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## CS Update

November 29, 2011

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PREVIOUS ISSUES OF CS UPDATE ARE AVAILABLE AT THE FOLLOWING LINK:

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

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# FROM ICS



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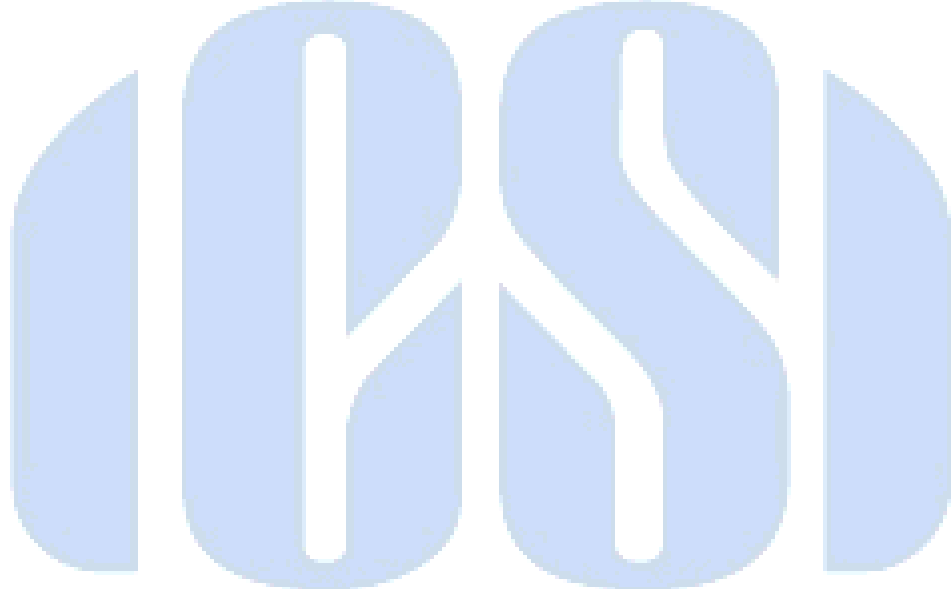


## FAQ ON PEER REVIEW

Details can be accessed at:

<http://www.icsi.edu/WebModules/LinksOfWeeks/FAQ-PRB.pdf>

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**EXCLUSIVE OFFER FOR ICSI MEMBERS FROM PROJECT MANAGEMENT ASSOCIATES (PMA) FOR ATTENDING 19<sup>th</sup> GLOBAL SYMPOSIUM- 2011 OF PMA at a special discounted fee (62.5% discount)**

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**Festival of Thinkers and Doers**

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### Festival of Thinkers and Doers December 5-6-7, 2011

#### Three Day Program for Global Symposium 2011



Day 3: (Dec. 7) 1630 - 1730 hrs.  
**Special Address**  
Dr. A P J Abdul Kalam  
Former President of India











Day 1: (Dec. 5) 1230 to 1330 hrs.  
**Inaugural Address**  
Shri M M Pallam Raju  
Minister of State for Defence  
Government of India

#### Day 1 (Dec. 5, 2011) Monday

- 0930 - 1030  Dr. A S Pillai  
MD & CEO, BrahMos Aerospace  
*"Networking core competencies"*
- 1100 - 1145  N K Bharali, Director (HR), Oil India Ltd.  
*"Managing human resource - a challenge"*
- 1145 - 1230  Dr. Nitish Sengupta, Chairman, Board for  
Reconstruction of Public Sector Enterprises  
*"Metamorphosis: turnaround stories of Central  
Public Sector Enterprises"*
- 1430 - 1620  
**Panel Session 1**  
*"Evolving Integrated Energy Resource Planning"*
-  Arup Roy Choudhury  
CMD, NTPC Ltd.  H D Khunteta  
CMD, REC Ltd.
-  Rakesh Sarin  
MD, Wartsila
- 1650 - 1730  Sanjeev Gupta  
Founder & CEO, Realization, USA  
*"Critical Chain - a new paradigm in PM"*

#### Day 2 (Dec. 6, 2011) Tuesday

- 0930 - 1030  Adesh Jain, Chairman, I2P2M &  
National President, PMA  
*"Awakening project consciousness"*
- 1100 - 1145  Dr. Koji Ota, Senior Advisor  
Japan Int'l Cooperation Agency, Japan  
*"Some appraisal of pragmatic management in  
Japanese construction"*
- 1145 - 1230  Dr. Arun Jain, Professor of Strategy, IIM, Lucknow  
*"Realizing corporate vision through project  
management excellence"*
- 1230 - 1315  K Venkataramanan  
President(O) & Member of the Board, L&T  
*"Innovations in project management implementation"*
- 1415 - 1545  
**Panel Session 2**  
*IPMA Project Excellence Award Winners 2011  
- the best projects globally*
-  B P Singh, Director (Projects), NTPC Ltd.  
*"NTPC Dadri- an example of excellence"*
-  V F Correa, Member of the Board & Director  
(Projects), Tecnimont ICB (P) Ltd.  
*Execution of Polypropylene Project, India*
-  V G Rao, Director (Projects), Tecnimont ICB (P) Ltd.  
*"Execution CO, Recovery Project, Baharain"*
- 1615 - 1700  Pankaj Jain  
Additional Secretary, MOSPI  
*"Imperatives of sound project management"*
- 1700 - 1730  Ruchira Jain  
Director, CEPM (P) Ltd.  
*"Assessment tool for PM Knowledge Quotient"*

#### Day 3 (Dec. 7, 2011) Wednesday

- 0930 - 1015  Dr. G S Krishnan, Program Executive  
Office of Chief Engineer, NASA  
*"Capture and implementation of lessons learnt"*
- 1015 - 1100  Peter Cox, former Chairman  
Int'l Cost Engg. Council  
*"Cost management - the key"*
- 1130 - 1215  Sven Schmedes, Managing Director  
German Project Management India (P) Ltd.  
*"Best practices in project management"*
- 1215 - 1300  Dr. Ashutosh Karnatak  
ED (Projects)  Asim Prasad  
Chief Manager  
*Execution of Vijaipur Dadri Bawana Pipeline  
- a Case Study*
- 1400 - 1545  
**Panel Session 3**  
*Education, Qualification & Competencies*
-  Chairman  
Dr. R C Panda  
Member, CAT  S K Roongta  
Dy. Chairman  
Vedanta Group
-  Satnam Singh  
CMD, PFC  Prof. Santanu Roy  
Professor  
IMT, Ghaziabad
-  Prof. K K Aggarwal, Former President,  
South East Asia Regional Computer Confederation
- 1730  
**Award of CEPM-PMA Honorary Fellowships**
-  N M Borah  
Chairman & MD  
Oil India Ltd.  Dr. S K Jain,  
Chairman & MD  
NPCIL
-  B Muthuraman  
Vice Chairman  
Tata Steel  L Madhusudhan Rao  
Executive Chairman  
Lanco Infratech Ltd.
-  Sudhir Vasudeva  
Chairman & MD  
ONGC Ltd.

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To strengthen economy, it is imperative for persons to be certified in project management discipline. Today, there are over 6000 professionals with Certificate In Project Management (CIPM) credential. Considering Value For Money (VFM), CIPM is at the top of the list.



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<b>Introduction</b>	<p>Project Management Associates(PMA) established in 1993, is the only not-for-profit association with objective of propagating project management ideas and practices in India, to create awareness amongst all the stakeholders the imperatives of sound project management methodology as the backbone for the growth of society, to conduct examinations or tests in one or more aspects of project management and to promote certification in the field of project management.</p> <p>PMA has made tremendous strides in creating a massive awareness amongst CEO's, practicing managers &amp; academia regarding the importance of balancing time, cost &amp; scope with quality built-in and meeting the diversified expectations of various stakeholders.</p>	
<b>Day, Date &amp; Timing</b>	<p>Monday, December 5, 2011 from 09.30 a.m to 05.30 p.m <b>followed by Dinner</b> Tuesday, December 6, 2011 from 09.30 a.m to 05.30 p.m Wednesday, December 7, 2011 from 09.30 a.m to 05.30 p.m</p>	
<b>Venue</b>	Hotel Le Meridien, New Delhi, India	
<b>Fees</b>	<p>Others <b>Members of ICSI</b></p>	<p>Rs. 16000/- per participant <b>Rs. 6000/- per participant (62.5% discount)</b></p>
<b>For Registration please Contact</b>	<p>(Fee does not include travel and hotel accommodation)</p> <p>Mr. Adesh Jain, Programme Director, GS-2011 and Honorary President, Project Management Associates A - 48, Sector 5, Noida - 201 301, India Tel.: (91-120) 242 0444, 242 1757, 242 0463 Cell: +91 9999684621 Fax: (91-120) 242 1482, 242 1484 Email: gs@pma-india.org or info@pma-india.org Website: www.pma-india.org or www.cepm.com</p>	



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- Adesh Jain, Director Incharge, Centre for Excellence in Project Management

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5-6-7 December 2011, Hotel Le Meridien, New Delhi, India

### Delegate Registration Form

SN	Name	Designation
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____

(for more nominations, please make photocopies of this form)

Company Name : \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Country \_\_\_\_\_ Pin: \_\_\_\_\_

Tel.: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Enclosed Cheque/Draft No. \_\_\_\_\_ Date \_\_\_\_\_ for Rs. \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

**Note:** For registration fee please refer to the Global Symposium 2011 brochure.

#### Venue/Time/Dates

Hotel Le Meridien

9.30 am - 5.30 pm, 5-6-7 December 2011

Symposium Banquet on 6 December 2011 at India International Centre from 7.30 pm to 10 pm

