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KONNECT Newsletter

Kothari auditors & accountants

GBS Global Business Services JLT

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On a Lighter Note

FOOD FOR THOUGHT

Benefits of FCNR (B) Deposits for NRI's

1) Higher interest rate
2) No currency risk
3) Not taxable in India
4) Can leverage to enhance yields upto 12-13% p.a. over 5 year horizon

Invest in FCNR (B) if you would like to -

1) meet financial goals in USD or other major currencies - no currency risk.
2) Invest in risk free / safe investments.
3) lock your funds for 3 years or more.

Editorial

Dubai has achieved its fastest economic growth in six years, with 4.9 per cent expansion recorded in the first half of 2013. The position remains strong, experts suggest that the economy could overshoot predictions of 4 per cent growth for the year.

Winning hosting rights of Expo 2020 enhances the emirate's infrastructure, positioning Dubai as a key global city ready to host even more high-profile world events in future. Dubai's economy is set to receive an added value boost of roughly Dh 88.5 billion. More exciting, however, are the innumerable opportunities that will be created boosting the growth of tourism and logistics in the UAE and the Middle East. An estimated 25 million visitors are set to arrive in the country as a result of a successful bid, thus influencing tourism, trade, infrastructure and investment.

The UAE is becoming an important hub for foreign capital flow. Studies indicate that 43 per cent of funds entering into the UAE come from emerging markets, including India, China and Russia. The study indicated that, alongside investment opportunities, the UAE's political stability is driving the capital flow. UAE is also taking steps in the right direction with bi-lateral investment protection agreement recently signed with one of its major trading partner, India, which would pave way for further investments both ways.

Residential property prices have increased as a result of an improvement in the economic environment and strong demand. As of September 2013, average residential property prices in Dubai were up 34 per cent, over September 2012. Although house prices in Dubai have climbed by more than 20 per cent in the last year, analysts say prices do not point to a property bubble.

Generally, 2013 is proving to be a positive one for the region, UAE and Dubai specifically, better company results are resulting in share prices strengthening, further boosting business and consumer confidence and increasing the case for Dubai as a destination for local and foreign investment. We, at Kothari Auditors & Accountants are in an expansion mode and we have now doubled our Dubai office space by occupying the office next door.

At Kothari Auditors & Accountants, we will be delighted to assist you with your requirements of audit / accounting / company formation & foundation / trust / offshore company set-up matters.

Winning Bid to Hold **Expo 2020**

Expo Win the Crowning Glory to UAE

In the midst of the Expo 2020 victory celebrations, it is said, of all the Dubai's achievements so far, awarding of hosting rights of Expo 2020 is the crowning glory to the entire country. This new addition will also enhance the emirate's infrastructure, positioning Dubai as a key global city ready to host even more high-profile world events in future. An estimated total funding of Dh 30.84 billion have been earmarked for this event with Dh 25 billion anticipated as capital investment for the Expo's infrastructure environment.

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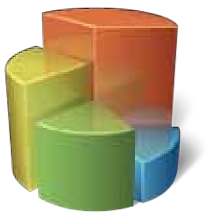
Dubai

Excellent Growth Prospects for Dubai

Dubai is laying the groundwork for another economic boom, based on its role as a tourism and business hub for the surrounding region, and a haven for money from India, China and fast-growing countries in Africa.

The next boom is likely to be more gradual, partly because financing will not be as cheap and plentiful as it was during the excesses of the last decade. Growth will depend more directly on services that Dubai provides, rather than on the ability of its real estate market to suck up money.



But in some ways, the next boom could rival the last one, boosting Dubai's population about 50 percent by the end of this decade and pushing it deeper into a range of industries, from food processing to diamond trading. one factor in favor of Dubai's investment decisions is its successful bid to host World Expo 2020. Local officials have estimated the event could draw 25 million visitors to Dubai.

Economists say Dubai's development would depend on two things: tourist numbers and population growth.

United Arab Emirates

UAE Approves Higher Federal Spending For 2014

The United Arab Emirates approved a federal budget of Dhs 46 billion ($12.5 billion) for 2014, half of which will go for development and social benefits, Vice President & Prime Minister of UAE Prime Minister HH Sheikh Mohammed bin Rashid al-Maktoum said. The projected federal spending of the world's No. 3 crude oil exporter is slightly higher than the Dhs 44.6 billion originally pencilled forecasted in for 2013. By comparison, the 2011-2013 budget had provided for total expenditure of Dhs 133 billion.

