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CS Update

May 24, 2011

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➤ SEZ – SERVICE TAX REFUND

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PREVIOUS ISSUES ARE AVAILABLE AT THE FOLLOWING LINK:

<http://www.icsi.edu/Member/CSUpdate/tabid/1635/Default.aspx>

Disclaimer: - Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.



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FROM ICS!





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12th NATIONAL CONFERENCE OF PRACTISING COMPANY SECRETARIES

The 12th National Conference of Practising Company Secretaries is scheduled to be held on July 14- 15- 16, 2011 at Ooty, Tamil Nadu.

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The Council of the Institute has decided to hold the 12th National Conference of Practising Company Secretaries at Ooty, Tamil Nadu. Located in the midst of four high hills; Doddabetta, Snowdon, Elk hill and Club Hill in the Nilgiris, Ooty is a picturesque hill station that is pleasant all through the year. The time of the National Conference has very aptly been kept in July so as to enable members to escape into the verdant hills, the lush green valleys and to admire the pristine natural beauty of the hill resort of Ooty which offers the tired souls of all ages a chance to resume their affair with Nature, to whom they truly belong. The National Conference would surely be a rejuvenating experience for one and all. So come and embrace the tranquility and solace that Ooty has to offer.

A detailed brochure is available at the link:
<http://www.icsi.edu/WebModules/LinksOfWeeks/Brochure%20-%2012th%20PCS%20Conference.pdf>



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**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

THE GLOBAL M&A STRATEGY CONCLAVE 2011 MAY 26-27, 2011 AT THE LEELA KEMPINSKI, MUMBAI

May 24, 2011

Dear Professional Colleagues,

Further to our email dated May 11, 2011 regarding the Global M&A Strategy Conclave, 2011 being organized on May 26-27, 2011 at The Leela Kempinski, Mumbai we are please to inform that based on the [feedback received from](#) our members, the organizer has agreed to provide the following discounts [to our members](#) on delegate fee :

Individual members: 15% discount on Delegate Fee of Rs. 15,000.

Group Registrations:

Up to two people from the same organisation : 20%

More than two people from the same organisation: 25%

The members attending the Conclave would be awarded **Eight Programme Credit Hours**.

I am sure members would benefit from this arrangement.

A detailed brochure is available at the link

http://www.icsi.edu/WebModules/LinksOfWeeks/global_MA.htm

Regards,

N K JAIN
SECRETARY & CEO, THE ICSI



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ASSOCHAM



Academic Partner

6th Annual Summit on "Capital Markets"

Key to Double Digit Growth

26th May, 2011 Le-Meridien, New Delhi

Eminent Guests

- Shri R. Gopalan, *Secretary*, Department of Economic Affairs, Ministry of Finance Government of India
- Shri U. K. Sinha, *Chairman*, SEBI*
- Dr. Thomas Mathew, *Joint Secretary (CM)*, Department of Economic Affairs Ministry of Finance, Government of India

Dear Professional Colleagues,

The Capital Market, a barometer of economic activity, has witnessed fundamental changes during the past one and a half decade, aimed at improving price discovery, bringing good governance with efficiency and transparency, widening market liquidity and depth, competitive transaction cost and information asymmetry, improved retail participation for encouraging inclusive growth, wider listing of PSUs for good governance. As a result of the reforms process, the country has seen large FII inflows -a capital formation- for boosting investments and improving Global Reach. The growth of the Capital Markets has both handfuls of opportunities as well as challenges.

In view of the imperative issues and developments in the Capital Markets in India, I am pleased to inform you that the Institute is associated as **Academic Partner** with ASSOCHAM in organizing, 6th Annual Summit on "Capital Markets" on May 26, 2011 at Hotel Le-Meridien, New Delhi which has highly interactive sessions designed to inform and impart new directions and policies that the government have set in place, based on the Capital Markets Master plan.

- The concessional Delegate Fee for members of the ICSI : Rs. 1500/-.
- Members of ICSI participating in Annual Summit would be entitled to Four Programme Credit Hours.

Registration Form is attached for prior registration. Advance information may be conveyed through fax or email at sonia.baijal@icsi.edu with a copy to kumar.dewashis@assochem.com; hitesh.khanna@assochem.com.

A detailed programme schedule is enclosed for your reference.

Regards

N K JAIN
SECRETARY & CEO



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6th Annual Summit on “Capital Markets”

Key to Double Digit Growth

26th May, 2011 Le-Meridien, New Delhi



The Associated Chamber of Commerce and Industry of India
1, Community Centre, Zamrudpur, Kailash Colony, New Delhi 110048

Phone : 011-46550555, Fax : 011-46536481/82

Email : assochem@nic.in Website : www.assochem.org



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- "India's sustained economic growth, which is expected to be 8.5 percent to 9.7 percent this fiscal year, driven by robust domestic demand is fuelling the inflows into the economy." The favorable capital market conditions with improvement in capital flows and business sentiments are also encouraging.

Shri Pranab Mukherjee, Union Finance Minister

Introduction

The Capital Market, a barometer of economic activity, has witnessed fundamental changes during the past one and a half decade, from cry system to script less trading, new and most modern exchanges, aimed at improving price discovery, bringing good governance with efficiency and transparency, widening market liquidity and depth, competitive transaction cost and information asymmetry, improved retail participation for encouraging inclusive growth, wider listing of PSUs for good governance. As a result of the reforms process, the country has seen large FII inflows -a capital formation- for boosting investments and improving Global Reach. The growth of the Capital Markets has both handfuls of opportunities as well as challenges. The Indian Growth story is intact-and this is good news for the markets to perform better. However the inflation dragon has brought the challenges of a muted profitability and falling turnover with rising cost of transaction, an area for serious discussion and deft handling to tackle these issues.

Objective

The growing GDP has brought wealth for a larger number of population, larger number of companies accessing the market for capital with larger issues of ownership and governance. This conference endeavors larger section of the market segment to find answers to these issues, form a roadmap for tackling and seeking policy intervention to bring more competition in the market place, cut down transaction cost, incentivize larger retail participation, seek new directions and policies for the Capital Markets Master plan. The conference will also address issues that will help faster growth of debt market for funding Infrastructure and also issues facing the capital market.

Who will Deliver

- Senior government official
- Speaker from SEBI, RBI, PFRDA, etc.
- Capital Market experts, associations of Consumer Forums
- Representative of leading Banks
- Prominent Legal and professional consultants,
- Economist and Academicians
- Editors of leading print media



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Key Areas of Discussion

I. *Integration of International and Domestic Capital Markets*

- ✓ Trends and challenges faced by the Indian capital market in a globally integrated environment
- ✓ Role of stock exchange to promote sustainable growth amidst strong competition
- ✓ Product innovation and cost management has an important role to play in development of capital markets
- ✓ Currency Derivatives – For Hedging Foreign Exchange Risk
- ✓ SME Exchange – Foreign Case Studies

II. *Deepening of Capital Markets – Opportunities & Challenges*

- ✓ Role of Rating Agencies – How far successful
- ✓ Universal Banking – Organic and Inorganic Growth
- ✓ Reform in Primary Debt Market - The need of the Hour
- ✓ Ownership & Governance Issues – Impact on Capital Markets
- ✓ Emerging Capital Markets – Focusing Retail Investors

Deliverables from the Summit

- Understand the emerging trends in the Capital market
- Experience sharing through presentation, Policy debate and current government initiatives
- Get an insight into the regulatory issues and steps taken for investor protection.
- Renowned industry experts will be covering the most sought-after topics
- Common platform to academicians, practitioners and policy makers where they can interact and share their experiences and research findings.
- Latest updates on Capital Markets, bond markets, currency markets e

Target Audience

- | | |
|--|---|
| <ul style="list-style-type: none"> • Investors • Capital Market Regulators • CFOs • Company Secretaries • FIIs • SMEs – Looking for listing on Stock Exchange • Venture Capitalist / Private Equity Funds • Investment Bankers • Financial Advisors & Stock | <ul style="list-style-type: none"> • Mutual Funds • Insurance Companies • Brokerage Firms / Wealth Management Firms • Management Institutes • Diplomats • Fund Managers • Depositories & Depository Participants • Information providers • Law Firms • HNIs |
|--|---|