**For more details write to:**

Adesh Jain, Programme Director, Global Symposium 2011  
A-48, Sector-5, Noida 201301, India  
Tel: (+91 120) 242 1757, 242 3550, Cell: 9999684621 Fax: (+91 120) 242 1484, 242 1482  
Email: gs@pma-india.org or info@pma-india.org Web: www.cepm.com or www.pma-india.org



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## GUIDELINES FOR PEER REVIEW OF ATTESTATION SERVICES BY THE PRACTISING COMPANY SECRETARIES

रजिस्ट्री सं० डी० एल०-33004/99

REGD. NO. D. L.-33004/99



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NEW DELHI, TUESDAY, OCTOBER 18, 2011/ASVINA 26, 1933

THE INSTITUTE OF COMPANY SECRETARIES OF INDIA  
In pursuit of Professional Excellence  
"Statutory Body under an Act of Parliament"

### NOTIFICATION

New Delhi, the 17th October, 2011

**ICSI No. 1 of October, 2011.**— The Council of the Institute of Company Secretaries of India pursuant to the Company Secretaries Act, 1980, as amended by the Company Secretaries (Amendment) Act, 2006 has issued the following Guidelines for Peer Review of Attestation Services by the Practising Company Secretaries, namely: -

#### 1. Introduction

The Company Secretaries Act, 1980 (the Act) was enacted to make provision for the regulation and development of the profession of Company Secretaries, the Institute of Company Secretaries of India set up under the said Act has been conducting examinations and prescribing standards for adherence by its members. The concept of whole-time practice, which gained its initial recognition in 1988, has gained momentum after the enactment of the Companies (Amendment) Act, 2000 which required Compliance Certificate to be issued by Practising Company Secretary for certain size of companies. Our members in practice are also being recognised for issuing certificates under various laws.

Excellence is the hallmark of success in a competitive environment. The performance can be judged and enhanced to that level of excellence only by evaluation by a competent professional. The Council of the Institute,



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therefore, decided to introduce Peer Review for Practising Company Secretaries to periodically review the PCS firms and evaluate the quality, sufficiency of systems, procedures and practices, so that excellence in their performance is maintained.

The Council of the Institute has been constituted under the Company Secretaries Act, 1980 for discharging the functions assigned to the Institute under the Act. Section 15 of the Act provides that "the duties of carrying out the provisions of this Act shall be vested in the Council" and enumerates various duties of the Council. With a view to regulate the profession of Company Secretaries and in terms of the powers vested, the Council is thus authorised to issue these guidelines for Peer Review. These guidelines serve as a mechanism intended to further enhance the quality of professional work of Practising Company Secretaries over a period of time, thereby ensuring that the profession of Company Secretaries continues to serve the society in the manner envisaged.

## 2. Objectives

2.1 The main objective of Peer Review is to ensure that in carrying out their attestation services and professional assignments, the PCS (a) comply with the Technical Standards laid down by the Institute and (b) have in place proper systems (including documentation systems) for maintaining the quality of the attestation services work they perform. The Council has specified in these guidelines for Peer Review, the Technical Standards in relation to which peer review is to be carried out. Peer review does not seek to redefine the scope and authority of the Technical Standards specified by the Council but seeks to enforce them within the parameters prescribed by the Technical Standards.

2.2 Peer Review is directed towards maintenance as well as enhancement of quality of attestation services and to provide guidance to members to improve their performance and adhere to various statutory and other regulatory requirements. Essentially, through a review of attestation services engagement records, peer review identifies the areas where a practising member may require guidance in improving the quality of his performance and adherence to various requirements as per applicable technical Standards.

2.3 These guidelines provide a framework of the Peer Review process and the requirements of what is expected of a member during the conduct of a peer review.

2.4 These guidelines may be called the "Guidelines for Peer Review of Attestation Services by Practising Company Secretaries".

2.5 These guidelines shall be applicable w.e.f. 1st October, 2011.

## 3 . Key Definitions - For the purpose of these guidelines,

3.1 *Attestation Services* - Means services involving the secretarial audit issuing of various certificates, but does not include:



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- Management consulting Engagement;
- Representing a client before the Authorities;
- Testifying as expert witness; and
- Providing expert opinion on points of principle, such as secretarial standards or the applicability of certain laws, on the basis of facts provided by the client,
- The phrase 'Attestation Services' is used in these guidelines interchangeably with secretarial or compliance audit Services, Attestation Functions and secretarial audit functions.

3.2 *Member* - Means a member of the Institute of Company Secretaries of India.

3.3 *Practice Unit* - Means members in practice, whether practicing individually or a firm of Company Secretaries.

3.4 *Peer Review* - Means an examination and review of the systems, procedures and practices to determine whether they have been put in place by the practice unit for ensuring the quality of attestation services as envisaged and implied/ mandated by the Technical Standards and whether these were effective or not during the period under review.

3.5 *Peer Review Board* - Means a Board established by the Council in terms of these Guidelines to conduct peer review. The expression "Peer Review Board" is hereinafter referred to as "Board".

3.6 *Regulator* - Means Government or any regulatory body constituted by the Parliament or State Legislature who is/are empowered to regulate the Acts which include various attestation services which the Council may, from time to time, prescribe to cover as attestation services for the purpose of peer review.

3.7 *Reviewer* - Means any member engaged to carry out peer review of practice unit from the panel of reviewers. –

3.8 *Technical Standards* - Mean and include:

- Secretarial Standards issued by the Institute of Company Secretaries of India, wherever mandatory;
- Guidance Notes on Secretarial Standards issued by the Institute of Company Secretaries of India;
- Compliance of the Guidance Notes issued by the Institute of Company Secretaries of India;
- Notifications/Directions issued by the Council of Institute of Company Secretaries of India; and
- Compliance of the provisions of the various relevant Statutes and/or Regulations, which are applicable in the context of the specific engagements being reviewed.

3.9 *Qualified Assistant* - means a person assisting the reviewer for carrying out peer review, who is a member of the Institute and has undergone adequate training in the manner considered appropriate by the Board in terms of clause 15.1 of the Guidelines.



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3.10 Words and expressions used and not defined in these guidelines shall have the meanings assigned to them under the Company Secretaries Act, 1980 and the Company Secretaries Regulations, 1982 framed thereunder.

#### 4. Authority of the Guidelines on Peer Review

4.1 The guidelines on Peer Review shall apply to all or any of the following cases :

- (a) Whenever a peer review is mandated
- (b) Whenever a peer review is requested
- (c) Whenever peer review is conducted.

4.2 The Guidelines on Peer Review are issued in relation to conduct of members in attestation services;

- to promulgate an appropriate mechanism for ensuring the quality of attestation services and guide the members to conduct themselves in a manner that the Council considers appropriate;
- to provide guidance in relation to the statutory powers and obligations with respect to the parties involved in peer review;
- to prescribe the scope of peer review and the procedures to be adopted during the conduct of a peer review: and
- to establish the expected conduct of members during a peer review.

#### 5. Powers of the Council

- To constitute the Board and to fill in the vacancies arising in the Board from time to time.
- To decide upon, from time to time, the Technical Standards the implementation of which fall within the purview of the peer review process.
- To refer such matters to the Board as the Council may deem fit.

#### 6. Peer Review Board

##### 6.1 Establishment and Appointment

- (1) The Board shall be established by the Council.
- (2) The Board shall consist of a maximum of seven members to be appointed by the Council, of whom at least four shall be from amongst the Members of the Council.
- (3) The balance members of the Board shall be drawn from amongst prominent members of high integrity and reputation, including but not limited to former public officials, regulatory authorities etc.
- (4) The Council shall appoint the Chairman and the Vice-Chairman from amongst the Members of the Council.
- (5) At least one-half of Council Members on the Board shall hold Certificate of Practice.
- (6) The tenure of the Peer Review Board shall be co-terminus with the tenure of the Council and the term of a member shall be for such period as may be prescribed by the Council.
- (7) Any vacancy(ies) on the Board shall be filled in by the Council.
- (8) Members of the Disciplinary Committee of the Institute of Company Secretaries of India shall not concurrently serve on the Board.



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## 6.2 Meetings

- (1) No business shall be transacted at a meeting of the Board unless there are present at least three members, including the Chairman or in his absence, the Vice-Chairman,
- (2) If there is no quorum within half an hour of the time fixed for the meeting, the meeting shall stand adjourned to a date, time and place fixed by the Chairman or in his absence, the Vice-Chairman.
- (3) The Board shall meet not less than four times in a year.

## 6.3 Reporting

The Board shall submit proceedings of the meeting of the Board within 30 days from the date of the meeting to the Council.

## 7. Scope of Peer Review

7.1 The peer review process is directed at the attestation services of a practice unit.

- (1) Once a practice unit is selected for review, its attestation engagement records pertaining to the immediately preceding financial year shall be subjected to review. Provided that the records of attestation services relating to years prior to the financial year beginning 1.04.2004 shall not be subjected to review.
- (2) The Review shall focus on:
  - (i) Compliance with Technical Standards.
  - (ii) Quality of Reporting.
  - (iii) Office systems and procedures with regard to compliance of attestation services systems and procedures.
  - (iv) Training Programs for staff (including apprentices) concerned with attestation functions, including appropriate infrastructure.

## 8. Powers of the Board

8.1 The duty of carrying out the provisions of these guidelines shall be vested in the Board.

8.2 In particular, and without prejudice to the generality, of the foregoing powers, the duties of the Board shall include:

- (1) To call for information from practice units in such form as it deem fit.
- (2) To maintain a panel of Reviewers.
- (3) To define the terms of appointment of the reviewers.
- (4) To send a Panel of at least three reviewers (from the Board's own panel) to the practice unit and allow the practice unit to choose any one reviewer from the panel so forwarded to it: Provided that in case the practice unit would like to have reviewers from another State/Region (and undertakes to bear the extra costs that would be incurred for TA/DA etc.) and none of the reviewers as identified by the Board for the practice unit are from outside the place of business of the practice unit, then the practice unit may make a special request to the Board to provide names of reviewers from outside the State/Region where the practice unit has his place of business.