The UAE federal budget accounts for only around 14 per cent of overall fiscal spending in the UAE. The seven individual emirates, mainly oil-producing Abu Dhabi, make up the rest. On an aggregate basis, the UAE and the emirates together are expected to run a budget surplus of 6.9 per cent of gross domestic product this year and 6.6 per cent in 2014, a Reuters poll of analysts showed in September. The International Monetary Fund recently estimated the UAE's consolidated government spending in 2012 at a record Dhs 306.8 billion, citing finance ministry figures. Last year's surplus was Dhs 188.1 billion, or 13.3 per cent of GDP, the highest level since 2008.

Dubai Financial Market Profits Soar

Dubai Financial Market (DFM), the Gulf's only listed stock exchange, swung to a third-quarter net profit due to higher trading values and bullish investor sentiment on the back of continued economic recovery in the emirate.

The firm, which runs securities trading in Dubai, made a net profit of Dhs82.8 million ($22.5 million) in the three months to September 30, compared with a net loss of Dhs1.7 million in the same period of 2012, a statement said.

The results beat estimates by two analysts. HSBC expected DFM to make a profit of Dhs76 million and Global Investment House forecast Dhs65 million.

Third-quarter revenue more than tripled to Dhs122.2 million, and quarterly trading value jumped to Dhs49 billion year-on-year from Dhs8.1 billion.

GCC Outlook

Strong Fundamentals Drives Growth in the UAE and Saudi Arabia

Gulf economies are poised for sustained growth. The economic outlook for the UAE is positive. Dubai continues to perform well, driven by the core pillars of its economy such as trade, tourism retail and retail sectors and in Abu Dhabi the resumption of strong government investment is driving non-hydrocarbon growth.

A number of factors drove this development; there were increased government receipts from the hydrocarbon sector, improved corporate balance sheets and external inflows owing to the UAE's safe-haven status. Private-sector credit growth, however, has remained weak.

"Dubai's measures to ensure healthy pricing dynamics in the property market are a move in the right direction," said a senior economist. Residential prices have risen by 38 per cent for apartments and 24 per cent for villas, with rents up by 20 per cent and 17 per cent respectively in the past 12 months in Dubai. While Abu Dhabi's property sector is widely seen as stabilizing Analysts say, Dubaii's successful Expo 2020 bid is a big confdencce boost for the economy. "In the medium term, the economy would benefit from an estimated $6.9 billion (Dh25.3 billion) earmarked for infrastructure projects around the event.

Economists' mid-year outlook for the region's economies said Gulf Cooperation Council (GCC) economies are using their fiscal strength to drive near-term growth and diversify their economies to reduce long-term risks.

While the UAE's real gross domestic product is projected to grow 3.4 per cent and 3.6 per cent respectively in 2013 and 2014, Saudi Arabia's GDP is expected to grow 4.8 per cent and 4.2 per cent respectively in the same period.

In the banking sector, liquidity dynamics in the UAE have stabilised following a period between 2009 and 2011 when loan-to-deposit ratios constantly breached the 100 per cent level. The improvement was brought about by an increase in the deposit base: overall deposits in the system rose by 12 per cent over the 12 months to July 2013.

Saudi Arabia's economic performance has been robust so far in 2013, despite the absence of a significant boost from the hydrocarbon sector. Government spending is one of the main growth drivers.

Overall the credit conditions in Saudi Arabia remains healthy. While the loans to deposit ratio fell to 80.5 per cent in June from 82.3 per cent in April. "Private-sector credit growth was 4.4 per cent for the same period. Total bank deposits rose 2.3 per cent in June. As large-scale projects continue to materialize, public-private or private-only projects are the major credit drivers. We expect private-sector credit growth to reach 6.5 per cent by end-2013.

Dubai

Palm Deira to Restart - Nakheel

A clear sign of Dubai's economy bouncing back is the restart of work on Palm Deira according to chairman Ali Rashid Lootah. The project will be renamed as Deira Island. 1,400 retail units and restaurants including a night market, plus a 250-room hotel, a 30,000 capacity amphitheatre and other attractions will be built on Deira Island.