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Market Analysts <ul style="list-style-type: none"> • Hedge Fund managers • Banks and other financial intermediaries 	<ul style="list-style-type: none"> • Technology innovators & Providers • Rating Agencies
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Time, Date & Venue

Registration	9.30AM
Date	26 th May, 2011
Venue	Hotel Le-Meridien, New Delhi
Participation Fee	For ICSI Member : ` 1,500 per delegate Others : ` 2,500 per delegate

For Details Please Contact

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Sr. Executive
Tele : +91 9873455460
Email : kumar.dewashis@assochem.com

Mr. Rahul Chandra
Sr. Executive
Tele : +91 9911308421
Email : rahul.chandra@assochem.com

Mr. Hitesh Khanna
Executive
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Phone: 011-46550555(Hunting Line), Fax: 011-46536481 / 46536482
Email: assochem@nic.in , Website: www.assochem.org



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6th Annual Summit on “Capital Markets”

Key to Double Digit Growth

26th May, 2011 Le-Meridien, New Delhi

REGISTRATION FORM

ORGANISATION NAME: _____

Address : _____

Pin/Zip : _____

Phone : _____

Fax : _____

Email : _____

Sl No	Name	Designation	e-mail

PAYMENT DETAILS :

Delegate fee (.....)

Our DD/Cheque No Rs.

Drawn on

Kindly send the Registration Form duly filled to the following:

ASSOCHAM Corporate Office :

1, Community Centre, Zamrudpur, Kailash Colony, New Delhi – 110048
Tel : 011- 46550555(Hunting Line); Fax No : 011- 46536481/82; 011- 46536497/98

For further details please contact:

Mr. Kumar Dewashis
Sr. Executive Officer
Mob. : +91 9873455460
kumar.dewashis@assochem.com

Mr. Hitesh Khanna
Executive Officer
Mob. : +91 9899172904
hitesh.khanna@assochem.com

For Online registration, please log on to Web : www.assochem.org



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Visit cisi.org/india
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or email icsimembership@cisi.org
With copy to sonia.baijal@icsi.edu





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FREQUENTLY ASKED QUESTIONS ON ICSI-USE MOU

1. What is United Stock Exchange of India?

United Stock Exchange of India Limited (USE) is India's newest stock exchange and has been promoted by 21 Indian public sector banks, private banks and corporate houses. USE is the trading platform for Currency Futures now.

2. Who can trade on currency futures?

Any Resident Indian or Company can become a member of USE and trade in the currency futures market. At present, Non Resident Indians (NRIs) and Foreign Institutional Investors (FIIs) are not permitted to trade in the futures market in India.

3. Why has ICSI partnered with USE?

ICSI-USE understand and realize the high growth potential of the Indian financial markets and has agreed to collaborate in variety of educative initiatives such as:

1. Holding and organizing seminars on financial markets and corporate governance to empower the users.
2. Creating infrastructure of knowledge based technical studies on financial markets.
3. Creating awareness about the complex financial instruments and using derivatives for effective hedging keeping accounting standards in perspective.
4. Conduct various kinds of certification programmes and literature on financial markets and corporate governance.
5. Hosting events such as simulation exercises (mock trading on exchanges), seminars, and training in financial markets to empower ICSI members and general investing public in rightfully analyzing the financial markets.
6. Conducting research and other related activities in financial markets and impact of corporate laws and Secretarial standards on financial markets.
7. Imparting and conducting special training and education programmes in financial markets.
8. Organizing short term courses on various asset classes, currency, interest rates, commodity, debt, mutual funds, and derivatives.
9. Organizing panel discussions, webcasting and presentation of experts on various aspects of financial markets and using electronic media for imparting knowledge.
10. Collaborating for joint certification of ICSI professionals on topics of professional interest.

4. What is the distinctive benefit offered by USE to ICSI Members?

Membership of United Stock Exchange of India is available free of cost to all ICSI Members for the first three months from the signing of this MOU. The MOU was signed on March 07, 2011 at New Delhi.



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5. What are the different types of membership available?

There are 2 types of memberships available with USE:

TRADING MEMBERSHIP: Trading Members have the privilege of trading on one's own account as well as on the accounts of their clients but do not have the facility to clear and settle debts.

CLEARING MEMBERSHIP: Clearing Members are entitled to clear and settle trades for all trading members through the clearing corporation of USE – ICCL (a wholly owned subsidiary of Bombay Stock exchange with fully automated post trade services).

6. Who can take membership of the exchange?

Any Proprietor, Partnership or Corporate Firm fulfilling the eligibility requirements laid down by SEBI can take membership of the exchange. Following are the requirements as per SEBI guidelines.

- For Trading Membership, the member should possess a liquid net worth of 1 Crore Rupees, while for a Clearing Membership the member requires liquid net worth of 5 Crore Rupees.
- The Designated Directors should have an experience of minimum 2 years in the capital market.
- Minimum 2 NISM (series – 1) certificates

7. How can I attain NISM Certification?

There is NISM online exam for the currency segment. The member can login and register online on the website of Bombay Stock Exchange and take a slot as per his/her convenience. The link for the same is <http://www.bseindia.com/training/nismregistration.asp>

8. How do ICSI members register themselves as trading members of USE? (Procedural Requirements)

The procedure for becoming a Trading Member with the exchange basically involves 2 steps i.e. filling the Application form and the Commencement of Business (COB) Form.

As a first step the applicant would be required to fill in and submit the Application Forms to the Exchange. These forms can be downloaded from USE website, the link for which is <http://www.useindia.com/downloads.php>.

These forms would be submitted to SEBI, who would scrutinise the forms and then issue its SEBI Certificate. After this the applicant would be required to submit the Commencement of Business Forms (COB) available on USE website.

Upon Completion of this formality the applicant becomes a full fledged member.

9. What activities can I undertake on the platform?

The member can use this platform for meeting his need for all three functions i.e. for hedging, speculating and arbitraging. Spread contracts are also available on the USE platform.

10. Would I have to undertake any hidden costs?



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At the time of inception to trade, Trading member is required to pay a security deposit of 1 Lakh Rupees to the exchange which is fully refundable upon surrender of the membership.

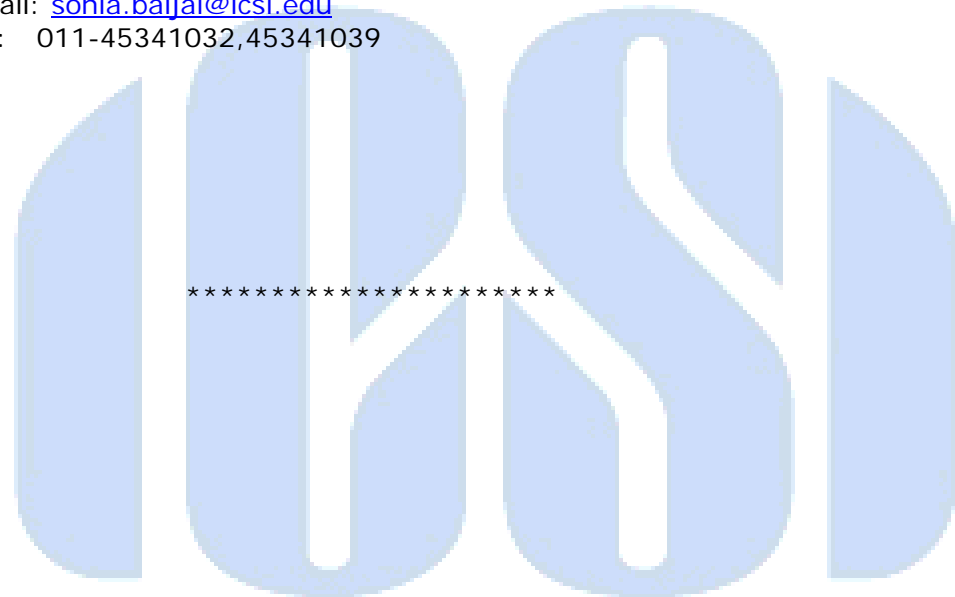
Similarly a Clearing member would have to pay security deposit of 50 Lakh Rupees which constitutes of 25 Lakhs as cash and other 25 Lakhs as non cash component. This is a non interest bearing deposit.

