in these cities are advised to take advantage of this facility. However, application forms duly completed for the Post Qualification Course examinations viz: Management Accountancy Course (MAC Part-I), Insurance and Risk Management (IRM) examinations and International Trade Laws and World Trade Organisation (ITL&WTO) examinations will be received only at the New Delhi office of the Institute. The candidates who fill up the examination application form online at <http://icaiaexam.icaai.org> from 5th AUGUST, 2010 to 3rd SEPTEMBER, 2010 and remit the fee online by using credit card, either VISA or Master Card shall not be charged Rs.100/- (i.e, cost of application form fee) in order to popularize filling-in of application form online. The fees payable for the various examinations are as under:

PROFESSIONAL COMPETENCE and INTEGRATED PROFESSIONAL COMPETENCE EXAMINATION

For Both the Groups / Unit - 9	Rs. 1600/-
For one of the Groups / Unit 1 to 8	Rs. 1000/-

FINAL (Existing & New Course) EXAMINATION

For Both the Groups Rs. 2250/-

For one of the Groups Rs. 1250/-

**MANAGEMENT ACCOUNTANCY COURSE
(MAC PART-I) EXAMS**

For Both the Groups Rs. 400/-

For one of the Groups Rs. 200/-

INSURANCE & RISK MANAGEMENT**(IRM) EXAMINATION:** Rs. 1000/-**INTERNATIONAL TRADE LAWS AND WORLD
TRADE ORGANISATION (ITL&WTO)
EXAMINATION:**

For Both the Groups Rs. 2000/-

For one of the Groups Rs. 1000/-

Candidates of Professional Competence Examination (PCE) / Integrated Professional Competence Examination (IPCE) and Final examinations opting for Dubai/Abu Dhabi Centre are required to remit, US\$ 350 and US\$ 400 respectively or its equivalent Indian Currency irrespective of whether the candidates appear in a group or in both the groups or in a unit.

Candidates of Professional Competence Examination (PCE) / Integrated Professional

Competence Examination (IPCE) and Final Examinations opting for Kathmandu centre are required to remit Indian Rs. 2250/- and Indian Rs. 3000/- respectively or its equivalent relevant foreign currency irrespective of whether the candidates appear in a group or in both the groups or in a unit.

OPTION TO ANSWER PAPERS IN HINDI :

Candidates of Professional Competence Examination (PCE)/ Integrated Professional Competence Examination (IPCE) and Final Examinations will be allowed to opt for Hindi medium for answering papers. Detailed information will be found printed in the Information sheets attached to the relevant application form. However the medium of Examinations will be only English in respect of Management Accountancy Course (MAC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL & WTO) Examinations.

(G. SOMASEKHAR)**ADDITIONAL SECRETARY (EXAMS)**

The Institute of Chartered Accountants of India invites applications for Visiting Faculty for Live Virtual Classes to CA students

The Board of Studies of the Institute, in its constant endeavour to provide the best of education and learning facilities to students, is launching Live Virtual Classes (LVC) for the CPT, IPCC and Final Courses using VSAT on pan India basis with the objective of providing best professional guidance, support and educational facilities in an interactive classroom environment with the best available faculty. It is also proposed to provide local faculty support to assist students in better understanding the subjects, query solving and overall supervision. These local faculty members will also undertake tutorials and supervise/ evaluate case studies which are given from time to time. Complete details about subjects covered under the C.A Course including syllabus thereof are available at Institute's website - <http://www.icai.org>. The exact URL to access these details is as follows:

[http://www.icai.org/
post.html?post_id=5719&c_id=313](http://www.icai.org/post.html?post_id=5719&c_id=313)

The pilot phase of this project proposes to have LVC Classrooms at Mumbai, Chennai, Kolkata,

Kanpur, Jaipur, Ahmedabad, Bangalore, Hyderabad and New Delhi and LVC Studio at Delhi NCR. Thereafter, the LVC Classrooms would be established on pan India basis in a phased manner.