"Our aim is to support the government's strategy to promote tourism. So the focus will be on hotels and commercial units." "There will be four islands that we have reclaimed," Lootah said. Dubai's tourism chief said in May, the emirate aimed to treble its annual income from tourism to 300 billion dirhams ($82 billion) by 2020.

Nakheel would seek to self-finance most of its projects and had no immediate plans to raise funds from the market,. Said Lootah.

Other real estate developers have also announced tens of billions of dollars' worth of new projects in the past year as Dubai's economy revives on the back of growth in the trade and tourism sectors.

Emaar Properties and Dubai Holding, a conglomerate owned by the emirate's ruler, said they would join forces to restart work on The Lagoons, a six million square metere development.

Entisar Tower also opened sales for its new high-rise tower. Entisar Tower will be about 520 metres high — the second tallest in the emirate after Burj Khalifa that stands at about 830 metres. Entisar Tower is developed by Meydan, which runs the opulent Dubai racecourse and hosts the world's richest horse race, building will have more than 400 units along with an indoor jogging track and tennis courts.

Dubai International Airport is expected to be the World's Biggest

Dubai International (DXB) is set to become the world's largest airport by international passenger volumes in the not so distant future, Dubai International's rise is continuing to exceed expectations with 16 per cent rolling 12 months growth and 66 million passengers expected to pass through the airport this year.

In contrast the recently opened Dubai World Central airport has a starting capacity of five to seven million passengers in its first phase.The site does, however, have significant potential for expansion due to its size, at around 140 square kilometres.

Emirates Sky Cargo is expected to divert its entire operation to DWC next year and will be transferring its dedicated cargo flights permanently to the airport.

A maintenance operation on Dubai International's two runways over 80 days from May 1 to July 20 next year is also expected to see some airlines divert their flights to DWC.

News in Brief

Al Maktoum International Airport at Dubai World Central (DWC) begins passenger flight services, with the arrival of Wizz Air's first flight from Budapest. Although DWC has already been handling cargo flights, the start of passenger services projects Dubai into the realm of two-airport cities.

Dubai

Dubai Airshow was the biggest event in the show's 26 year history

The Dubai Airshow 2013 was an overwhelming success drawing 60,692 trade attendees from around the world along with 1,046 exhibitors from 60 countries and 1,735 international and regional media. Yet again the event proved to be one where deals are made with the total order book for the Dubai Airshow breaking all previous records with $206.1 billion worth of orders – the largest in any airshow history.

Plans for the 2015 show are already well underway and we look forward to welcoming you back to the Dubai Airshow site at the Dubai World Central aerotroplis from 8-12 November 2015.

Abu Dhabi

Khalifa Industrial Zone Abu Dhabi (Kizad) - has signed up nearly 50 investors to its 51 square kilometer Zone A. The mega project - Khalifa Port and Kizad - will grow over the next twenty years to become one of the largest industrial zones in the world.

Kizad already houses the world's largest aluminium smelter as its anchor tenant Emirates Aluminium (EMAL) From the outset, Khalifa Industrial Zone Abu Dhabi (Kizad) has been a cornerstone of the Abu Dhabi Economic Vision 2030, which will diversify the economy from oil and gas revenues. Kizad will grow into a gigantic industrial powerhouse, just under 420 square kilometres in size, two thirds of the size of Singapore. Not only will it boost Abu Dhabi, it will add considerably to the UAE's GDP as a whole.

Kizad is attracting world-class industries through its stunning combination of outstanding market access, low costs and support services that cut through red tape. And the wide range of industries which Kizad can handle is indicative of the ambition of Abu Dhabi and the UAE as a whole - aluminium, steel, petrochemicals, chemicals, logistics, food, glass, and so on. Companies relocating to Kizad are strategic partners bringing expertise and investment to the Emirate, participating fully in the long term growth and success created by sustained government investment. They will play an essential role in creating tomorrow's business opportunities, today.

Singapore

Singapore on Its Way to Be the World's the Largest Global Offshore Wealth Center in Terms of Assets

As regulations tighten in Europe and the world's wealth moves to Asia, Singapore is tipped to overtake Switzerland to become the largest global offshore wealth center in terms of assets by 2020. Although Switzerland easily retains its offshore banking crown with $2.8 trillion in assets under management, or 34% of the global private banking industry, Singapore is now the world's fastest growing market with $550 billion under management at the end of 2011, up from just $50 billion in 2000. With $450 billion belonging to offshore clients, Singapore has grown to become the fourth largest offshore banking center globally.