The software and connectivity would be provided by the exchange free of cost. Members having BSE connectivity would also be able to use it for USE software for free. As of now, there are no transaction charges on the exchange.

11. For further Information and queries please contact:

Directorate of Academics & Professional Development
Institute of Company Secretaries of India
Email: sonia.baijal@icsi.edu
Tel: 011-45341032,45341039

Membership Department
United Stock Exchange of India Ltd.
Email: membership@useindia.com
Tel: 022- 42444902



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ICSI-KP website: <http://knowledge.icsi.edu>
eJurix website: <http://www.ejurix.com>

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30,250**	eJurix Total (1 user) + ICSI-KP (1 user)	PCS and Sr. Members

* eJurix is available for non ICSI members at Rs. 40,000 p.a.
 * Only Corporate Law module is available for non ICSI members at Rs 10,000/- P A
 * Taxes Extra on all prices mentioned
 * Subscription amounts are for 1 yr

{*} 25% discount for CS Professionals = 30,000 (eJurix) + 2,500 (ICSI-KP)
 {**} 30% discount for PCS & Sr. Members = 28,000 (eJurix) + 2,250 (ICSI-KP)

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COMPULSORY ATTENDANCE OF PROFESSIONAL DEVELOPMENT PROGRAMMES BY THE MEMBERS

The Council of the Institute at its 200th Meeting held on March 18, 2011 at New Delhi amended the Guidelines for Compulsory Attendance of Professional Development Programmes by the Members to provide as under:

1.	Next block of three years	April 01, 2011 to March 31, 2014
2.	Min. number of Programme Credit Hours (PCH) to be acquired by Members in Practice	15 PCH in each year or 50 PCH in a block of three years w.e.f April 01, 2011
3.	Min. number of PCH to be acquired by Members in Employment (i.e. members in whose name Form 32 has been filed to work as Company Secretary under the provisions of Sec. 383A of the Companies Act, 1956)	10 PCH in each year or 35 PCH in a block of three years w.e.f April 01, 2011
4.	Min. number of PCH to be acquired by Members above the age of 60 years	Presently the members of the age of 65 years are not required to obtain PCH. This age limit stands reduced to 60 years and the members above the age of 60 years shall be required to obtain 50% of the PCH required to be obtained by the members below 60 years w.e.f April 01, 2011.
5.	Members failing to obtain the mandatory PCH upto March 31, 2011	Provided with a shortfall upto 10 PCH and required to compensate by obtaining atleast 5 additional PCH on pro rata basis in the first year of the next block of three years commencing from April 01, 2011.
6.	Members who have not obtained any PCH during the block ending on March 31, 2011	Members seeking renewal of CoP to provide an explanation for non compliance with the Guidelines – to be decided on case to case basis.
7.	Carry forward of the excess PCH if the member has already completed the mandatory PCH upto December	The Guidelines for Compulsory Attendance of Professional Development Programmes by



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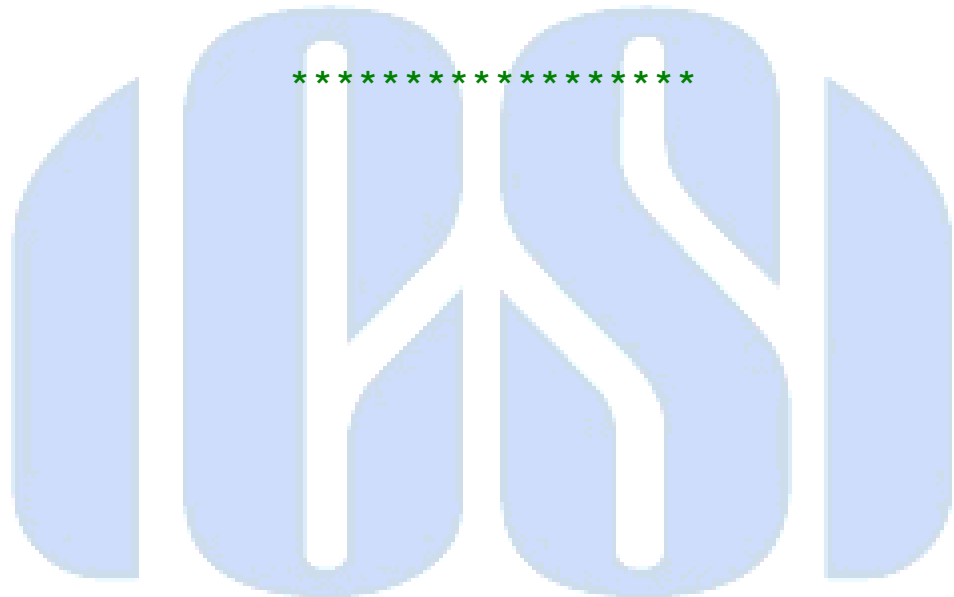
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	<p>31, 2010 and continued to attend Professional Development Programmes during January – March, 2011</p>	<p>the Members do not provide for carry forward of PCH from one block of three years to the other. If any member had obtained the mandatory PCH upto December 31, 2010 and continued to attend Professional Development Programmes during January – March, 2011, then in such case the PCH obtained by such member during January – March, 2011 would be treated as having been obtained in the first year of the next block commencing from April 01, 2011.</p>
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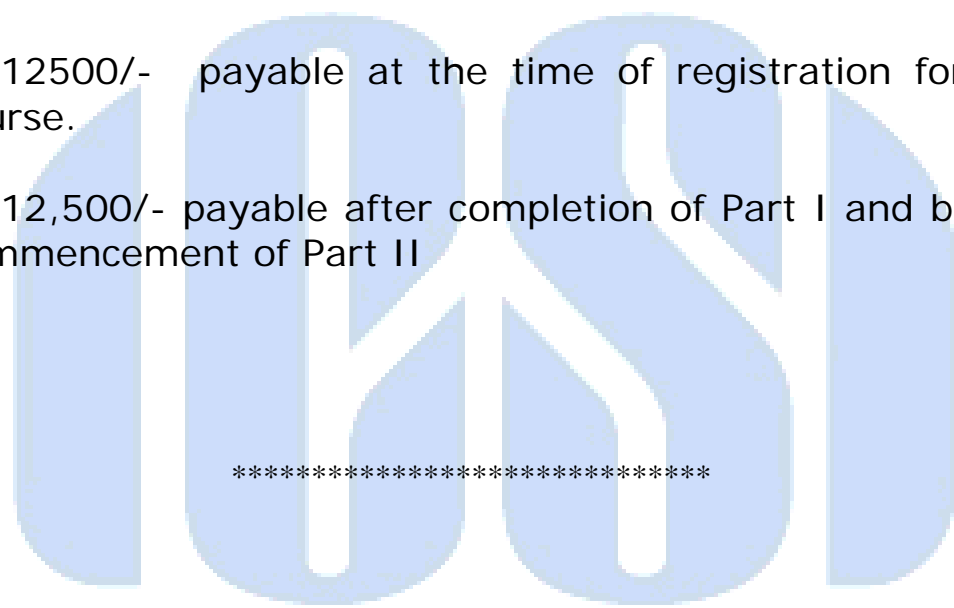
PMQ COURSE IN CORPORATE GOVERNANCE

ENHANCEMENT OF FEES

The Council at its 197th Meeting held on December 15, 2010 felt that honorarium be paid to the Guides for dissertation and project report under PMQ Course in Corporate Governance. With a view to meet the expense on honorarium to be paid to the Guide and to meet the increased costs, the Council has decided to enhance the **fee for PMQ Course in Corporate Governance with effect from January 1, 2011 to Rs.25,000/-** for the entire course payable as under :

Rs.12500/- payable at the time of registration for the course.