The Board of Studies is in the process of formulating a Panel of visiting faculties for the above purpose. An honorarium on hourly basis, conveyance, etc. would be paid to the visiting faculty members. Interested faculty members having Doctorate/ M.Phil degree in relevant subject, CA, CS, ICWA with at least 5 years of teaching experience at college/university level may apply latest by 20th August, 2010 through on-line form available at http://www.icai.org/LVCvisiting_faculty.html.

Hard copy of the application superscribing the sealed envelope with the title "Application for Visiting Faculty - Virtual Classes" may also be sent to the Additional Director (ITT), Board of Studies, The Institute of Chartered Accountants of India, 'ICAI Bhawan', A-29, Sector - 62, Noida 201301 (U.P.) latest by 25th August, 2010.

Director, Board of Studies

Transfer/Termination of Articleship

[Regulation 56(1)]

In partial modification of the announcement dated 30th June 2009 regarding transfer / termination of articles the Council in its recent meeting has decided that the transfer/termination of articleship in terms of Regulation 56(1) of the Chartered Accountants Regulations, 1988 shall be permissible on the grounds as stated below: -

I. Transfer/termination of articles is permitted without any restriction during the first year of articles.

II. During rest of the articleship period on satisfying any one or more of the conditions as stated below: -

1. Medical grounds requiring discontinuance of articles for a minimum period of three months (on production of a Medical Certificate issued by a Government Hospital).
2. Transfer of parent(s) to another city.
3. Misconduct involving moral turpitude.
4. Other justifiable circumstances / reasons: -

(ii) Grounds already permissible in the Chartered Accountants Regulations, 1988 (on submission of requisite proof of the act warranting transfer/termination of articleship): -

- a. Industrial Training (Regulation 51)
- b. Secondment of articles (Regulation 54)
- c. Conversion from PCC to IPCC (for termination of articles only. Re-registration of articles to be allowed only after passing Group-I of IPCC)
- d. Death of Principal [Regulation 57(1)(c)]

- e. Ceasing of practice by the Principal [Regulation 57(1)(a)]
- f. Removal of name of the Principal from the Register of Member due to any reason [Regulation 57(1)(b)]
- (iii) Marriage basis (only if there is relocation to another city involving distance of 50 kms).
- (iv) Irregular payment or non payment of stipend with reference to Regulation 67.
- (v) Articled assistant desires to serve balance period of training outside India.
- (vi) Shifting by the Principal to another city involving distance more than 50 kms.

The articled assistants are required to get the consent of the Institute before getting Form 109 signed by the Principal in their own interest.

The request, on any one or more of the aforesaid grounds, of an articled assistant on a plain paper alongwith the recommendation/ consent of the Principal for transfer / termination of articleship accompanied by evidence/proof (self-attested by the articled assistant) to the satisfaction of the Institute be made. **Request for transfer not accompanied by consent of Principal shall not be accepted.**

In case of dispute between principal and articled assistant, the matter be settled amicably among the articled assistant and the principal concerned and the Institute shall not interfere in such cases.

2nd July 2010

Secretary

Online Examination Application Form

For the attention of the Candidates who aspire to appear in various Chartered Accountancy (CA) Examinations scheduled during November, 2010.

In order to reduce the time taken in processing the OMR application forms and also to ensure accuracy in the data pertaining to Name, Registration No., Group/Centre/Medium opted, it has been decided to make the filling of Examination Application Forms **Online** at the url **<http://icaiaexam.icaai.org/>** as the only mode of application for various CA examinations with effect from May, 2011. The OMR format of examination application form will be discontinued effective from May, 2011 examinations. In other words from May 2011 onwards application forms are required to be filled compulsorily and online. However, for November 2010 CA examinations submission of hard copies of the examination application forms will continue to be an option.

As an incentive for the candidates filling the Online CA examination application forms, the cost of application form of Rs. 100 will be waived off (which is used to be recovered from the candidates submitting the online application forms).

We request the students of the CA Course to utilize this incentive and submit their examination application forms for November 2010 only through **online** mode at the url **<http://icaiaexam.icaai.org/>**. However if it is not at all possible for them to submit the application forms online, they can continue to utilize the paper-pencil mode of application form (this option is available only for the November, 2010).