The UK and Channel Islands is the world's second largest hub with $1.8 trillion under management at the end of 2011, followed by the Caribbean and Panama with $800 billion.
A loss of confidence among wealthy American and European investors in bank secrecy laws and independence in traditional banking hubs, combined with increasingly stringent banking regulations, are playing in Singapore's favor, analysts say.

A lot of the benefits of being in Switzerland have fallen away in terms of secrecy, therefore if you look at a convenient market, particularly for a wealthy Asian individual, Singapore fits the bill. It's got a stable government, transparent legal system, a history of investment management, having English as the first language is really very helpful and therefore it's the obvious place to go to.

The increasing numbers of wealthy Chinese, Indians and Indonesians are helping fuel the shift to low-tax Asian centers, according to the report, with Hong Kong in a strong position to benefit from the Chinese government's moves to free-up international trade in China's Yuan and the growing number of Chinese millionaires looking for a safe place to invest their money.

European currency movements have also contributed to the shift, with the value of the Swiss Franc rising more than 20% against the U.S. dollar last year due to ongoing concerns over Europe's debt crisis.

The European crisis undoubtedly has had a big impact on Switzerland because all the European nations now are looking to get back as much as tax as they possibly can from anywhere, and anyone.

We've seen Switzerland fall away as a secret cross border location and just become somewhere which is convenient to put your money with a reasonably good tax rate.

Many investors in the Asian markets prefer to invest offshore for risk diversification, or are forced to look overseas due to a lack of experienced and reputable wealth managers in their home markets, according to a report. Assets under management in Singapore could quadruple by 2016 as a result, while offshore assets in Swiss bank accounts are predicted to fall by nearly a third to below $2 trillion in the next three years.

Singapore

Singapore Companies

In order to operate in Singapore, a Singapore company is required to be setup.

A Singapore company has the following characteristics:

a. Shareholders: A minimum of one shareholder is required whose details are filed on the public register. Corporate shareholders are permitted and anonymity can be achieved by the use of nominee shareholders.

b. Directors: A minimum of one director is required and full details must be filed with the Public Registry. Corporate directors are not permitted. Also one Director MUST be a Singapore resident.

c. Taxation: The Singapore company may be taxed in Singapore depending on activity and geographical location where such activity is conducted. Singapore levies taxes on territorial basis meaning only Singapore source income is taxed. Corporate tax rate prevailing in Singapore is currently at 17%.

d. Annual Reporting: Singapore Companies are required to file annual tax returns with unaudited financial statements (for private cos. with revenue less than SG$ 5mn).

e. Timescale: Incorporation of a Singapore company takes around 1 week.

f. Restrictions on name & activity: Names which suggest any connection to the existing companies or trade mark / patents are are generally prohibited and certain words which suggest specialist activity can only be used when the appropriate licences have been obtained e.g. bank, insurance company and other specialist financial enterprises.

g. Local Requirements: As a matter of local company law the company MUST maintain a registered office address within the jurisdiction of incorporation and must also appoint a local resident company secretary. The secretary cannot be the sole director of the company. We would generally provide these services as part of the domiciliary service fee.

Dubai

Rise in Dubai Population

Vice President & Prime Minister of UAE and ruler of Dubai's ruler, HH Sheikh Mohammed bin Rashid al-Maktoum, signalled a push for growth in November, announcing plans for a huge tourism and retail development including the world's largest shopping mall, over 100 hotels, and a park 30 percent bigger than London's Hyde Park.
The government's central projection is for the population to rise above 3m people by 2020 from just over 2m at present. Under an "aggressive" growth scenario, the population could be near 4m by the end of the decade, it estimates.

Since fewer than 20 percent of Dubai's population are local citizens - the vast majority are expatriate workers - such growth would mean an influx of hundreds of thousands of people.
Construction work to accommodate them would require billions of dollars of fresh financing that may be hard to obtain in the wake of the global financial crisis. If growth does accelerate, it could produce the same kind of boom-and-bust cycle that plagued Dubai a few years ago.

One of the emirate's advantages is its geographical location, which lets it serve as an air transport hub between Asia, Europe and Africa; Dubai overtook Hong Kong to become the world's third-busiest airport for international passenger traffic last year. Double-digit annual increases in this traffic, which hit 58 million passengers last year, are helping Dubai attract growing numbers of tourists and investors. About a fifth of passengers leave the airport and come into the city; local industries are lobbying the government to raise this ratio with changes to visa arrangements and other steps.