Rs.12,500/- payable after completion of Part I and before commencement of Part II





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INSTITUTE'S RECENT PUBLICATIONS

- Business @ Governance & Sustainability
- Guidance Note on Board Processes
- Independent Directors-A research Study on Corporate Practice in India
- Corporate Social Responsibility –Research Study of Corporate Practice in India
- DNA of Integrity
- Role of Company Secretaries-A New Perspective
- A Guide to Company Secretary in Practice
- Guidance Note on Related Party Transactions
- Guidance Note on Listing of Corporate Debt
- Guidance Note on Corporate Governance Certificate
- Referencer on Secretarial Audit
- Referencer on Filing and Filing of E-Forms 23AC and 23ACA
- Establishment of Branch, Liaison & Project Offices in India
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Contact : Shri Harish Chander Joshi,
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Institutional Area,
NOIDA (U.P.)





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CG & CSR : WATCH

The Institute has always been in the frontline to promote good corporate governance and it has been the constant endeavour of the Institute to raise awareness among the members and students in Corporate Governance arena. In this direction, the Institute has decided to carry one page in Chartered Secretary each month exclusively dedicated to Corporate Governance and Corporate Social Responsibility.

NEW DEVELOPMENTS

1. Corporate Integrity Pledge – Malaysia

In response to economic challenges, Government of Malaysia initiated the Economic Transformation Programme (ETP) - a comprehensive effort that will transform Malaysia into a high-income nation by 2020. Under ETP Malaysia will focus its economic growth efforts on 12 National Key Economic Areas (NKEAs) which will receive prioritised Government support including funding, top talent and Prime Ministerial attention.

As a part of ETP the **Corporation Integrity Pledge and Anti-Corruption Principles 2011** were launched in coalition with The Malaysian Institute of Integrity, Performance Management and Delivery Unit (PEMANDU), Bursa Malaysia, Companies Commission of Malaysia, Securities Commission Malaysia, Malaysian Anti-Corruption Commission, NKRA Corruption Monitoring and Coordinating Division and Transparency International Malaysia on 31 March 2011. The Pledge and Principles are meant to guide the corporations through areas that they can focus on to play in contributing toward anti-corruption efforts in Malaysia. This is in line with the objectives of the National Key Results Area of Fighting Corruption.

Corporate Integrity Pledge

The Corporate Integrity Pledge is a document that allows a company to make a commitment to uphold the Anti-Corruption Principles for Corporations in Malaysia. By signing the pledge, the company shall make unilateral declaration that it will not commit corrupt acts, will work toward creating a business environment that is free from corruption and will uphold the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business and in its interactions with its business partners and the Government.

The effect of pledging is twofold: first, a company will be making a clear stand of how it operates, and this will be locked down in writing – this will be guidance to the company in its business interactions, in the event if it faces the possibility of condoning any payments or other activities that would amount to corruption. Second, a company can use this Pledge to set itself apart from its peers by demonstrating to its stakeholders that its business operations do not include any hidden risks or costs that are associated with corrupt activities. By signing the pledge, the company can be listed in the register of signatories that is maintained on the website of the **Malaysian Integrity Institute**, and can be accessed through the website of Bursa Malaysia Berhad.



CS Update

May 24, 2011



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The soft copy of the Pledge is available for download at the Malaysian Institute of Integrity website at: www.iim.com.my
Related link: www.bursamalaysia.com

2. European Commission publishes Green Paper on EU corporate governance framework.

On 5 April 2011, the EU Commission launched a public consultation on possible ways forward to improve existing corporate governance mechanisms. The objective of the Green Paper is to have a broad debate on the issues raised and to allow all interested parties to see which areas the Commission has identified as relevant in the field of corporate governance. The deadline for submitting contributions in response to the consultation is 22 July 2011.

The Green Paper aims to launch a general debate on a number of issues such as:

1. Effective functioning of **board of directors** and ensuring they are composed of a mixed group of people, e.g. by enhancing gender diversity, a variety of professional backgrounds and skills as well as nationalities. Functioning of boards, in terms of availability and time commitment of directors, questions on risk management and directors' pay are also under scrutiny.

2. How to enhance **shareholders' involvement** on corporate governance issues, how to encourage them to take an interest in sustainable returns and longer term performance and also how to enhance the protection of minority shareholders. It also seeks to understand whether there is a need for shareholder identification, i.e. for a mechanism to allow issuers to see who their shareholders are, and for an improved framework for shareholder cooperation.

3. How to improve **monitoring and enforcement of the existing national corporate governance codes** (in EU countries) in order to provide investors and the public with meaningful information. Companies which don't comply with national corporate governance recommendations have to explain why they deviate from them. Too often, this doesn't occur. The Green Paper asks whether there should be detailed rules on these explanations and whether national monitoring bodies should have more say on companies' corporate governance statements.

The Green paper can be accessed at:
<http://www.ecgi.org>



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GREEN CORNER

GREEN IDEA

Say 'YES' to Car Pools

- Reduction in Traffic congestion,
- Save Fuel,
- Save money,
- Stepping ahead to protect environment.



Something Good: 'Soles with Souls'

JK Tyre has come up with a concept titled 'Soles with Souls', an innovative way to recycle old rubber in order to lower the amount of pollution and pressure on the environment. In order to showcase the potential of this recycling concept, JK Tyres worked alongwith students of the Footwear Design and Development Institute, created over 40 pairs of shoes as well as some handbags from the used tyres, which were exhibited through a ramp fashion show. This makes both business sense and works out to be rather environment friendly as well.

To Remember:

- May 1 -International Labour Day
- May 15 -International Day of the Family
- May 31 -Anti-tobacco Day

Quote of the Month

"Establishing a corruption-free India is a major challenge. I propose a youth brigade as the solution. 'I can do it. We can do it. India will do it', should be the spirit,"-----[Former President of India] Dr. APJ Abdul Kalam.

Feedback & Suggestions

Readers may give their feedback and suggestions on this page to Mrs. Alka Kapoor, Joint Director ICSI (alka.kapoor@icsi.edu)

Disclaimer:

The contents under **CG & CSR: Watch** have been collated from different sources. Readers are advised to cross check from original sources.



CS Update

May 24, 2011



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MCA UPDATE





CS Update

May 24, 2011



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GREEN INITIATIVE IN THE CORPORATE GOVERNANCE-ISSUE OF CERTIFICATE BY DIGITAL SIGNATURE

General Circular No. 29/2011

No 17/95/2011/CL.V
Government of India
Ministry of Corporate Affairs
5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 20.05.2011

All the Regional Directors,
All the Registrar of Companies

Sub: Green Initiative in the Corporate Governance -- Issue of Certificate by Digital Signature

Sir,

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies after considering sections 2, 4, 5, and 81 of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode.

The Registrar of Companies has to issue a number of certificates to the companies and other stakeholders as required under the provisions of Companies Act, 1956 read with Companies Regulation, 1956. As per Companies Regulation 24 of Companies Regulation, 1956 every certificate or copy granted under the provisions of the Companies Act, 1956 shall be signed and dated by Registrar and shall bear his official seal. At present these certificates are issued physically under the manual signature of Registrar of Companies and issued by post.

In order to cut timelines and an another step towards "Green Initiative" it has been decided that all certificates and standard letters issued by the Registrar of Companies will now be issued electronically under the Digital Signature of the Registrar of Companies.

The Digital Certificates are being developed and will be available for issue by 30th June, 2011 in phased manner.

Yours faithfully,


(Monika Gupta)
Assistant Director

Copy to: All concerned



CS Update

May 24, 2011



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PARTICIPATION BY SHAREHOLDERS IN GENERAL MEETINGS UNDER THE COMPANIES ACT, 1956 THROUGH ELECTRONICS MODE

General Circular No. 27/2011
No 17/95/2011-CL.V
Government of India
Ministry of Corporate Affairs
5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 20.05.2011

All the Regional Directors,
All the Registrar of Companies

Subject: Green Initiative in the Corporate Governance – Participation by shareholders in general meetings under the Companies Act, 1956 through electronic mode.