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- (5) To examine the aspects of basis of selection of records pertaining to the attestation services in terms of the appropriate Technical Standards.
- (6) To arrange for such training programs for reviewers as may be deemed appropriate;
- (7) To prescribe the system, practice and procedure to be observed in relation to peer reviews; and
- (8) On considering the Report of a reviewer, to do any or all of the following:
  - (a) To issue recommendations to the practice unit;
  - (b) To order a further peer review to be carried out;
- (9) After considering the report of the reviewer and compliance of recommendations by the Practice Unit, wherever deemed appropriate by the Board, to issue Peer Review Certificate.
- (10) To guide the members on best practices on peer review.

8.3 Where deemed appropriate, after the conclusion of a cycle of reviews or at the end of each such period as may be determined, the Board shall have the powers to make a Special Report to the Council on:

- (i) General issues regarding the level of implementation and adherence to Technical Standards amongst practice units.
- (ii) Its own suggestions for further improvement in quality of attestation services.

8.4 The Board may perform any other thing or act as may be incidental to, or which it considers necessary or expedient for the performance of its functions, or exercise of its powers as delegated to it by the Council, including the formation of subcommittees and regional benches of the Board for specific tasks.

## 9. Compliance with Peer Review Guidelines

9.1 Practice units are required to comply with the provisions of these guidelines. Practice units failing in this regard will be required to undergo appropriate review of their quality controls by the Board in terms of such specific directions as may be given to it by the Council in these regards from time to time, and as intimated to the members

## 10. Qualifications of the Reviewer

10.1 The nature and complexity of peer review require the exercise of professional judgement. Accordingly, an individual serving as a reviewer shall:-

- (a) Be a member;
- (b) Possess at least ten years experience; and
- (c) Be currently in the practice as Company Secretary in Practice.

10.2 The Board may examine the quality of the report and shall have powers to remove the reviewer from the panel of reviewers in case the quality of the review/report fails to match the desired standards.



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## 11. Members/ Firms Subject to Review

11.1 Peer review will be implemented on the basis of random selections from the practice units or at the request of practice unit.

11.2 If company/concern requests the Board for the conduct of peer review of its secretarial auditor (practice unit), the Board shall take due cognizance of such request and in that case the cost of the peer review shall be borne by such company/ concern.

11.3 If Council / Government or any regulatory body requests the Board for conduct of peer review of any Practice Units, the Board shall take due cognizance of such request and in that case the cost of peer review shall be borne by the referred practice unit.

11.4 The Peer Review Board may alter/change/modify the above method of selection with prior approval of the Council.

## 12. Obligations of the Practice Unit

12.1 Provisions of access to any record or document to a reviewer:

(1) Any person to whom this clause applies and who is reasonably believed by a reviewer to have in his possession or under his control any record or other document, which contains or is likely to contain information relevant to the peer review shall:

(i) Produce to the reviewer or afford him access to any record or document specified by the reviewer or any other record or document which is of a class or description so specified, and which is in his possession or under his control/being in either case a record or other document which the reviewer reasonably believes is or may be relevant to the peer review, within such time as the reviewer may reasonably require:

(ii) If so required by the reviewer, afford and provide to him such explanation or further particulars in respect of anything produced in compliance with a requirement under sub clause (i) above, as the reviewer shall specify; and

(iii) Provide to the reviewer all assistance in connection with peer review which he is expected to provide.

(2) Where any information or matter relevant to a practice unit is recorded otherwise than in a legible form, the practice unit shall provide and present to the reviewer a reproduction of any such information or matter, or of the relevant part or it in a legible form, with a suitable translation in English if the matter is in any other language, and such translation is requested for by the reviewer.

(3) The practice unit shall ensure that the reviewer is given access to all documents relevant to his review no matter which office of the practice unit these documents may be available in, in case the practice unit has more than one office.

(4) A practice unit shall allow the reviewer to inspect, examine or take any abstract of or extract from a record or document or copy there from which may be required by the reviewer.



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12.2 For the purpose of this clause a person means a Partner/ Sole Proprietor of the practice unit to which the particular review relates or any person employed by or whose services are engaged by such unit.

### 13. Periodicity of Peer Review

13.1 The peer review of every practice unit should be mandatorily carried out at least once in a block of five years. However, if the Board so decides or otherwise at the request of the practice unit, the peer reviews for a practice unit can be conducted at shorter intervals.

### 14. Cost of Peer Review

14.1 The cost of Peer Review for reviewer and his qualified assistant(s) as may be decided by the Board from time to time, shall be borne by the Practice unit. In case reviewer has to conduct second review, the same rate would apply to the second review also. Each of the branch/ office under review would be considered separately.

### 15. Training and Development

15.1 To ensure that the objective of peer review is attained in letter and spirit, adequate training facilities shall be provided, from time to time, to the Reviewer(s) and other persons who assist the Board as and when and in the manner considered appropriate by the Board. Reviewers shall be expected to be fully familiar with all procedures, prescriptions, guidelines and other decisions as may be issued by the Board from time to time.

### 16. Review Framework

16.1 Essentially, a peer review entails a review of attestation engagement records and related financial/other statements to ascertain that the practice unit is adhering to Technical Standards. Where a practice unit is not following Technical Standards in certain situations, suggestions and recommendations for improvement may be made, and possibly followed by a further review, in keeping with the primary thrust of peer review.

16.2 The methodological approach involved in peer review can be defined in terms of three stages viz. planning, execution and reporting, which are summarized below;

#### (i) Planning

- **Intimation** - A practice unit will be intimated in writing about an impending peer review and will be sent a Questionnaire for completion together with a panel of three suggested names of reviewers. The practice unit will have to give its choice of reviewer within a period of 15 days from the day of receipt of the panel sent by the Board.
- **Return of completed Questionnaire** - The practice unit shall have to complete and return the Questionnaire to the reviewer within one month of receipt. The information will be used for the planning of the review. In addition, practice units will be required to enclose a



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complete list of their attestation services clients, and to provide any other information the reviewer considers necessary to facilitate the selection of a sample of attestation services engagements, representative of the practice unit's client portfolio, for review.

## (ii) Sample of Attestation services Engagements

- (a) from the complete attestation services client list, an initial sample will be selected by the reviewer. Practice units will be intimated of the selection in writing about two weeks in advance, requesting the relevant records of the selected attestation services clients to be made available for review.
- (b) At the execution stage, the initial sample may be reduced to a smaller actual sample for review. However, if the reviewer considers that the actual sample does not cover a fair cross-section of the practice unit's attestation services engagements, he may make further selections.

## (iii) Confirmation of visit

In consultation with the practice unit date(s) will be set for the on-site review to be carried out. Flexibility will be permitted to ensure that members are not inconvenienced at especially busy periods. The on-site review date(s) will be arranged by mutual consent such that the review is concluded within sixty days of intimation.

- (i) Peer review visits will be conducted at the practice unit's head office or other officially noted/recorded place of office. The complete on-site review of a practice unit may take at least a full day depending upon the size of the practice unit. This is based on the assumption that the practice unit concerned has made all the necessary information and documentation available to the reviewer for his review. However, in any case this on-site review should not extend beyond three working days.

## (ii) Initial meeting

An initial meeting will be held between the reviewer and a partner/sole proprietor of the practice unit designated to deal with the review (designated partner). The primary purpose of this meeting is to confirm the accuracy of the responses given in the Questionnaire. The description of the system in the Questionnaire may not fully explain all the relevant procedures and policies adopted by the practice unit and this initial meeting can provide additional information. The reviewer should have a full understanding of the system and be able to form a preliminary evaluation of its adequacy at the conclusion of the meeting.

## (iii) Compliance Review-General Controls

- (a) The reviewer may carry out a compliance review of the General Controls and evaluate the degree of reliance to be placed upon them. The degree of reliance will, ultimately, affect the attestation services engagements to be reviewed. The following five key controls will be considered as General Controls:



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- Independence
- Maintenance of Professional Skills and standards
- Outside Consultation
- Staff Supervision and Development
- Office Administration

Practice units are expected to address each of the five key control areas.

- (b) In each key control area there shall be supplementary questions and matters to consider. These are intended to ensure that the kind of controls that are expected to be maintained, are installed and operated within practice units.
- (c) All questions in the questionnaire may not necessarily be relevant to particular types of practice units because of the size and culture etc. However, practice units should still assess their internal control systems to ascertain whether they address the objectives under the five key control areas.

#### (iv) Selection of attestation services engagements to be reviewed

- (a) The number of attestation services engagements to be reviewed depends upon:
  - The number of practicing members involved in attestation services engagements in the practice unit;
  - The degree of reliance placed, if any, on general quality controls; and
  - The total number of attestation services engagements undertaken by the practice units for the period under review.
- (b) The engagements reviewed should be a balanced sample from a variety of different types of companies. Accordingly, if the reviewer considers that the actual sample is not representative of the practice unit's attestation services client portfolio, he may make further selections from the initial sample or from the complete attestation services client list.

#### (v) Review of records

The reviewer may adopt a compliance approach or substantive approach or a combination of both in the review of attestation services engagement records.