"The way Dubai has worked in the past few years, they'll create enough demand generators to make sure they have customers for the new hotel rooms.

Expo Win the Crowning Glory to UAE

Contd(from cover page)...

Dubai's economy is set to receive an added value boost of roughly Dh 88.5 billion. More exciting, however, will be the innumerable opportunities that will be created boosting the growth of tourism and logistics in the UAE and the Middle East. An estimated 25 million visitors are set to arrive in the country as a result of a successful bid, thus influencing tourism, trade, infrastructure and investment.

The bid for Expo 2020 is in line with Dubai's ambitions for the future. It sends out a strong message to the rest of the world with this unprecedented win, the first for a Middle Eastern country. It is willing to 'connect minds and create the future' according to the tenets of it's bid. And nowhere could that be more possible than in the UAE where more than 100 nationalities live and grow peacefully.

Dubai is the doorway to a market of more than 1 billion consumers. It is the first post-oil economy in the region and also one of the predominant post-modern world cities of our century. Dubai represents the essence of globalization at work.

Potential positive growth spillovers from the Expo should help corporate deleveraging but risks of further Dubai Inc. debt accumulation to fund capital expenditure would emerge.

Within the bond market, positive sentiment stemming from Dubai's successful Expo bid, as well as wider gains in the overall economy, have helped spreads for Dubai credit reach record tight levels.

Dubai's World Expo 2020 victory is focusing attention on the emirate's debt – estimated by one bank to be around US$103 billion – as it is expected to renew borrowing to fund projects linked to the event.

The Dubai Government has indicated that a sizeable chunk of the funding for the exhibition is likely to come from borrowing, either directly or from its stable of state-linked firms. Nakheel, Emaar Properties, Dubai Electricity and Water Authority (Dewa) and Emirates Airline are among those likely to seek refinancing for their existing debt or raising money for growth in the coming two years, according to forecasts.

The successful Expo 2020 bid should not encourage Dubai and its corporates to undertake new large debt financed projects, this could increase corporates exposure to any post-expo economic slowdown if real estate prices were to face downward pressure.

EXPO 2020 إكسبو
دبي، الإمارات العربية المتحدة
DUBAI, UNITED ARAB EMIRATES
HOST CITY

Middle East

Business License now Online

Dubai business licenses can now be applied online through the Department of Economic Development's (DED) new e-service. Easing the process of business applications for entrepreneurs who wish to start a business in Dubai, the new facility allows businesses to acquire their licenses even when they are outside UAE.

Bankers top UAE salary scale

Despite media and political concerns in the US and Europe over bankers' bonuses and salaries, the sector continues to dominate when it comes to monthly pay packets in the UAE, with bank traders and investment consultants earning up to AED100,000 (US$27,226) per month, according to a report released on Tuesday by recruitment consultant Morgan McKinley.

UAE's Etisalat posts 18% drop in Q3 net profit

Etisalat, the Gulf's No.1 telecom operator, reported an 18 percent drop in third-quarter profit on Monday, missing analysts' estimates as capital spending rose by more than a third.

The UAE former monopoly, which operates in about 15 countries across the Middle East, Africa and Asia, made a net profit of AED 1.83bn ($ 498.23 million) in the three months to September 30, according to a statement to Abu Dhabi's bourse. This compares with a profit of AED 2.21bn a year earlier. Quarterly revenue was AED 9.59bn, up from AED 8.25bn year earlier.

Consolidated capital spending rose 39 percent in third quarter to AED 1.3 billion dirhams, compared with the year-earlier period, Etisalat said.

The New UAE Commercial Companies Law

Investors and shareholders will be better protected with the new commercial companies law, according to a Federal National Council member. The FNC removed a controversial clause allowing majority foreign ownership of companies, so a UAE National must own minimum 51 per cent in a limited liability company.

Boards of directors of publicly held companies will also have to be majority Emirati. Companies opening a branch in the UAE will need to have an Emirati agent. The agent will not be a partner but an employee who could be changed when necessary. The presence of such agents is also intended to ease government procedures.