Sir,

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies after considering sections 2, 4, 5, 13 and 81 of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode.

2. The Ministry has been receiving representations from various Industry bodies to recognize participation by shareholders in meetings under the Companies Act, 1956 through electronic mode.

3. Section 13 of the Information Technology Act, 2000, inter-alia provides time and place of dispatch of notices in electronic mode, which may be applicable for the purpose of notice period provided in the Companies Act, 1956 or in the Article of Association of the company.

4. In the light of the above provisions and circumstances, it is hereby clarified that a shareholder of the company may participate in a general meeting under the provisions of Companies Act, 1956 through electronic mode.

For this purpose, the company shall also comply with the following requirements and procedures, in addition to the normal procedures required under the Companies Act, 1956 for holding general meeting: --

- (a) Electronic mode means video conference facility i.e. audio-visual electronic communication facility employed which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.
- (b) The notice of the meeting must inform shareholders regarding availability of participation through video conference, and provide necessary information to enable shareholders to access the available facility of videoconferencing.
- (c) The Chairman of the meeting and Secretary shall assume the following responsibilities:
 - (i) to safeguard the integrity of the meeting via videoconferencing.
 - (ii) to ensure proper videoconference equipment/facilities.



CS Update

May 24, 2011



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- (iii) to prepare the minutes of the meeting.
- (iv) to ensure that no one other than the concerned shareholder or proxy to the shareholder is attending the meeting through electronic mode.
- (v) If a statement of a participant in the meeting via videoconferencing is interrupted or garbled, the Chairman of the meeting or Secretary shall request for a repeat or reiteration, and if need be, the Chairman or Secretary shall repeat what he heard the participant was saying for confirmation or correction.

5. (a) Section 166 of the Companies Act, 1956 inter-alia provides that a company is required to have its Annual General Meeting either at the registered office of the company or at place within the city, town or the village in which registered office of the company is situated.

(b) Section 174 of the Companies Act, 1956 inter-alia provides that at least five members in case of public company and two members in case of other company have to be personally present and shall be the quorum for the general meeting.

(c) In a general meeting, where shareholders are allowed to participate through electronic mode, the quorum as required under section 174 of the Companies Act, 1956 as well as chairman of the meeting shall have to be physically present at the place of the meeting.

6. To provide larger participation and for curbing the cost borne by the shareholders to attend general meetings, listed companies may provide video conferencing connectivity during such meetings at least five places in India. It is recommended that these places would be situated all over India in such a way that it covers top five States/UTs based on maximum number of members or at least 1000 members, whichever is more, residing as per the address registered with the depositories.

7. In order to have secured electronic platform for capturing accurate electronic voting processes, the necessary clarification has already been issued vide Circular no. 21/2011 dated 02.05.2011.

Yours faithfully,

Monika
24/5/11
(Monika Gupta)
Assistant Director

Copy to: All concerned.



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May 24, 2011



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PARTICIPATION BY DIRECTORS IN MEETINGS OF BOARD/COMMITTEE OF DIRECTORS UNDER THE COMPANIES ACT, 1956 THROUGH ELECTRONICS MODE

General Circular No. 28/2011

No 17/95/2011-CL.V
Government of India
Ministry of Corporate Affairs

5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 20.05.2011

All the Regional Directors,
All the Registrar of Companies

Subject: Green Initiative in the Corporate Governance – Participation by directors in meetings of Board / Committee of directors under the Companies Act, 1956 through electronic mode.

Sir,

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies after considering sections 2, 4, 5, 13 and 81 of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode.

2. The Ministry has been receiving representations from various Industry bodies to recognize participation by directors in meetings of Board / Committee of directors under the Companies Act, 1956 through electronic mode.

3. Section 13 of the Information Technology Act, 2000, inter-alia provides time and place of dispatch of notices in electronic mode, which may be applicable for the purpose of notice period provided in the Companies Act, 1956 or in the Article of Association of the company.

4. In the light of the above provisions and circumstances, it is hereby clarified that directors of a company may participate in a meeting of Board / Committee of directors under the provisions of Companies Act, 1956 through electronic mode.

For this purpose, the company shall also comply with the following requirements and procedures, in addition to the normal procedures required under the Companies Act, 1956 for holding meetings of Board / Committee of directors: --

- (a) Electronic mode means video conference facility i.e. audio-visual electronic communication facility employed which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.
- (b) Every director of the company must attend the meeting of Board/Committee of directors personally at least one meeting a financial year of the company.



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May 24, 2011



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(c) The Chairman of the meeting and Secretary shall assume the following responsibilities:

- (i) to safeguard the integrity of the meeting via videoconferencing.
- (ii) to ensure proper videoconference equipment/facilities.
- (iii) to prepare the minutes of the meeting.
- (iv) to ensure that no one other than the concerned director or other authorized participants are attending the meeting through electronic mode.
- (v) If a statement of a participant in the meeting via videoconferencing is interrupted or garbled, the Chairman or Secretary shall request for a repeat or reiteration, and if need be, the Chairman or Secretary shall repeat what he heard the participant was saying for confirmation or correction.

5(a) The notice of the meeting must inform directors regarding availability of participation through video conference, and provide necessary information to enable directors to access the available facility of videoconferencing.

(b) The notice of the meeting shall also seek confirmation from the director as to whether he will attend the meeting physically or through electronic mode and shall also contain the contact number(s) / e-mail addresses of the Secretary / designated officer to whom the director shall confirm in this regard.

(c) In the absence of any confirmation from the Director, it will be presumed that he will physically attend the Board meeting.

6. At the start of the scheduled meeting through electronic mode, a roll call shall be made by the Chairman/ Secretary. Every director and authorized participant shall state, for the record, the following:-

- i. Full Name
- ii. Location
- iii. that he can completely and clearly see and communicate with each of other participants.
- iv and will ensure that no one other than the concerned director or authorized participant is attending the meeting through electronic mode.

Thereafter, the Chairman/ Secretary shall confirm the participation of the directors in the meeting who are not physically present. After the roll call, the Chairman or Secretary may certify the existence of a quorum.



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May 24, 2011



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It is clarified that a director participating in a meeting through use of video conference shall be counted for the purpose of quorum. A roll call should also be made at the conclusion of the meeting or at re-commencement of the meeting after every break to ensure presence of quorum throughout the meeting.

7. The place where the Chairman or Secretary is sitting during the Board meeting shall be taken as place of meeting in terms of section 288 of the Act, and all recordings will be made at this place. The other statutory registers which are required to be placed in the Board meeting as per the provisions of the Act, shall be placed before the Chairman for compliance of the Act. The statutory registers required to be signed by the other directors shall be deemed to have been signed by directors participating through electronic mode if they have given their consent to this effect in that meeting.

8. If a motion is objected to and there is a need to vote, the Chairman/Secretary should call the roll and note the vote of each director who should identify himself.

9 (a) In the end of the meeting, Chairman of the meeting shall announce the summary of the decisions taken in that meeting in respect of each agenda item and names of the directors who have consented or dissented to those decisions. Video recording of that part of the meeting shall be preserved by the company for one year from the conclusion of that meeting.

(b) In the minutes, chairman shall also confirm the mode of attendance of every director of the company during last three meetings whether personally or through electronic mode.

(c) Draft minutes of the meeting shall be circulated in soft copy not later than 7 days of the meeting for comments/confirmation to the directors who attended the meeting to dispel all doubts on matters taken up during the meeting. Thereafter, the minutes shall be entered in the minute books as prescribed under section 193 of the Act. The minutes shall also disclose the particulars of the Directors who attended the meeting through electronic mode.

Yours faithfully,

Monika
25/5/11
(Monika Gupta)
Assistant Director

Copy to: All concerned.