- (a) Compliance approach-Attestation services Engagements
  - The compliance approach is to assess whether proper control procedures have been established by the practice unit to ensure that attestation services are being performed in accordance with Technical Standards.
  - Practice units should have procedures and documentation sufficient to cover each of the key areas. Members in smaller practices may find some of the documentation too elaborate for most of their clients and so should tailor their attestation services documentation to suit their particular circumstances with justification for doing so provided to the reviewer.
- (b) Substantive approach-Attestation services Engagements



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A substantive approach will be employed if the reviewer chooses not to place reliance on the practice unit's specific controls on attestation engagements or is of the opinion that the standard of compliance is not satisfactory. This approach requires a review of the attestation working papers in order, to establish whether the attestation work has been carried out as per norms of Technical Standards.

### 16.3 Reporting

#### (i) Preliminary Report of Reviewer

- At the end of an on-site review, the reviewer shall, before making his report to the Board, communicate a preliminary report to the practice unit. The reviewer shall report on the areas where systems and procedures had been found to be deficient or where he has noticed non-compliance with reference to any other matter.
- The reviewer shall not name any individual in his reports.
- The practice unit shall have 21 days beginning the day after the day the preliminary report is received, by the practice unit from the reviewer to make any submissions or representations, in writing to the reviewer, concerning the preliminary report.

#### (ii) Interim Report of Reviewer

- (a) If the reviewer is satisfied with the reply received from the practice unit, he shall submit an appropriate Report to the Board. In case the reviewer is not satisfied with the reply of the practice unit, the reviewer shall accordingly submit his Interim Report to the Board.
- (b) In pursuance of the provisions contained in the above clause or on receipt of a request from the practice unit, the Board may instruct the reviewer to - again carry out the review after six months to verify that systems and procedures have been streamlined and accordingly, on being satisfied, submit a report to the Board.
- (c) On receiving a report from a reviewer in terms of these, the Board, having regard to the Report and any submissions or representations attached to it, may:
  - make recommendations to the practice unit concerned regarding the application by it of Technical Standards;
  - if it is of the opinion that
    - (1) In case the review is related to a firm, any one or more or all of the partners in the firm may have failed to observe, maintain or apply, as the case may be, Technical Standards;
    - (2) In case the review is related to a member practicing on his own account, the member may have failed to observe, maintain or apply, as the case may be, Technical Standards;Then;
    - (3) Issue instructions to the reviewer to carry out, within such period as may be specified in the instructions (which period shall not commence earlier than six months after the date on which the instruction is issued), a further peer review as regards the practice unit to which the report relates; and
    - (4) Specify in the instruction, the matters as regards which the review is to be carried out;

(d) The Board will make recommendations to the practice unit where:

Based on the report of the reviewer, it appears that the practice unit has satisfied all key control objectives, which the Board has determined and/or prescribed in respect of maintenance of/ adherence to Technical Standards but where further improvements could be made to internal quality control systems; and

Based on the report of the reviewer, it appears that the practice unit has satisfied the major key control objectives but some weaknesses exist in others. The practice unit is expected to consider the recommendations for rectifying the weaknesses thus identified and informed by the Board and take all necessary actions to ensure that all key control areas are addressed.

(e) A follow up review will be required where the practice unit has not satisfied the Board that all the key control objectives have been maintained and where, in the view of the Board the deficiencies are likely to materially affect the overall quality of an attestation services engagement of the practice unit. In such cases the Board will also make recommendations, which it expects the practice unit to implement in order to ensure the maintenance of Technical Standards. The implementation of these recommendations will be examined during the follow up review.

(f) In case the reviewer is not satisfied even at the subsequent review, he shall submit his Report to the Board incorporating his reasons for dissatisfaction.

(iii) final Report of Reviewer

(a) The reviewer will prepare a final Report to the Board (the Reviewer's Report), incorporating the findings as discussed with the practice unit. The final report will be examined/inspected by the Board in terms of the degree of compliance with the Technical Standards by the reviewed practice unit. The model forms of such final Reports shall be communicated to the reviewer by the Board.

(b) The Board shall consider the reviewer's final report and the practice unit's submissions. Thereafter, the Board may issue recommendations, if considered appropriate, to the practice unit and/or instruct the Reviewer to perform any follow-up action. The Board may, if deemed fit, then issue Peer Review Certificate to the practice unit.

(iv) The reviewer shall not communicate any Report(s) unless the examination of such Report(s) and related records has been made by him or by a partner or an employee of his firm.

## 17. Referral of Disputes and Appeal

17.1 Where a dispute arises over the powers of reviewers or the process or conclusions reached after the review or to any other matter related to the review, the practice unit, the reviewer or both may refer the dispute, in writing, to the Board. Such referral shall have to be made within two



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months in such manner as may be prescribed by the Board in these regards.

17.2 Where a dispute is referred, after considering any submissions or representations (which shall be made in writing) made by the relevant practice unit and/or the relevant reviewer, the Board-

- Shall decide the dispute within six months and communicate such decision to each of the parties to the dispute;
- May issue directions relating to the matter in dispute to such practice unit or the reviewer concerned and require such unit or reviewer to comply with them;
- Shall convey its decision in these regards to the appellant within 15 days from the date of the decision, so as to provide the appellant sufficient time to respond.

17.3 Where a practice unit is dissatisfied with the decision of the Board, it may refer the matter to the Council within two months in such manner as may be prescribed.

## 18. Immunity

18.1 A practice unit, which makes available records or documents to a reviewer, shall not incur any liability under the Code of Conduct under the Company Secretaries Act, 1980 and the Regulations framed thereunder, by reason of compliance with these Guidelines on Peer Review .

18.2 The reviewer, by virtue of carrying out the peer review shall not incur any liability other than the liability arising out of his own conduct under the Code of Conduct under the Company Secretaries Act, 1980 and Regulations framed thereunder as well as under the relevant clauses of these Guidelines.

18.3 The members of the Peer Review Board shall not incur any liability by virtue of their having discharged the responsibilities as given in these Guidelines and/or as may in future be specified by the Council, other than the liability arising out of their own conduct under the Code of Conduct under the Company Secretaries Act, 1980 and Regulations framed thereunder as well as under the relevant clauses of these Guidelines.

## 19. Confidentiality

19.1 Strict confidentiality provisions shall apply to all those involved in the peer review process, namely, reviewers, members of the Board, the Council, or any person who assists any of these parties.

19.2 Those persons subject to the secrecy provision:

(1) Shall at all times after his/ their appointment preserve and aid-in preserving secrecy with regard to any matter coming to his/ their knowledge in the performance or in assisting in the performance of any function, directly or indirectly related to the process and conduct of peer review.

(2) Shall not at any time communicate any such matter to any other person; and

(3) Shall not at any time permit any other person to have any access to any record, document or any other material if any form which is in his/their possession or under his/their control by virtue of his/their being or having been so appointed or his/their having performed or having assisted any other person in the performance of such a function.



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19.3 Non-compliance with the secrecy provisions in the above clause shall amount to professional misconduct as defined under Section 22 of the Company Secretaries Act, 1980.

19.4 A statement of confidentiality (appended as Annexure 'A') shall be filled in by the persons who are responsible for the conduct of peer review i.e., reviewers/ the members of the Board and others who assist them.

## 20. Procedural Departures

20.1 Where the persons who are responsible for the conduct of peer review (reviewers, the members of the Board and others who assist them) have not followed the prescribed procedures, they shall have to justify significant departures and such justification shall have to be mandatorily made known to the Council in the periodic Reports of the Board to the Council.

## Annexure 'A'

### Statement of Confidentiality

[In accordance with the Guidelines on Peer Reviews this statement of confidentiality is to be filled in by the persons who are responsible for the conduct of peer review i.e. reviewers, members of the Board and others who assist them, individually. The Reviewer shall be responsible for taking this undertaking from all those persons who assist him or are likely to assist him in conducting peer reviews, and shall send the same to the Board. This statement of Confidentiality should be renewed every year.]

To  
The Chairman,  
Peer Review Board,  
The Institute of Company Secretaries of India  
Sir,

I hereby declare that my attention has been drawn to the need for confidentiality in the conduct of peer reviews. I therefore undertake and assure that in so far as any or all of the following relate to me or are brought to my knowledge/attention, in any manner whatsoever, whensoever, I will ensure that on my part

- Working papers shall always be kept securely so that unauthorised access is not gained by anyone.
- The practice unit's attestation services procedures shall not be disclosed to third parties.
- Any information with regard to any matter coming to my knowledge in the performance or in assisting in the performance of any function during the conduct of peer reviews shall not be disclosed to any person.

Access to any record, document or any other material, in any form which is in my possession, or under my control, by virtue of my being or having been so appointed or my having performed or having assisted any other person in the performance of such a function, shall not at any time be permitted to any other person.



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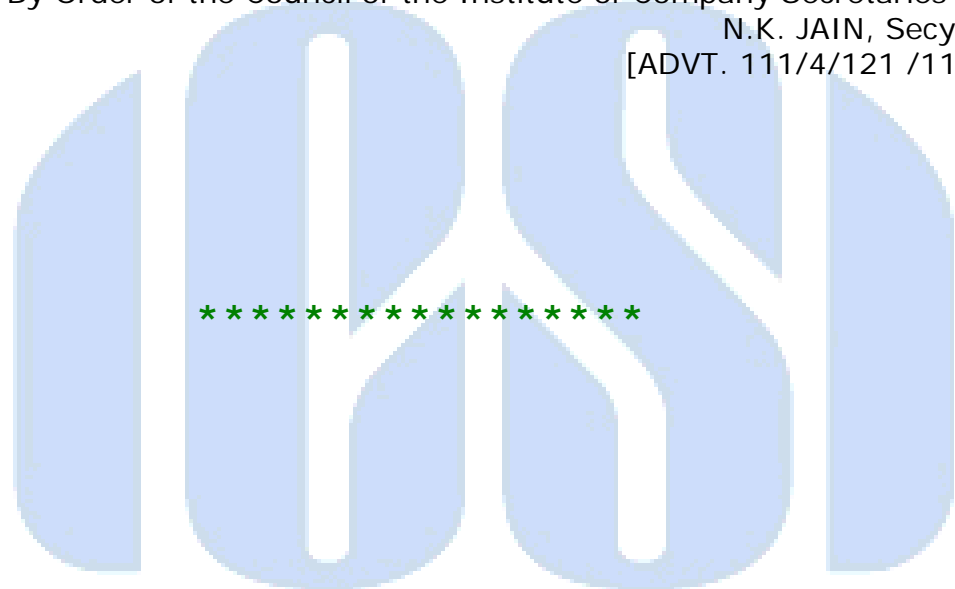
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I understand that any breach of the provisions regarding confidential information contained in the Guidelines on Peer Review will be considered as gross negligence and, subject to investigation, will result in appropriate action.