Small and medium enterprises will not need to meet any Emiratisation requirement. The new regulations were not that different from existing laws. What is new, is that the law will ensure boards of directors, managers and auditors can be held accountable, give the Securities and Commodities Authority more power of scrutiny, and ensure companies follow an international auditing system to keep all information transparent and up to date for company. managers. Voting rights are also described in the law.

The law sets corporate governance for public companies, to protect the rights of shareholders. The law removes the minimum of Dh 150,000 capital to start a limited liability company and will set up a single nationwide register of company names.

New regulations introduced are:

- Permits sole-shareholder companies, either in limited liability or private joint stock companies
- Employees' incentive share schemes are addressed
- Enables shareholders in pubic joint stock companies to sell their preemption rights (rights issue)
- Facilitates strategic share placements by public joint stock companies within pre-emptive complications
- Prohibits financial assistance (in line with the international market practice)
- Enables the legal pledge of quotas in limited liability companies

This will encourage companies to open in the UAE. It will encourage small businesses to start up especially as there is no minimum capital requirement and - it will be easy to establish a company, especially since there is no-taxation. requirement. Another major change brought about by the law will make it illegal to run an unregistered company.

Only limited liability companies, limited partnership companies, private share-holding companies, public share-holding companies, and partnership companies will be recognized.
Free zones will now be the only option for those who want to start a business without Emirati partnership.

The FNC decided to exempt professional companies from the new law as a later version would set rules for those kinds of businesses, which are regulated by individual emirates with no federal umbrella.

A Brand New Top Ten Tallest Building in Dubai

A brand new Dhs1.8 billion mixed-use high-rise tower in Dubai announced. Situated just a block away from the world's tallest building the Burj Khalifa, the new tower will measure 369.1 metres high and will be one of Dubai's top ten tallest buildings and the second tallest tower in its central business district. Construction of the tower, which will be designed by Atkins, is scheduled to begin mid-November and will take around 42 months to complete. The new tower will be the world's 26th tallest building once it is completed in May 2017.

Professional companies are where those headed by a specialised professional, for e.g.: a doctor owns a medical clinic or a Chartered Accountant running his own office. That would be a professional company, but if it was a hospital, with staff and profit and beds and services, that would be commercial.

However, an Emirati will still need to be made a service agent. A first draft of the lawis expected to be ready by the end of the year. The law was likely to be enacted by the summer of 2014. Companies will have three months to comply.

Existing Law	New Law
General Rules:	
1. Article 5 – Free Zone Companies	A Cabinet decree that will set out the conditions which should be followed in registering free zones companies in case these companies wish to practice their activities onshore or outside the borders of the free zone in question.
2. Article 6 – Corporate Governance	Private joint stock companies will be subject to corporate governance rules
3. Article 8 – the concept of "sole founder"	Sole founder concept be it natural or corporate person. This applies on private joint stock companies and limited liability companies.
4. Article 10 – Local Ownership **51:49 Local** : Foreign ownership restricted	Foreign ownership restricted to 49%.
5. Article 24 – Exclusion of Liability	Exclusion of liability clauses is void.
6. Article 26 – Companies Accounting Books	Companies to retain its accounting books for not less than five years from the end of each financial year.
7. Article 28 – Financial Year 12 months. First financial year can be more than 18 months.	Minimum 6 months and maximum 18 months.
8. Article 32 – offering of shares to public No explicit provision prohibiting such practices, but rather it was a matter of practice and unwritten rules of SCA.	Explicit provision prohibiting such practices.
9. Article 36 – Retention of Documents	The Minister will issue a decree setting out the time limit which companies should follow in respect of retaining corporate documents.
Rules Governing Limited Liability Companies:	
10. Article 71 – Sole ownership	Sole founder is allowed.
11. Article 79 – Pledge of Quotas	Quotas can be pledged.
12. Article 80 – preemption rights Preemption rights are applicable.	Preemption rights are still applicable.
13. Article 83 – Company's managers The maximum number of mangers is 5 mangers.	No maximum number of managers.
14. Article 86 – Competition	Manager(s) of a company may not be allowed to operate any business in competition with the business of the company in question. Defaulting manager(s) will be discharged and compensate the company.
15. Article 93 - General Assemblies Invitation The notice period required is 21 days that may not be shortened.	15 days before the date of the meeting or less than 15 days if all partners agree.