CS Update

May 24, 2011



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FILING OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN EXTENSIBLE BUSINESS REPORTING LANGUAGE (XBRL) MODE.

General Circular No. 25 /2011

Corrigendum to Circular no. 09/2011 dated 31.03.2011

17/70/2011 –CL.V
Government of India
Ministry of Corporate Affairs
5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated the 12.05.2011

To
All Regional Directors
All Registrar of Companies

Subject: Filing of Balance Sheet and Profit and Loss Account in eXtensible Business Reporting Language(XBRL) mode.

The undersigned is to draw the attention on the Circular No. 9/2011 dated 31.3.2011 of this Ministry on the subject cited above. The following errata has been noticed which is rectified as under:-

2. In the said circular for clauses (i) and (ii) of paragraph 2 under the Heading Coverage in Phase I, the following shall be substituted and read as :-

“(i) All companies listed in India and their subsidiaries, having paid up capital of Rs. 5 Crore and above or a turnover of Rs. 100 crore or above, excluding banking companies, insurance companies, power companies, Non Banking Financial Companies (NBFCs) and overseas subsidiaries of these companies.”


(J.N. Tikku)
Joint Director
Tel. 011-23381295



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General Circular No. 09/2011

17/70/2011 –CL.V
Government of India
Ministry of Corporate Affairs

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated the 31.03.2011

To

All Regional Directors
All Registrar of Companies

Subject: Filing of Balance Sheet and Profit and Loss Account in eXtensible Business Reporting Language(XBRL) mode.

It has been decided by the Ministry of Corporate Affairs to mandate certain class of companies to file balance sheets and profit and loss account for the year 2010-11 onwards by using XBRL taxonomy. The Financial Statements required to be filed in XBRL format would be based upon the Taxonomy on XBRL developed for the existing Schedule VI, as per the existing, (non converged) Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. The said Taxonomy is being hosted on the website of the Ministry at www.mca.gov.in shortly. The **Frequently Asked Questions** (FAQs) about XBRL have been framed by the Ministry and they are being annexed as Annexure I with this circular for the information and easy understanding of the stakeholders.

Coverage in Phase I

2. The following class of companies have to file the Financial Statements in XBRL Form only from the year 2010-2011 :-

(i) All companies listed in India and their subsidiaries, including overseas subsidiaries;

(ii) All companies having a paid up capital of Rs. 5 Crore and above or a Turnover of Rs 100 crore or above .

Additional Fee Exemption

3. All companies falling in Phase -I are permitted to file upto 30-09-2011 without any additional filing fee.

Training Requirement

4. Stakeholders desirous to have training on the XBRL or on taxonomy related issues, may contact the persons as mentioned in Annexure II.

(J.N. Tikku)

Joint Director
Tel: 011-23381295



CS Update

May 24, 2011

Annexure I

Frequently Asked Questions

1. What is XBRL?

XBRL is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. XBRL stands for eXtensible Business Reporting Language. It is already being put to practical use in a number of countries and implementations of XBRL are growing rapidly around the world.

2. Who developed XBRL?

XBRL is an open, royalty-free software specification developed through a process of collaboration between accountants and technologists from all over the world. Together, they formed XBRL International which is now made up of over 650 members, which includes global companies, accounting, technology, government and financial services bodies. XBRL is and will remain an open specification based on XML that is being incorporated into many accounting and analytical software tools and applications.

3. What are the advantages of XBRL?

XBRL offers major benefits at all stages of business reporting and analysis. The benefits are seen in automation, cost saving, faster, more reliable and more accurate handling of data, improved analysis and in better quality of information and decision making. XBRL enables producers and consumers of financial data to switch resources away from costly manual processes, typically involving time-consuming comparison, assembly and re-entry of data. They are able to concentrate effort on analysis, aided by software which can validate and process XBRL information. XBRL is a flexible language, which is intended to support all current aspects of reporting in different countries and industries. Its extensible nature means that it can be adjusted to meet particular business requirements, even at the individual organization level.

4. Who can benefit from using XBRL?

All types of organizations can use XBRL to save costs and improve efficiency in handling business and financial information. Because XBRL is extensible and flexible, it can be adapted to a wide variety of different requirements. All participants in the financial information supply chain can benefit, whether they are preparers, transmitters or users of business data.

5. What is the future of XBRL?

XBRL is set to become the standard way of recording, storing and transmitting business financial information. It is capable of use throughout the world, whatever the language of the country concerned, for a wide variety of business purposes. It will deliver major cost savings and gains in efficiency, improving processes in companies, governments and other organisations.

6. Does XBRL benefit the comparability of financial statements?



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XBRL benefits comparability by helping to identify data which is genuinely alike and distinguishing information which is not comparable. Computers can process this information and populate both pre defined and customised reports.

7. Does XBRL cause a change in accounting standards?

No. XBRL is simply a language for information. It must accurately reflect data reported under different standards – it does not change them.

8. What are the benefits to a company from putting its financial statements into XBRL?

XBRL increases the usability of financial statement information. The need to re-key financial data for analytical and other purposes can be eliminated. By presenting its statements in XBRL, a company can benefit investors and other stakeholders and enhance its profile. It will also meet the requirements of regulators, lenders and others consumers of financial information, who are increasingly demanding reporting in XBRL. This will improve business relations and lead to a range of benefits.

With full adoption of XBRL, companies can automate data collection. For example, data from different company divisions with different accounting systems can be assembled quickly, cheaply and efficiently. Once data is gathered in XBRL, different types of reports using varying subsets of the data can be produced with minimum effort. A company finance division, for example, could quickly and reliably generate internal management reports, financial statements for publication, tax and other regulatory filings, as well as credit reports for lenders. Not only can data handling be automated, removing time-consuming, error-prone processes, but the data can be checked by software for accuracy.

9. How does XBRL work?

XBRL makes the data readable, with the help of two documents – Taxonomy and instance document. Taxonomy defines the elements and their relationships based on the regulatory requirements. Using the taxonomy prescribed by the regulators, companies need to map their reports, and generate a valid XBRL instance document. The process of mapping means matching the concepts as reported by the company to the corresponding element in the taxonomy. In addition to assigning XBRL tag from taxonomy, information like unit of measurement, period of data, scale of reporting etc., needs to be included in the instance document.

10. How do companies create statements in XBRL?

There are a number of ways to create financial statements in XBRL:

XBRL-aware accounting software products are becoming available which will support the export of data in XBRL form. These tools allow users to map charts of accounts and other structures to XBRL tags.

Statements can be mapped into XBRL using XBRL software tools designed for this purpose

Data from accounting databases can be extracted in XBRL format. It is not strictly necessary for an accounting software vendor to use XBRL; third party products can achieve the transformation of the data to XBRL.



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Applications can transform data in particular formats into XBRL. The route which an individual company may take will depend on its requirements and the accounting software and systems it currently uses, among other factors.

11. Is India a member of XBRL International?

India is now an established jurisdiction of XBRL International. A separate company, under section 25 has been created, to manage the operations of XBRL India. The main objectives of XBRL India are

- To create awareness about XBRL in India
- To develop and maintain Indian Taxonomies
- To help companies, adopt and implement XBRL.

For more information, visit www.xbrl.org/in

12. Which taxonomies developed for Indian reporting requirements? Where can I find the taxonomies?

Taxonomies for Indian companies are developed based on the requirements of

- Schedule VI of Companies Act,
- Accounting Standards, issued by ICAI
- SEBI Listing requirements.

Taxonomies for Manufacturing and service sector (referred as Commercial and Industrial, or C&I) and Banking sector, is acknowledged by XBRL International. These taxonomies are available at <http://www.xbrl.org/in/>

13. Where can I find more information about XBRL?

Please visit www.xbrl.org . Also Ministry of Corporate Affairs would be shortly developing its webpage on XBRL with list of contact persons for training purposes.