Signature:  
Name:  
Designation:  
Date:  
Place:  
Taken on record on (date)  
By  
Signature:  
Name:  
Designation:

By Order of the Council of the Institute of Company Secretaries of India  
N.K. JAIN, Secy. & CEO  
[ADVT. 111/4/121 /11 /Exty.]





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## MEMORANDUM OF UNDERSTANDING WITH MAICSA

A Memorandum of Understanding was entered into between the MALAYSIAN INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATOR (MAICSA) and THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI) at the 39<sup>th</sup> National Convention of Company Secretaries at Agra on October 14, 2011.

The important highlights of the MOU are:

- It will help students and members of both institutes to –
  - Attend training programmes organized by other Institutes.
  - Visit offices and work places of members of other Institutes.
  - Attend organized visits to professional places of interest e.g. companies, stock exchanges, securities commissions.
- Both Institutes also agree to –
  - Exchange course materials, case studies, research publications.
  - Undertake joint research projects which are mutually beneficial.

The MOU is available at the following link :

<http://www.icsi.edu/WebModules/LinksOfWeeks/MAICSA.pdf>

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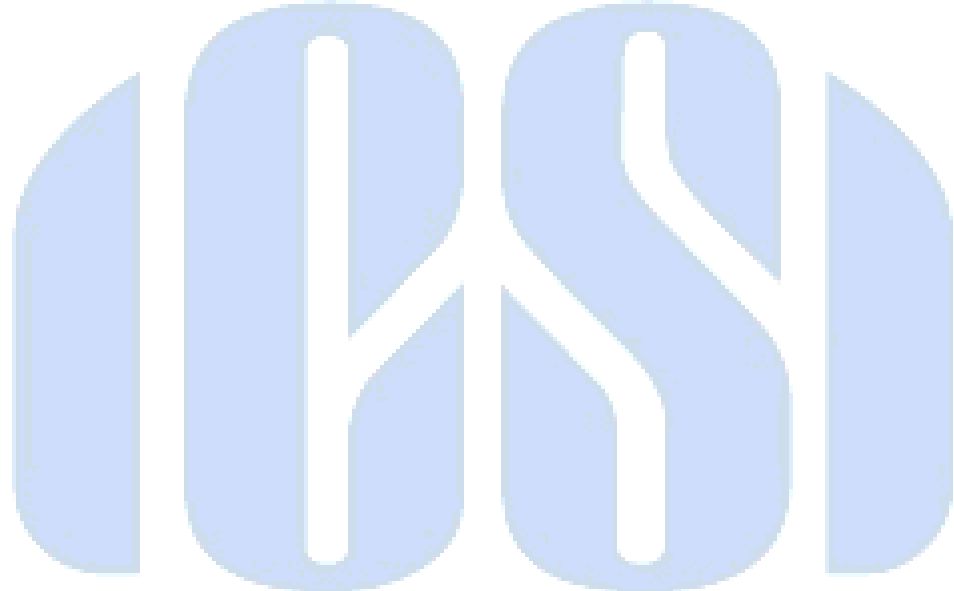


## RE-OPENING THE REGISTRATION PROCESS OF CERTIFIED FACILITATION CENTERS

Details can be accessed at:

<http://www.icsi.edu:8888/cfc/cfc.aspx>

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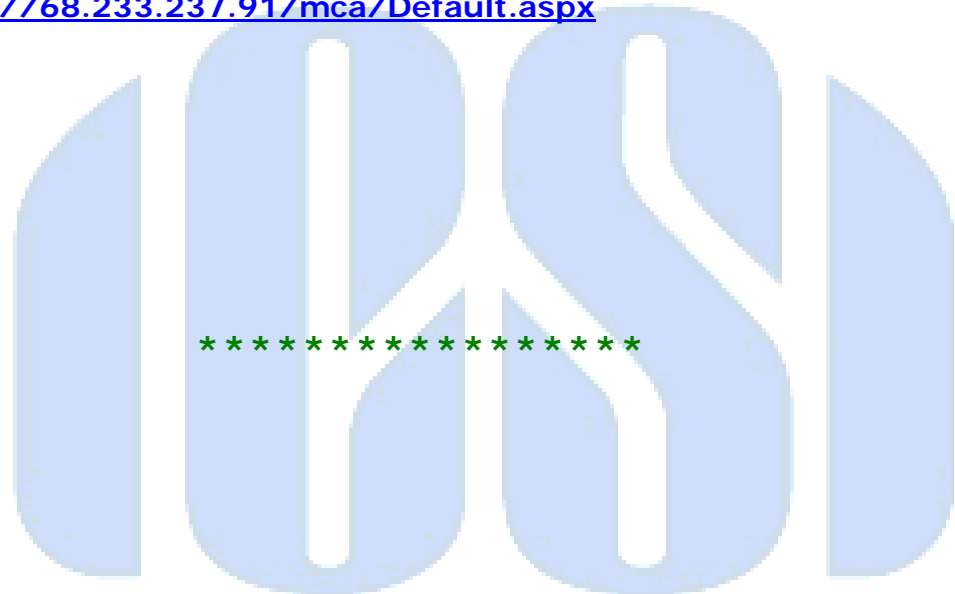


## RECORDING OF WEBCAST ON XBRL ARRANGED BY ICSI

Details can be accessed at:

<http://www.streamonweb.com/ICSI/archivals>

<http://68.233.237.91/mca/Default.aspx>



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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. This watch gives an update of the latest happenings in the area of Corporate Governance and Corporate Social Responsibility.

### NEW DEVELOPMENTS

#### 1. FRC announces changes to UK Corporate Governance Code --- 11 October 2011

On the basis of responses to the views sought by The Financial Reporting Council (FRC) on whether the UK Corporate Governance Code should be revised as recommended by Lord Davies of Abersoch in his review of the gender diversity of the boards of UK-listed companies published in February 2011, FRC has announced its decision to amend the UK Corporate Governance Code to strengthen the principle on boardroom diversity which was first introduced into the Code in June 2010.

These amendments will require listed companies to report annually on their boardroom diversity policy, including gender, and on any measurable objectives that the board has set for implementing the policy and the progress it had made in achieving the objectives. The FRC will also update the Code to include the diversity of the board, including gender, as one of the factors to be considered when evaluating its effectiveness.

The current revised Code, which came into effect in June 2010, included for the first time a principle recognising the value of diversity in the boardroom, which states that, "The search for board candidates should be conducted, and appointments made, on merit, against objective criteria and will due regard for the benefits of diversity on the board, including gender".

The new provisions on diversity will apply to financial years beginning on or after 1 October 2012. However, the FRC strongly encourages all companies voluntarily to apply and report on the diversity additions to the code with immediate effect.

Detailed code can be accessed at:

<http://www.frc.org.uk/>

#### 2. Global Reporting Initiative (GRI) – G4 Guidelines

The Global Reporting Initiative (GRI) drives sustainability reporting by all organizations. GRI produces a comprehensive Sustainability Reporting Framework that is widely used around the world to enable greater organizational transparency. The Framework, including the Reporting Guidelines, sets out the Principles and Indicators that organizations can use to measure and report their economic, environmental, and social performance. GRI is committed to continuously improving and increasing the use of the Guidelines, which are freely available to the public.

The launch of the fourth generation of GRI's Guidelines – G4 – is planned for 2013. The G4 Guidelines will be developed using the international multi-stakeholder consultation.



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These guidelines are expected to address requirements for sustainability data, and enable reporters to provide relevant information to various stakeholder groups. It is also expected to improve on content in the current Guidelines – G3 and G3.1 – with strengthened technical definitions and improved clarity, helping reporters, information users and assurance providers.

Earlier this year, GRI invited the public to submit suggestions to a 'Call for sustainability reporting topics.' GRI had gone through these perspectives and designed a new online survey for broader public consultation.

The first Public Comment Period for G4 Survey is now open.

Public comment helps ensure that GRI's Guidelines are consensus-based and reflect the broadest possible stakeholder input. The first G4 Public Comment Period is an online survey. It runs for 90 days and closes on 24 November 2011.

The survey seeks crucial feedback on issues like:

- the principal reasons for sustainability reporting
- report formats
- the minimum content of a GRI sustainability report
- report topics – including views on the proposals from the public 'Call for sustainability reporting topics' in May
- general experiences with sustainability reporting

Open Public Comment Periods, diverse expert Working Groups and GRI's approval procedures will ensure that G4's guidance is consensus-based and reflects the broadest possible stakeholder input.

The **details** can be accessed at:

<http://www.globalreporting.org/CurrentPriorities/G4Developments/GetInvolved/GetInvolved.htm>

## GREEN CORNER

### GREEN IDEA

### Planting a Tree Few Benefits



100% Pure Air.

New improved climate.

Absorbs pollution.

Creates a space in concrete jungle for green rest.