Existing Law	New Law
16. Article 96 – General Assembly Quorum 50% of the capital of the company. If the quorum is not satisfied in the first meeting, a second meeting shall be called for within 21 days from the first meeting, which shall be valid regardless of the quorum attended such meeting. Any amendment to the articles of the company requires the approval of partners owning at least 75% of the capital of the company.	75% of the capital of the company. If the quorum is not satisfied in the first meeting, the second meeting shall be called for within 14 days from the first meeting, which shall not be valid attended by partners owning 50% of the capital of the company. If the quorum is not satisfied in the second meeting, a third meeting shall be called for, which shall be valid regardless the quorum attended such meeting. Resolutions of general assemblies shall only be valid unless approved by partners owning at least 50% of the capital of the company.
17. Article 103 – reference to joint stock companies rules	Reference to the rules governing joint stock companies with respect to any matter which is not addressed under the rules of limited liability companies.
Rules Governing Public Joint Stock Companies ("PJSC")	
18. Article 107 – Number of founders A minimum of five founders.	A minimum of 10 founders.
19. Article 112 - Founders' committee Three to five members.	Three members without setting out a maximum limit.
20. Article 117 – Founders' ownership A minimum of 20% and a maximum of 45%.	A minimum of 30% and a maximum of 70%.
21. Article 123 – Underwriters Underwriting activity is not addressed.	For the first time in the UAE there is statutory recognition of the concept of underwriting. Regulations still to be enacted.
22. Article 124 - Subscription period A minimum of 10 days and a maximum of 90 days.	A minimum of 10 days and a maximum of 30 days.
23. Article 129 – Book Building No provision for book building	Explicitly refers to book building mechanism as the pricing method, but detailed regulations still to be revealed.
24. Article 131 – Constitutional General Assembly Requires the attendance of shareholders owning at least 75% of the capital.	Valid if attended by shareholders representing 50% of the capital of the company.
25. Article 143 – The Composition of the Board of Directors A minimum of three members and a maximum of 15.	A minimum of three members and a maximum of 11.
26. Article 144 – Election of Board Members/ Expert board members	Cumulative voting.
27. Article 151 – Nationality of Board Members Majority of board members and the chairman should be UAE local nationals.	Majority of board members and the chairman should be UAE local nationals.

Existing Law	New Law
28. Article 156 – Board Meetings	At least four times a year.
29. Article 170 – Voidance of resolutions	Proceedings for annulment are time barred on the expiry of 60 days from the date of adopting the resolution contested
30. Article 172 - General Assemblies Invitation 21 days that may not be shortened.	15 days before the date of the meeting or less than 15 days if 95% of the shareholders agree.
31. Article 193 – Issued and Authorized capital The capital of PJSC shall be AED 10 million, and the concept of "authorized" capital is not addressed.	The issued capital of PJSC shall be AED 30 million. Authorized capital may not exceed twice the value of the issued capital.
32. Article 197 - Sale of Rights Issue Shareholders have preemption rights to subscribe for their company's capital increase (Rights Issue).	Shareholders are allowed to sell their rights issue.
33. Article 207 – Nominal Value of the Share The nominal value of the share is to be paid within five years from the date of incorporation.	The nominal value of the share is to be completed within three years from the date of incorporation.
34. Article 215 – Restrictions on the Transfer of Shares Lockup period of two years provided for.	Lockup period of two years provided for.
35. Article 222 – Financial Assistance	Financial assistance is not allowed.
36. Articles 223/224 – Strategic Investor	Allows companies to increase its capital and allot the newly issued shares to a Strategic Investor (i.e. an investor from a related industry sector to the company's own) without applying the preemption rights of the existing shareholders to subscribe in the capital increase in question.
37. Article 225 – Debt Capitalization	May convert debt to capital.
38. Article 226 – Employees Share Scheme	Explicitly addresses the possibility of issuing employees incentive share scheme.
39. Article 255/256 – Private Joint Stock Companies Not less than three with a capital not less than two million Dirhams.	Not less than two with capital not less than five million Dirhams. PrJSC may be incorporated by a sole founder.
40. Article 264 – Lockup Period Two financial years.	One financial year.
41. Articles 266/269/272 – Introduction of New Corporate Status	Holding companies, subsidiaries, investment funds.

Realty Expects More Investment from Expats on Rupee Fall

The Indian rupee's sharp dip against the US dollar is tempting NRIs to invest more in the real estate sector in the country. Realtors are expecting a 35% increase in enquiries from expatriates this year, says a study by the Associated Chamber of Commerce and Industry of India.