14. What are XBRL Documents?

An XBRL document comprises the taxonomy and the instance document. Taxonomy contains description and classification of business & financial terms, while the instance document is made up of the actual facts and figures. Taxonomy and Instance document together make up the XBRL documents.

15. What is Taxonomy?

Taxonomy can be referred as an electronic dictionary of the reporting concepts. Taxonomy consists of all the data definitions, the basic XBRL properties and the interrelationships amongst the concepts. It includes terms such as net income, EPS, cash, etc. Each term has specific attributes that help define it, including label and definition and potentially references. Taxonomies may represent hundreds or even thousands of individual business reporting concepts, mathematical and definitional relationships among them, along with text labels in multiple languages, references to authoritative literature, and information about how to display each concept to a user.

16. What is meant by extending taxonomy?



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Taxonomy is extended to accommodate items/relationship specific to the owner of the information. Taxonomy extension therefore can be

- a) Modification in the existing relationships
- b) Addition of new elements in the taxonomy
- c) Combination both a & b

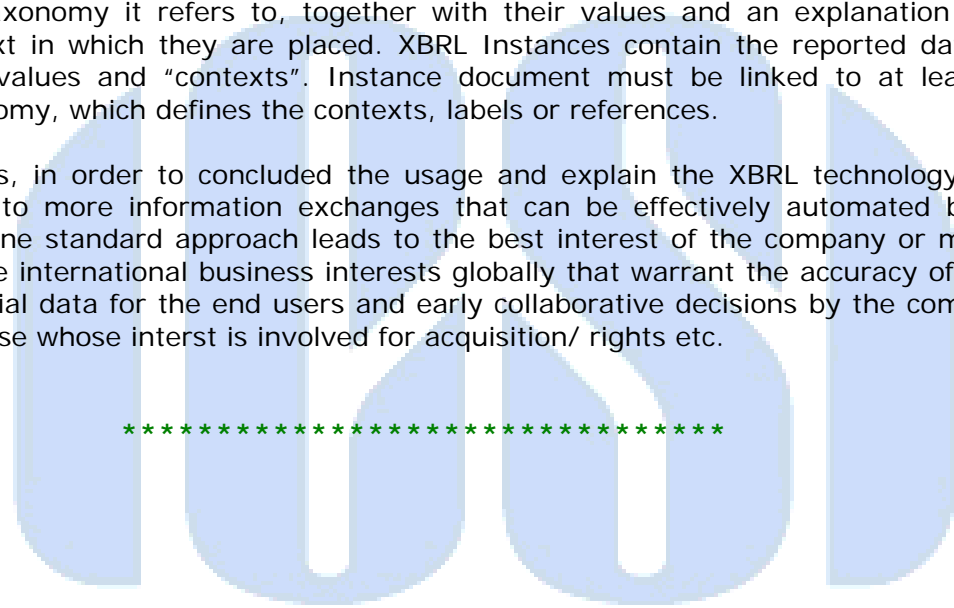
17. Are Taxonomies based on any standards?

Yes, taxonomies are based on the regulatory requirements and standards which are to be followed by the companies. Accordingly, depending on the requirements of every country, there can be country-specific taxonomies.

18. What is an Instance document?

An XBRL instance document is a business report in an electronic format created according to the rules of XBRL. It contains facts that are defined by the elements in the taxonomy it refers to, together with their values and an explanation of the context in which they are placed. XBRL Instances contain the reported data with their values and "contexts". Instance document must be linked to at least one taxonomy, which defines the contexts, labels or references.

Thus, in order to concluded the usage and explain the XBRL technology which leads to more information exchanges that can be effectively automated by use. This one standard approach leads to the best interest of the company or more so for the international business interests globally that warrant the accuracy of all the financial data for the end users and early collaborative decisions by the companies or those whose interst is involved for acquisition/ rights etc.





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RBI UPDATE





FORWARD COVER FOR FOREIGN INSTITUTIONAL INVESTORS – REBOOKING OF CANCELLED CONTRACTS

RBI/2010-11/538
A. P. (DIR Series) Circular No. 67

May 20, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Forward cover for Foreign Institutional Investors – Rebooking of cancelled contracts

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to Regulation 5 of [Notification No.FEMA.25/RB-2000 dated May 3, 2000](#), as amended from time to time regarding the permission to a person resident outside India to enter into a foreign exchange derivative contract, read with [A. P. \(DIR Series\) Circular No.32 dated December 28, 2010](#) in the matter.

2. Currently, in terms of Section C (i) (d) of the [A. P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#), Foreign Institutional Investors (FIIs) are permitted to cancel and rebook upto two percent of the market value of the portfolio as at the beginning of the financial year. On a review, it has been decided to enhance the existing limit of two per cent as above to ten per cent with immediate effect. Other operational guidelines as also terms and conditions of the circular shall remain unchanged.

3. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-In-Charge



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CS Update

May 24, 2011



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HEDGING IPO FLOWS BY FOREIGN INSTITUTIONAL INVESTORS (FIIS) UNDER THE ASBA MECHANISM

RBI/2010-11/539

A.P. (DIR Series) Circular No. 68

May 20, 2011

To

All Authorised Dealer - Category I banks

Madam / Sir

Hedging IPO flows by Foreign Institutional Investors (FIIs) under the ASBA mechanism

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#), which delineates the guidelines governing foreign exchange derivative contracts. As per the extant guidelines, Foreign Institutional Investors (FIIs) are allowed to hedge the currency risk on the market value of entire investment in equity and/or debt in India as on a particular date using forward foreign exchange contracts with rupee as one of the currencies and foreign currency-INR options.

2. On a review it has been decided that for Initial Public Offers(IPO) related transient capital flows under the Application Supported by Blocked Amount(ASBA) mechanism, foreign currency-rupee swaps may be permitted to the FIIs subject to the following terms and conditions:

- i. FIIs can undertake foreign currency- rupee swaps only for hedging the flows relating to the IPO under the ASBA mechanism.
- ii. The amount of the swap should not exceed the amount proposed to be invested in the IPO.
- iii. The tenor of the swap should not exceed 30 days.
- iv. The contracts, once cancelled, cannot be rebooked. Rollovers under this scheme will also not be permitted.

3. The necessary amendments to [Notification No. FEMA.25/RB-2000 dated May 3, 2000](#) [Foreign Exchange Management (Foreign Exchange Derivatives Contracts) Regulations, 2000] are being notified separately.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions /approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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May 24, 2011



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SEBI UPDATE





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OPTION TO HOLD UNITS IN DEMAT FORM

CIRCULAR

CIR/IMD/DF/9/2011

May 19, 2011

All Mutual Funds/Asset Management Companies

Sir/Madam,

Sub: Option to hold units in demat form.

1. In terms of SEBI Circular CIR/IMD/DF/10/2010, dated August 18, 2010, on transferability of Mutual Fund units, all AMCs were advised to clarify by way of an addendum that units of all Mutual Fund schemes held in demat form shall be fully transferable. It has been observed that in their close ended schemes, many mutual funds provide an option to hold units either in physical or in demat form, but offer no such option in case of open ended schemes. In order to facilitate investors, Mutual Funds should provide an option to the investors to receive allotment of Mutual Fund units in their demat account while subscribing to any scheme (open ended/close ended/Interval). Therefore Mutual Funds/AMCs are advised to invariably provide an option to the investors to mention demat account details in the subscription form, in case they desire to hold units in demat form.

2. Mutual Funds/AMCs shall ensure that above mentioned option is provided to the investors in all their schemes (existing and new) from October 01, 2011 onwards.

3. It has also been observed that often investors' request for dematerializing their units is rejected as Depository Participants are not having/ or having incorrect ISIN of each option of the scheme. In this regard, Mutual Funds/AMCs are advised to obtain ISIN for each option of the scheme and quote the respective ISIN along with the name of the scheme, in all Statement of Account/Common Account Statement (CAS) issued to the investors from October 01, 2011 onwards.