(G. Somasekhar)

Addl. Secretary (Exams.)

Applications are invited for visiting Faculty to impart

100 Hours Information Technology Training at ICAI – ITT Centres

The Institute of Chartered Accountants of India through its Board of Studies imparts compulsory 100 Hours Information Technology Training (ITT) to its students as a part of their education and training for the Chartered Accountancy Course at its 150 ITT Centres established at its Regional/Branch Offices all over the country. This Course aims to provide practical hands-on training for typical Financial, Accounting and Auditing analysis and reporting requirements of professional accountants in practice as well as in industry. Complete details about this Course including syllabus and details of ITT Centres are available at :http://www.icaai.org/post.html?post_id=283&c_id=107.

The Board of Studies is currently in the process of forming a Panel of Visiting Faculty to provide excellent faculty support at one or more ITT Centres. Accordingly, applications are invited

from Chartered Accountants and Computer Professionals [MCA/ M. Tech. (Computer Science), M.Sc. (Computer Science)] through On-line form available at http://www.icaai.org/ittvisiting_faculty.html

The applicant must mention in the application about his/her choice of ITT Centre(s) at which he/she wishes to provide faculty support. Commensurate with their qualification(s) and experience, an honorarium on hourly basis including reimbursement of conveyance expenses would be paid to the invited faculty. Hard copy of the application superscribing on the sealed envelope "Application for ITT Visiting Faculty" may also be sent to the Additional Director (ITT), Board of Studies, The Institute of Chartered Accountants of India, 'ICAI Bhawan', A-94/4, Sector – 58, Noida 201301 (U.P.) .

Director, Board of Studies

Rank holders of CA Examinations

CA Final (Existing Course) Examination May, 2010



Nirmal Jain
Nagaur (Rajasthan)
First Rank



Sourav Lachhiramka
Kolkata
Second Rank

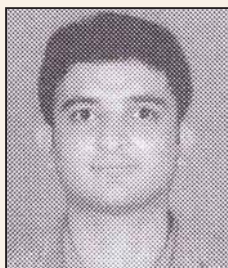


Archit Atulbhai Shah
Ahmedabad
Third Rank

Final (New Course) Examination May, 2010



Sanjhi Agrawal
New Delhi
First Rank



Hardik Jagdish Thakkar
Mumbai
Second Rank



Raghav Aggarwal
Sri Ganganagar
Third Rank

ICAI is looking for Space and Infrastructure to run Teaching Classes

The Institute invites “Expression of Interest” from reputed Institutions (Colleges/ Schools)/ Chartered Accountants and others for Public – Private Partnership to provide furnished AC Classrooms, infrastructure and management resources including administrative staff, other facilities like reading rooms(s)/ Library and maintenance services for Live Virtual Classroom teaching to be organized by the Institute on pan India basis, with all modern facilities either on rental basis or per student fee sharing basis. Larger capacity Halls like theatres and

auditoriums can also be considered. The academic input for the Classroom teaching will be provided by the Institute. The details of the requirements, etc. are available at the Institute’s website **www.icai.org** under “Tenders”.

Those interested may send their “Expression of Interest for Teaching Classes” alongwith details of facilities available, within 15 days, to the undersigned at “The Institute of Chartered Accountants of India, ‘ICAI Bhawan’, A-29, Sector-62, Noida-201301.”

Director, Board of Studies

Campus Placement Programme for selection of Articled Assistants - August, 2010

Invitation to Eligible Students and the Firms of Chartered Accountants

The Board of Studies of the institute has introduced an optional Campus Placement Scheme for selection of Articled Assistants by CA Firms. The scheme has been evolved to provide an opportunity to the firms of Chartered Accountants having vacancies for Articled Assistants to interact with the candidates who have passed either Group-I or both Groups of the IPCC examination and are eligible for undergoing articled training for selection as articled assistants in the C A firms.