### Something Good:

**Plastic Ban** -- In a major environment-friendly move, the Delhi government will impose a blanket ban on usage and manufacturing of plastic bags in the next two months and those violating it could face imprisonment up to five years and fine of up to Rs 1 lakh or both. The ban is being imposed under the Environment (Protection) Act, 1986 under which storage as well as sale of plastic bags will also be considered an offence.



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The government has issued a draft notification seeking suggestions as well as objections, if any, to the move from the stakeholders till November 20, 2011 following which a final notification will be issued imposing the ban.

According to the draft notification, no person including shopkeepers, vendors, wholesalers, retailers and hawkers will be allowed to sell, store or use plastic carry bags for supply of any goods.

### To Remember:

- November 1- World Vegan Day
- November 16- International Day for Tolerance
- November 20- Universal Children's Day
- November 25- International Day for the Elimination of Violence against Women

## Quote of the Month

"Be a yardstick of quality. Some people aren't used to an environment where excellence is expected."

Steve Jobs

## Forthcoming Events

**Asian Corporate Governance Forum** --- ACGA will hold its 11th Annual Conference, the "Asian Business Dialogue on Corporate Governance 2011", at the Grand Hyatt Shenzhen, China on November 1-2, 2011

## 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.

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# MCA

# UPDATE

## MINISTRY OF CORPORATE AFFAIRS

### REQUEST TO FILE ANNUAL RETURN AND THE BALANCE SHEET AT THE EARLIEST TO AVOID LAST MINUTE RUSH

"DEAR CORPORATES / MEMBERS,

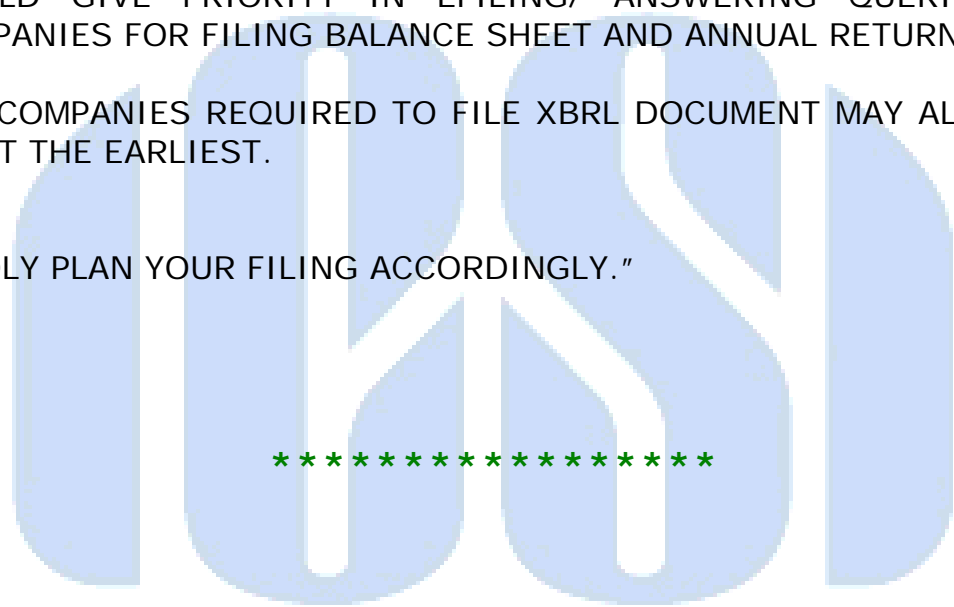
TO AVOID LAST MINUTE RUSH AND SYSTEM CONGESTION IN MCA21 TOWARDS END OF NOVEMBER 2011, KINDLY EXPEDITE FILING OF ANNUAL RETURN AND BALANCE SHEET WITHOUT WAITING FOR THE LAST DAYS OF THE MONTH.

DURING THIS PERIOD, ROC FACILITATION CENTRES/ HELP DESKS WOULD GIVE PRIORITY IN EFILING/ ANSWERING QUERIES OF COMPANIES FOR FILING BALANCE SHEET AND ANNUAL RETURN.

THE COMPANIES REQUIRED TO FILE XBRL DOCUMENT MAY ALSO DO SO AT THE EARLIEST.

KINDLY PLAN YOUR FILING ACCORDINGLY."

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## DISCHARGING THE FUNCTIONS OF THE REGISTRAR OF COMPANIES AS WELL AS OFFICIAL LIQUIDATOR

[PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB SECTION (ii)]  
GOVERNMENT OF INDIA  
Ministry of Corporate Affairs

### Notification

New Delhi, dated the 13<sup>th</sup> Nov, 2011

S.O. \_\_\_\_\_(E). – In exercise of the powers conferred by sub-sections (1) and (2) of section 609 and section 448 of the Companies Act, 1956 (1 of 1956), the Central Government hereby establishes the following offices of the Registrar of Companies–cum-Official Liquidator at the places having territorial jurisdictions as stated there against for discharging the functions of the Registrar of Companies as well as Official Liquidator under the various provisions of the said Act.

Serial Number	Place where the office of the Registrar of Companies –cum- Official Liquidator is to be situated	Jurisdiction of such office
1.	Nainital	State of Uttarakhand
2.	Bilaspur	State of Chattisgarh
3.	Shimla	State of Himachal Pradesh
4.	Ranchi	State of Jharkhand
5.	Cuttack	State of Orissa
6.	Patna	State of Bihar
7.	Jaipur	State of Rajasthan

2. Pursuant to the above, the existing office of the Official Liquidator at Ranchi shall stand upgraded as the office of the Registrar of Companies–cum-Official Liquidator and the separate offices of Registrar of Companies and Official Liquidator at Cuttack, Patna and Jaipur shall stand merged as the office of the Registrar of Companies–cum-Official Liquidator.

[F No 2/14/2011 -CL.V]

Avinash K. Srivastava,  
Joint Secretary

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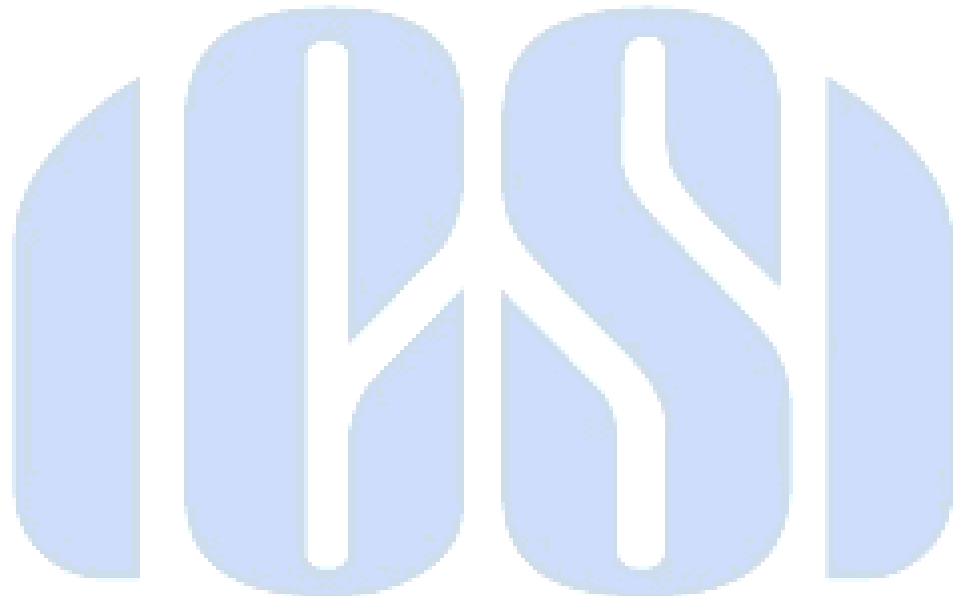


## MASTER CIRCULAR ON COST ACCOUNTING RECORDS AND COST AUDIT

Details can be accessed at:

[http://www.mca.gov.in/Ministry/pdf/Circular\\_2-2011\\_11Nov2011.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_2-2011_11Nov2011.pdf)

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## COMPANIES (DEMATERIALIZATION OF CERTIFICATES) RULES, 2011

No 17/143/2011-CL.V  
Government of India  
Ministry of Corporate Affairs

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

Dated: 28.10.2011

All the Regional Directors,  
All the Registrar of Companies  
All stakeholders

**Subject : Companies (Dematerialization of Certificates) Rules, 2011**

Sir,

The Ministry of Corporate Affairs was considering the proposal to issue Companies (Dematerialization of Certificates) Rules, 2011 and comments /Recommendations were invited by the Ministry latest by 30th June, 2011 vide letter of even number dated 06.06.2011.

The matter was examined by this Ministry in consultation of Law Ministry and it has been decided to withdrawal of draft of Dematerialization of Certificates Rules, 2011.

Yours faithfully,

  
(J.N. Tikku)  
Joint Director

Copy to:-

E-Governance Cell: - with a request to place the aforesaid letter in the website of MCA.

\*\*\*\*\*



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## REGISTRATION OF COMPANIES AND LLPS WITH OBJECTIVE TO DO BUSINESS OF ARCHITECT

No. 17/165/2011-CL-V (Pt.)  
Government of India  
Ministry of Corporate Affairs

5<sup>th</sup> floor, 'A' Wing, Shastri Bhawan,  
Dr. R.P. Road, New Delhi  
Dated: 10.10.2011.

To  
All the Regional Directors,  
All the Registrar of Companies/Registrar of LLPs

**Subject:- Registration of Companies or LLPs which have one of their objectives to do business of architect**


Sir,

I am directed to say that a number of representations have been received in the Ministry to the effect that the Registrar of Companies and the Registrar of LLPs are incorporating the companies and LLPs in contravention to the provisions of the Architect Act, 1972 that the Council of Architect (CoA). In terms of Sections 36 and 37 of the Architects Act, 1972 as well as Rules and Regulations framed thereunder only an architect registered with the Council of Architecture or a firm of Architects (a partnership firm under the Partnership Act, 1932, comprising of all registered architects) can represent itself as an architect or use the title and style of architect of practicing the profession of an Architect in India with the exception of a landscape architect and naval architect. The matter is under examination in consultation with the Department of Legal Affairs.