4. This circular is issued in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of regulation 77 of SEBI (Mutual Funds) Regulations, 1996 to protect the interests of Investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully,

RAKESH BHANOT
Deputy General Manager
Tel no. 022-26449361
Email-rakeshb@sebi.gov.in





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May 24, 2011



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TAX LAW UPDATE





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SEZ – SERVICE TAX REFUND

Circular No.142/11/2011 - ST

F. No.354 /30 /2011-TRU
 Government of India
 Ministry of Finance
 Department of Revenue
 Central Board of Excise and Customs
 Tax Research Unit
 North Block, New Delhi

18th May 2011

To

Chief Commissioners of Central Excise and Service Tax (All),
 Director General (Service Tax),
 Director General (Central Excise Intelligence),
 Director General (Audit),
 Commissioners of Service Tax (All),
 Commissioners of Central Excise and Service Tax (All).

Madam/Sir,

Subject: SEZ – Service Tax Refund -- regarding.

Subsequent to the issuance of Notification 17/2011-ST dated 01. 03. 2011, representations have been received seeking clarification on certain doubts. These doubts and clarifications are as follows:

	QUESTIONS	CLARIFICATIONS
1.	To claim the refund arising out of service tax paid under section 66A, no proforma is prescribed in the notification; how to claim it?	In the notification, there is no difference in treatment of service tax paid under section 66 and section 66A of Finance Act, 1994. Where refund arises, Table – A, in Form A-2 can be used for making a refund claim.
2.	(i) In the notification, what is the treatment for service tax paid on taxable services which do not fall in the category of “wholly consumed services”, and also are not ‘shared services’ ? Is refund available? (ii) Whether in the case of category (iii) services referred in paragraph 2(a) of the notification, ‘proportionate refund’ applies to only ‘shared services’ i.e. services that are used both for SEZ (Special Economic Zone) authorised operations as well as DTA (Domestic Tariff Area) operations?	All taxable services (under section 66 or section 66A) received by a SEZ Unit/Developer for the authorised operations, have been exempted in the first paragraph of notification 17/2011-ST, subject to conditions. In Paragraph 2, conditions attached to this exemption are prescribed. In terms of paragraph 2(a), refund route is the default option for all who intend to claim the exemption granted by the notification in its first paragraph. However, an exception is provided in the form of <i>ab initio</i> (upfront) exemption, to the ‘wholly consumed’ services. Services which fall outside the definition of ‘wholly consumed’ services can be categorized as those which are used exclusively by the SEZ Unit/Developer, for the authorised operations in SEZ or shared with DTA operations. Para 2(d) of the notification is applicable



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May 24, 2011



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		<p>to refund arising from 'shared services' only. Thus exemption to services exclusively used for the authorised operations of SEZ Unit/Developer, will continue to be available by way of refund, as specified in paragraph 2(a) itself, subject to other conditions. To claim this refund, Table-A, provided in Form A-2 may be used.</p> <p>It is clarified that only such services shall be considered as exclusively used by SEZ Unit/Developer, for the authorised operations, as they satisfy the following criteria:</p> <p>(i) Invoice is raised in the name of the SEZ Unit/Developer or in the invoice, it is mentioned that the taxable services are supplied to the SEZ Unit/Developer for the authorised operations;</p> <p>(ii) Such services are approved by the 'Unit Approval Committee(UAC)', as required for the authorised operations;</p> <p>(iii) Receipt and use of such services in the authorised operations are accounted for in the books of accounts of the SEZ Unit/Developer.</p>
3.	<p>Meaning of the expression '<u>who does not own or carry on any business other than the operations in the SEZ</u>' appearing in paragraph 2(a)(iii) of the notification, which creates a difference between 'standalone' and 'non-standalone' SEZ Unit/Developer, may be clarified.</p>	<p>The expression refers to an entity which is carrying out business operations in SEZ and also DTA. Merely having an office in the DTA for purpose of liaison/business promotion, does not restrict a SEZ Unit from availing benefit extended to a standalone unit.</p>
4.	<p>Whether Approval by UAC is necessary, to claim benefit under the notification?</p>	<p>Yes. Unit Approval Committee (UAC) of the SEZ determines goods and services required for the authorised operations of a Unit/Developer, under the SEZ law. Hence approval of the UAC is necessary for availing the notification benefit, on the taxable services.</p>
5.	<p>(i) Does condition (c) prescribed in paragraph 2 of the notification, restrict the non-standalone Units/Developers, from availing upfront exemption for wholly consumed services, which fall under category (i) and (ii) of para 2(a) of the notification?</p> <p>(ii) For whom and for what purpose, Declaration in A-1 is required?</p>	<p>In respect of category (i) and (ii) services listed in paragraph 2(a), upfront exemption is made available to all SEZ Units/Developers, who fulfill the conditions of notification; only in the case of category (iii), difference is created between standalone and non-standalone SEZ Units/Developers.</p> <p>Declaration in Form A-1 is required to be produced, to a service provider, to claim upfront exemption (after striking out the inapplicable portion). This is a one-time Declaration. Original Declaration can be retained with the SEZ Unit/Developer for business record or for production to the jurisdictional Central Excise/Service Tax authorities, if need be, for any verification; a</p>



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May 24, 2011



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		copy has to be retained by SEZ Specified Officer; self-attested photocopies of the Declaration can be submitted to service provider to avail upfront exemption, subject to fulfillment of other conditions mentioned in the notification.
6.	Meaning of the expression "total turnover" found in paragraph 2(d) of the notification is not clear: whether it refers to turnover of SEZ Unit or the entity (including DTA and SEZ Unit). This may be clarified.	Total turnover includes turnover of DTA Unit and also export turnover of SEZ Unit. This is the way to calculate proportionate refund. Table-C in Form A-2, illustrates this aspect.
7.	A Developer may not have export turnover; therefore, he cannot get refund of service tax based on the formula provided for shared services in paragraph 2(d) of the notification: therefore, it may be explained how a Developer can claim exemption under the notification?	Generally, SEZ Developers will be using category (i) services listed in paragraph 2(a), relating to immovable property located within SEZ; upfront exemption is available for these services, and category (ii) services, irrespective of whether the Developer is standalone or not. As another option, refund route is also available. In the case of category (iii) services if Developer is standalone, upfront exemption is available. If Developer is not standalone, on service tax paid on category (iii) services, which are exclusively used for the authorised operations in SEZ, he can avail exemption through refund route. 'Exclusive use' explained in clarification for question No.2. may also be referred in this connection.
8.	Whether proportionate amount of service tax paid on shared services that have not been refunded after applying the formula in paragraph 2(d), shall be available to the DTA Units of the entity as cenvat credit?	Yes. Available.
9.	Whether consolidated refund claim under 17/2011-ST can be filed by an entity having more than one SEZ unit and a centralized service tax registration.	If an entity is having multiple SEZ Units with a centralized service tax registration, consolidated refund claim can be filed, provided separate accounts are maintained for receipt and use of services for the authorised operations in SEZ Unit.
10.	Whether certified copies of invoices can be used for claiming refund, if originals are needed for other statutory purpose; Whether on the basis of single invoice, one can claim proportionate refund for SEZ Unit and balance as cenvat credit	In terms of the notification, original invoices are needed for claiming refund; after receiving the refund, originals can be taken back on submission of copies certified by Chartered Accountant. On a single invoice, if proportionate refund (by SEZ Unit) and cenvat credit (by DTA Unit) needs to be obtained, then also similar system shall be followed.

- Trade Notice/Public Notice may be issued.
- Field formations may be informed accordingly. Hindi version to follow.

(J. M. Kennedy)
Director, TRU
Tel: 011-23092634



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May 24, 2011



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DIPP UPDATE





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PRESS NOTE NO. 1 (2011 SERIES)

Review of the policy on Foreign Direct Investment- Allowing FDI in Limited Liability Partnership firms-amendment to paragraphs 2.1, 3.3.5 and 3.3.6 of 'Circular 1 of 2011-Consolidated FDI Policy'

To view the circular log on to:

http://siadipp.nic.in/policy/changes/pn1_2011.pdf