The first programme is being organised at Ahmedabad, Bangalore, Chandigarh, Chennai, Ernakulam, Hyderabad, Jaipur, Kanpur, Kolkatta, Mumbai, New Delhi and Pune in August, 2010. Both CA firms as well as candidates eligible for articled training who are willing to participate in the programme shall have to register themselves online through portal at **http://bosapp.icai.org** as per following schedule:

Activity	Opening Date (10.00 a.m.)	Closing Date (10.00 p.m.)
1. Registration of CA Firms	02 -Aug-10	16-Aug-10
2. Registration of Candidates	07-Aug-10	13-Aug-10
3. Availability of Candidates' database to CA Firms	14-Aug-10	17-Aug-10
4. Last Date for short-listing of Candidates by CA firms	20-Aug-10	20-Aug-10
5. Consents to be received from candidates in order of preference	21 Aug-10	23-Aug-10
6. Availability of data of Candidates from where consents/ confirmations have been received for Interviews/ Interactions:	25-Aug-10	29-Aug-10
7. Interview Dates	27-Aug-10	29-Aug-10

Please refer the detailed guidelines available at institute's website **www.icai.org** under "Announcements".

In case of any clarification, please get in touch with Shri Rajesh Bhalla, Deputy Secretary, Programme Coordinator, Board of Studies, ICAI Bhawan, A-29, Sector-62, Noida-201301, Tel. No. 0120-3045930/ 31, Mobile No: 09312209533; eMail: **bosapp@icai.org**.

Director, Board of Studies

Student's Journal

I. Issuing Student's Journal free of cost:

1. Students under PCC stream are sent Student's Journal, free of cost, for a total continuous period of three & half years (42 months) from the date of commencement of articleship. They will continue to receive the Student's Journal even after joining final course, provided the period of 42 months is not over.
2. Students belonging to IPCC stream are entitled to receive Student's Journal free of cost for a period of one year from the date of registration. Once their articleship commences, they will be sent Student's Journal free of cost for another three years from the date of commencement of articles. They will continue to receive the Student's Journal even after joining the final course provided the period of 3 years is not over.

Kindly note that the above categories of students need not pay any amount separately for the Student's Journal along with the course fees.

II. Keeping in view that the Student's Journal provides academic updates and other relevant material for all those pursuing CA course, it is advisable that students pursuing CPT as well as all those who are not eligible to receive copy free of cost must subscribe, at the following concessional rates:

Annual subscription rates for Student's Journal

Students (pursuing CA course including CPT students)	Rs. 200
Members & Others	Rs. 500
Overseas	US \$ 100

Students, members and others interested in subscribing Student's Journal may send the appropriate amount through Demand Draft in favour of **The Secretary, The Institute of Chartered Accountants of India** payable at New Delhi together with applications on plain paper to the Director, Board of Studies, A-29, Sector 62, NOIDA – 201301.

Views solicited on SEBI Report -Takeover Regulations

The Securities and Exchange Board of India (SEBI) has constituted the Takeover Regulations Advisory Committee under the Chairmanship of Mr. C. Achutan with the mandate to examine and review the Takeover Regulations of 1997 and to suggest the suitable amendments as deemed fit. The Committee has submitted its report on July 19, 2010 and structured its report into three parts:

- a. Part I contains the salient features of the Proposed Takeover Regulations;
- b. Part II contains the Committee deliberations and key recommendations;
- c. Part III contains the draft text of the Proposed Takeover Regulations.

SEBI has placed the Report on its Website for public comments. The same can be accessed from the link http://www.icaai.org/resource_file/19927tracreport.pdf

The ICAI Committee on Financial Markets and Investors' Protection is in a process of considering

the report and inviting members at large to provide their comments/suggestions on the **Report of the Takeover Regulations Advisory Committee** for its consideration, compilation and submission.

We solicit your views/suggestions on the Report of the Committee in the following format:

Sr. No.	Draft Provision / Recommendation of the Committee	Comment	Rationale
1.	Insert reference to the draft provision/ paragraph in the Committee's Report	Provide your comment here	Specify your reasons/ rationale for the comment

We shall appreciate to receive the same by August 16, 2010 at cfmip@icaai.org to enable us to forward the consolidated comments/suggestions to SEBI.

Chartered Accountancy Course (CPT+IPCC+Final)