Pending finalization of view of the Central Government on the subject it is hereby directed incorporation of companies/LLPs where one of the objects of such entities is to carry on the business of architect be not proceeded with till further order.

This issues with the approval of CAM

Yours faithfully,

  
(Seema Rath) 10/10/2011  
Assistant Director

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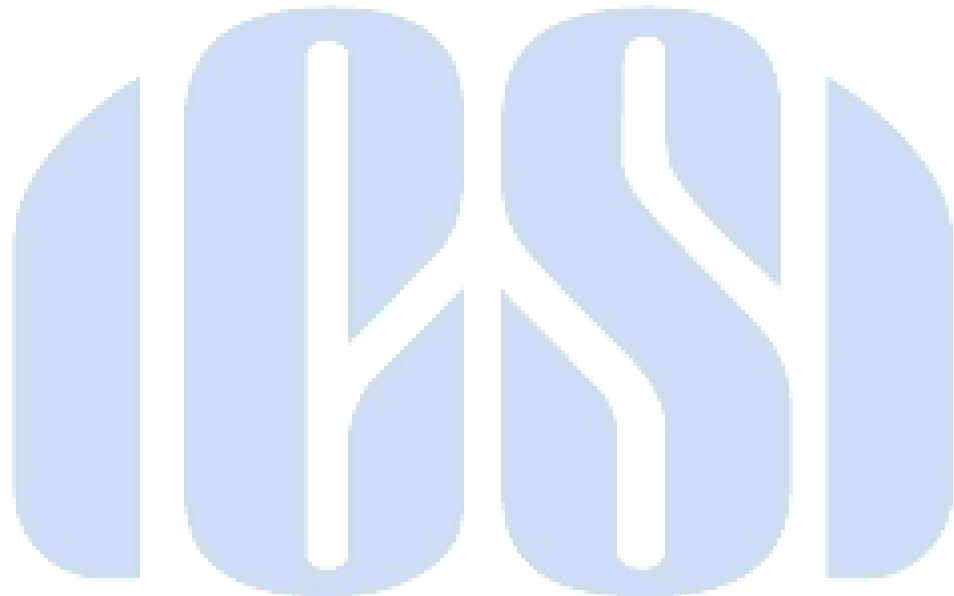


## THE COMPANIES (CENTRAL GOVERNMENT'S) GENERAL RULES AND FORMS (AMENDMENT) RULES, 2011

Details can be accessed at:

[http://mca.gov.in/Ministry/notification/pdf/notification\\_23AC\\_23ACA\\_XBRL.pdf](http://mca.gov.in/Ministry/notification/pdf/notification_23AC_23ACA_XBRL.pdf)

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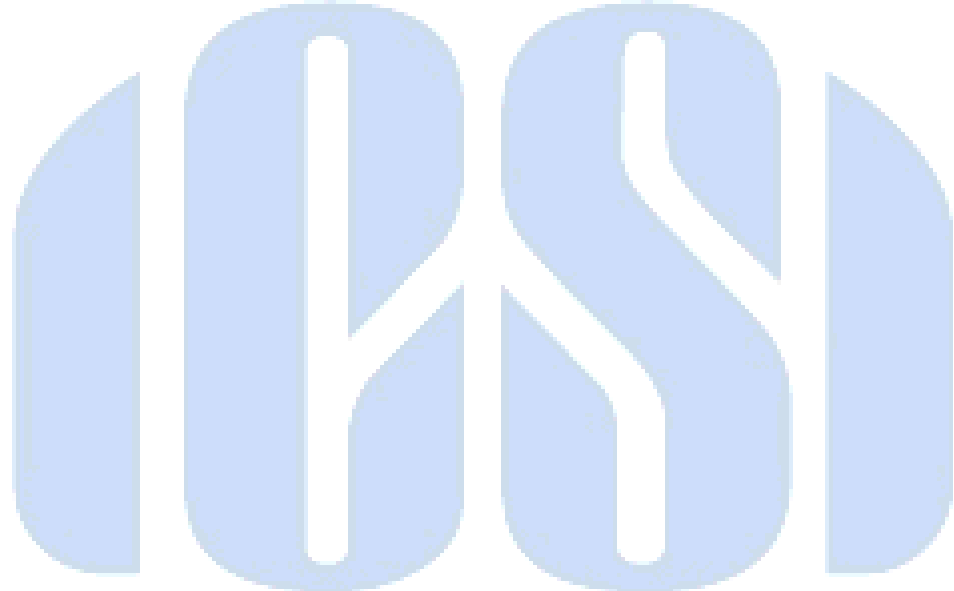


## THE COMPANIES (FILING OF DOCUMENTS AND FORMS IN EXTENSIBLE BUSINESS REPORTING LANGUAGE) RULES, 2011

Details can be accessed at:

[http://mca.gov.in/Ministry/notification/pdf/notification\\_XBRL\\_rules.pdf](http://mca.gov.in/Ministry/notification/pdf/notification_XBRL_rules.pdf)

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## ALLOTMENT OF DIRECTOR'S IDENTIFICATION NUMBER (DIN) UNDER COMPANIES ACT, 1956

General Circular No. 66/2011

No 2/1/2011-CL.V  
Government of India  
Ministry of Corporate Affairs

5th floor, „A“ Wing, Shastri Bhawan,  
Dr. R. P. Road, New Delhi  
Dated the 4th Oct, 2011

To

All Regional Directors  
All Registrar of Companies.

**Sub: Allotment of Director's Identification Number (DIN) under Companies Act, 1956**

Sir,

In continuation of General Circular No. 32/2011 dated 31.05.2011 on the subject cited matter, I am directed to say that the time for filing DIN-4 by DIN holders for furnishing the PAN and to update PAN details has been extended till **15.12.2011**.

Yours faithfully,

-Sd/-  
(Monika Gupta)  
Assistant Director

Copy to:

1. ICAI/ICWAI/ICSI/All Chamber of Commerce with a request to give wide publicity to their members.
2. DIN Cell to issue message through e-mail and SMS to all existing DIN holders who have not furnished their PAN earlier at the time of obtaining DIN to furnish their PAN by filing DIN-4 e-form by 15.12.2011 to avoid penal action.

Copy for information to:

1. PS to CAM and PS to MOS
2. PPS to Secretary, Additional Secretary, Joint Secretaries

\*\*\*\*\*



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## COMPANY LAW SETTLEMENT SCHEME, 2011

General Circular No. 65/2011

F. No. 2/11/2011-CL V  
Government of India  
Ministry of Corporate Affairs

5th Floor, A Wing, Shastri Bhavan,  
Dr. R.P. Road, New Delhi,  
Dated the 4th Oct, 2011

To  
All Regional Director,  
All Registrars of Companies.

**Subject: Company Law Settlement Scheme, 2011**

Sir,

In continuation of the Ministry's General Circulars No. 59/2011 dated 05.08.2011 and No. 60/2011 dated 10.08.2011 on the subject cited above, it is stated that the said scheme has been extended upto **15th December, 2011**.

2. All the terms and conditions of the General Circulars No. 59/2011 dated 05.08.2011 and No. 60/2011 dated 10.08.2011 will remain the same.

Yours faithfully,

-Sd/-  
(Monika Gupta)  
Assistant Director

Copy to:

1. All concerned
2. PS to CAM and PS to MOS
3. PPS to Secretary, Additional Secretary, Joint Secretaries

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# RBI UPDATE



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## EXTERNAL COMMERCIAL BORROWINGS (ECB) POLICY – PARKING OF ECB PROCEEDS

RBI/2011-12/274  
A.P. (DIR Series) Circular No. 52

November 23, 2011

To

All Authorised Dealer Category I Banks

Dear Madam / Sir,

### External Commercial Borrowings (ECB) Policy – Parking of ECB proceeds

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 26 dated October 22, 2008](#) relating to the External Commercial Borrowings (ECB).

2. At present, borrowers are permitted to either keep ECB proceeds abroad or remit these funds to India, pending utilization for permissible end-uses. ECB proceeds parked overseas can be invested in liquid assets, such as, deposits or Certificates of Deposit or other products offered by banks ( rated not less than AA (-) by Standard and Poor/Fitch IBCA or Aa3 by Moody's), Treasury bills and other monetary instruments of one year maturity having minimum rating as indicated above and deposits with overseas branches / subsidiaries of Indian banks abroad. The underlying principle is that funds should be invested in such a way that the investments can be liquidated as and when funds are required by the borrower. ECB funds may also be repatriated to India for credit to the borrowers Rupee accounts with AD Category I banks in India pending utilization for the permissible end-uses.

3. Based on a review of the current macro economic conditions, it has been decided that henceforth the proceeds of the ECB raised abroad meant for Rupee expenditure in India, such as, local sourcing of capital goods, on-lending to Self-Help Groups or for micro credit, payment for spectrum allocation, etc. should be brought immediately for credit to their Rupee accounts with AD Category I banks in India. In other words, ECB proceeds meant only for foreign currency expenditure can be retained abroad pending utilization. The rupee funds, however, will not be permitted to be used for investment in capital markets, real estate or for inter-corporate lending, as hitherto.

4. The amended ECB policy will come into force with immediate effect and is subject to review. All other aspects of ECB policy would remain unchanged.

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



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6. 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.