Already there is 30% to 40% increase in enquiries from the NRI community. Financial experts are projecting that rupee will stabilize in the long run, NRIs who invest now will can cash in on a weak rupee and also expect good real estate appreciation.

The study ranked Bangalore as the most favored destination based on early enquiries, followed by Chennai, Mumbai, Ahmedabad and Dehradun in that order. The demand appears dull in the Delhi-NCR belt. The decline in rupee has increased property sales because people want to get value for their money. As on date, NRIs buying in India can save 20% to 30% on property value.

NRI investments in the country varies from city to city, said Jain. Going by past sales, NRIs account for 40% of apartment sales in Kochi and 15% to 20% in Bangalore. In other Indian cities they are in the region of 5% to 10%.

As per rough estimates, about five million Indian expatriates, who live in six Gulf Cooperation Council countries - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE - remit close to $ 30 billion to their India bank accounts every year.

Tips for NRI's Investing in Property in India

If you are keenly looking at investing in property in India, consider commercial spaces. For Non Resident Indians with big budgets and who have the appetite for some serious real estate investing, here's an option you might want to consider. NRI's are buying commercial properties for investment. Of course, HNIs also continue to plough huge amounts of money into high-ticket commercial properties in the quest for yield. Investors have bought into commercial properties because they seek assets that can protect their portfolios from inflation and stock market volatility. The possibility of diversifying your portfolio, the sheer pride of ownership and the benefits of the longer leases that typify commercial tenants are the other reasons why an investor should look at commercial real estate investing.

So if you are looking at commercial property, here are some tips that might help you.

Investors need to establish the soundness of the location and its demand/supply dynamics. If they do not engage in sufficient research, they may end up buying into micro markets which have or will have high vacancies. NRIs must ensure that the economy, job market and population growth in the market is healthy.

Today Bangalore and Mumbai offer the best investment opportunities for commercial.

There are different kinds of commercial properties that are available. The popular ones are retail and office spaces. Till a few years ago, only large units were available in both, making it difficult for a small investor to invest. However, there has been a change and smaller spaces are becoming available.

Experts suggest that the minimum budget you should have in mind for a commercial investment is Rs 3-4 crore.

On a Lighter Note

Whoever said money can't buy happiness simply didn't know where to go shopping .

Dollar on an escalator...
Rupee on a ventilator...
Nation in ICU...
We are in coma...
Onion in showroom...
God bless India

Powerful Indian's in the Gulf

NRI businessman Yusuffali MA, who runs the largest retail chain in the UAE, has topped the list of the most powerful Indians in the Gulf region for the 4th time in a row with an annual turnover of USD 4.5 billion. Kerala-born Yusuffali, Managing Director of Abu Dhabi- based EMKE Group which owns many brands including the Lulu chain of hypermarkets, employs around 27,000 people, including 22,000 Indians, in 29 nations.

Feroz Allana of the Allana Group, which manufactures and markets a well-integrated range of consumer products, came second in the list of '100 most powerful Indians in the GCC.

Standard Chartered banking boss V Shankar stood third, ahead of healthcare boss Dr B R Shetty, with legendary investor Ragu Kataria completing the top five.

Ashish Mehta was the highest placed lawyer at number seven, with Sunil John leading the way for entries from PR and Media, at number 14. The list was propped up by Geebee Group boss G B Jethwani in 100th place. This year's list also featured a record 11 female entries, with 20th placed Zulekha Daud leading the way, ahead of Jumbo Group boss Vidya Chhabria ranked 39th. Diva Modelling founder Nicole Larsen made her first ever appearance in the list in 52nd place.

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Kothari Auditors and Accountants is a professionally managed accounting, auditing, management and financial consulting firm established in October 1992.

The firm is registered with the UAE Ministry of Economy & Commerce having offices in Dubai and Sharjah.

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GBS is dedicated to provide advisory on corporate formation, legal structuring, double tax avoidance treaties and assistance for formation of companies in various jurisdiction.

GBS has associated with various service providers across major jurisdiction worldwide and endeavors to provide every solution in identifying the right destination suitable to clients needs and to present expert insights & assistance with respect to setting up a business entity. Our team of professionals include experts in the international business structuring, tax consultants, finance & law.

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