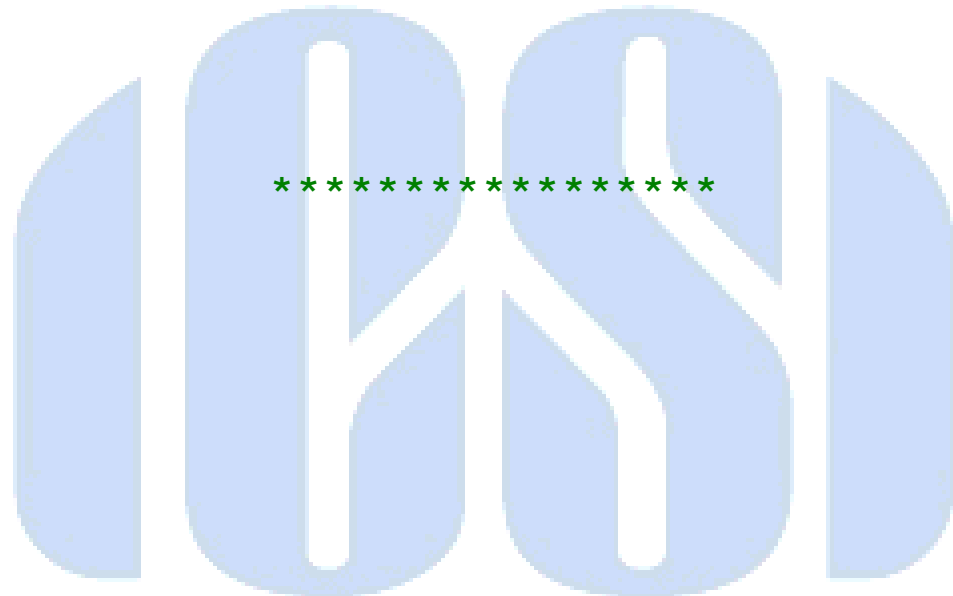
Yours faithfully,

**(Rashmi Fauzdar)**  
Chief General Manager

#### Related Press Release

Nov 23, 2011

[ECB Policy modified: All-in-cost Ceiling enhanced; ECB raised for Rupee Outlay to be brought in Immediately](#)



## EXTERNAL COMMERCIAL BORROWINGS (ECB) POLICY

RBI/2011 -12/273  
A. P. (DIR Series) Circular No. 51

November 23 , 2011

To,

All Category - I Authorised Dealer Banks

Dear Madam / Sir,

### External Commercial Borrowings (ECB) Policy

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A. P. \(DIR Series\) Circular No. 19 dated December 9, 2009](#) relating to the all-in-cost ceiling of External Commercial Borrowings ( ECB ).

2. On a review of developments in the global financial markets and the fact that borrowers are experiencing difficulties in raising ECBs within the existing all-in-cost ceiling, it has been decided to revise the all-in-cost ceiling for ECB as under:

Average Maturity Period	All-in-cost over 6 month LIBOR*	
	Existing	Revised
Three years and up to five years	300 bps	350 bps
More than five years	500 bps	500 bps ( no change)

\* for the respective currency of borrowing or applicable benchmark

3. The enhancement in all-in-cost ceiling is applicable up to March 31, 2012 and subject to review thereafter. The change in the all-in-cost ceiling will come into force immediately. All other aspects of ECB policy remain unchanged.

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,

**(Rashmi Fauzdar)**  
Chief General Manager

Related Press Release Nov 23, 2011

[ECB Policy modified: All-in-cost Ceiling enhanced; ECB raised for Rupee Outlay to be brought in Immediately](#)



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## COMPREHENSIVE GUIDELINES ON OVER THE COUNTER (OTC) FOREIGN EXCHANGE DERIVATIVES – FOREIGN CURRENCY – INR SWAPS

RBI/2011-12/272  
A. P. (DIR Series) Circular No. 50

November 23, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

### Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives – Foreign Currency – INR swaps

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 sets out the guidelines governing the foreign exchange derivative contracts. In terms of the sub-para (iv) (c) on Foreign Currency-INR swaps in para 1 of the Part B.I. of the Section B in the Annex to the A.P. (DIR Series) Circular No. 32 dated December 28, 2010 the extant instructions state that "Swap transactions may be undertaken by AD Category I banks as intermediaries by matching the requirements of corporate counterparties. While no limits are placed on the AD Category I banks for undertaking swaps to facilitate customers to hedge their foreign exchange exposures, a limit of USD 100 million is placed for net supply of foreign exchange in the market...."

2. On a review, it has been decided to remove the above limit of USD 100 million placed for these swap transactions.
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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## FOREIGN INVESTMENTS IN INFRASTRUCTURE DEBT FUNDS

RBI/2011-12/271  
A.P. (DIR Series) Circular No. 49

November 22, 2011

To,

All Category – I Authorised Dealer banks

Madam / Sir,

### Foreign Investments in Infrastructure Debt Funds

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA 20 / 2000 -RB dated May 3, 2000](#), as amended from time to time. In terms of this notification, a SEBI registered Foreign Institutional Investor (FII) and a Non-Resident Indian (NRI) may invest in securities other than shares or convertible debentures, subject to such terms and conditions mentioned therein and limits as prescribed for the same by the Reserve Bank and the Securities and Exchange Board of India (SEBI) from time to time.

Attention of Authorised Dealers Category – I (AD Category - I) banks is also invited to AP (DIR Series) Circular No.8 dated August 9, 2011 and AP (DIR Series) Circular No.42 dated November 3, 2011 in terms of which Qualified Foreign Investors (QFIs as defined therein to mean non-resident investors, other than SEBI registered FIIs and SEBI registered FVCIs, who meet the KYC requirements of SEBI) are allowed to invest in units of domestic Mutual Funds.

2. It has now been decided to allow investment on repatriation basis by eligible non-resident investors (as mentioned in para 3 below) in (i) Rupee and Foreign currency denominated bonds issued by the Infrastructure Debt Funds (IDFs) set up as an Indian company and registered as Non-Banking Financial Companies (NBFCs) with the Reserve Bank of India and in (ii) Rupee denominated units issued by IDFs set up as SEBI registered domestic Mutual Funds (MFs), in accordance with the terms and conditions stipulated by the SEBI and the Reserve Bank of India from time to time.

These investments would be subject to the following terms and conditions.

### 3. Eligible non- resident investors

- a. Sovereign Wealth Funds, Multilateral Agencies, Pension Funds, Insurance Funds and Endowment Funds which are registered with SEBI as eligible non- resident investors in IDFs (hereinafter referred to as 'SEBI registered eligible non- resident investors in IDFs').
- b. SEBI registered Foreign Institutional Investors (FIIs).
- c. Non Resident Indians (NRIs) as defined in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations,



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2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000), as amended from time to time.

- d. High Networth Individuals (HNIs) registered with SEBI as sub accounts of SEBI registered FIIs or HNIs which are separately registered with SEBI as eligible non-resident investors in IDFs in India.

#### 4. Eligible Instruments / Securities for non-resident investment in IDFs

	<u>Eligible non-resident investor</u>	<u>Eligible instruments</u>
(i)	SEBI registered eligible non-resident investors in IDFs (as per 3 (a) above)	Foreign Currency and Rupee denominated bonds and rupee denominated units issued by IDFs
(ii)	SEBI registered FIIs who qualify as (i) above	Foreign Currency and Rupee denominated bonds and rupee denominated units issued by IDFs
(iii)	SEBI registered FIIs who do not qualify as (i) above	Rupee denominated bonds and units issued by IDFs
(iv)	NRIs	Rupee denominated bonds and units issued by IDFs
(v)	HNIs (as per 3(d))	Foreign Currency and Rupee denominated bonds and rupee denominated units issued by IDFs

#### 5. Original / Initial Maturity

The original / initial maturity of all aforementioned securities at the time of first investment by a non resident investor shall be five years.

#### 6. Lock in period

All non-resident investment in the aforementioned securities would be subject to a lock in period of three years. However, all non-resident investors can trade amongst themselves within this lock in period of three years.

#### 7. Foreign Currency Denominated bonds

Foreign currency denominated bonds issued by IDFs would have to comply with all the terms and conditions (including all in cost) under the extant FEMA guidelines / regulations for External Commercial Borrowing (ECB), other than reporting requirements.

#### 8. Quantitative limits for non- resident investment in IDFs:

- a. All non-resident investment in IDFs (other than NRIs) (in both Rupee and Foreign Currency denominated securities) would be within an overall cap / limit of USD 10 billion only. This cap / limit of USD 10 billion would be within the overall cap of USD 25 billion for FII investment in bonds / non convertible debentures issued by Indian companies in the infrastructure sector (where



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infrastructure is as defined under the extant ECB guidelines) or by Infrastructure Finance Companies (IFCs registered as NBFCs with the Reserve Bank).

- b. There would be no cap / limit for NRI investment in IDFs by way of Rupee denominated bonds / units.

## 9. Other conditions

### (a) End use

- i. IDFs set up as NBFCs may invest in debt securities of only Public Private Partnership (PPP) infrastructure projects which have a buyout guarantee and have completed at least one year of commercial operations. Refinance by IDF would be up to 85% of the total debt covered by the concession agreement.
- ii. IDFs set up as MFs would invest minimum of 90% of its funds in debt securities of infrastructure companies or SPVs across all infrastructure sectors, project stages and project types.

(where 'infrastructure' is defined in terms of the extant ECB guidelines)

### (b) Foreign exchange hedging

The facility of foreign exchange hedging would be available to the eligible non-resident IDF investors, IDFs as well as the infrastructure project companies exposed to the foreign exchange/ currency risk as per the extant provisions under Notification No. FEMA.25/2000-RB dated May 3, 2000, as amended from time to time.

10. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

11. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA. 20/2000-RB dated May 3, 2000) are being notified separately.

12. 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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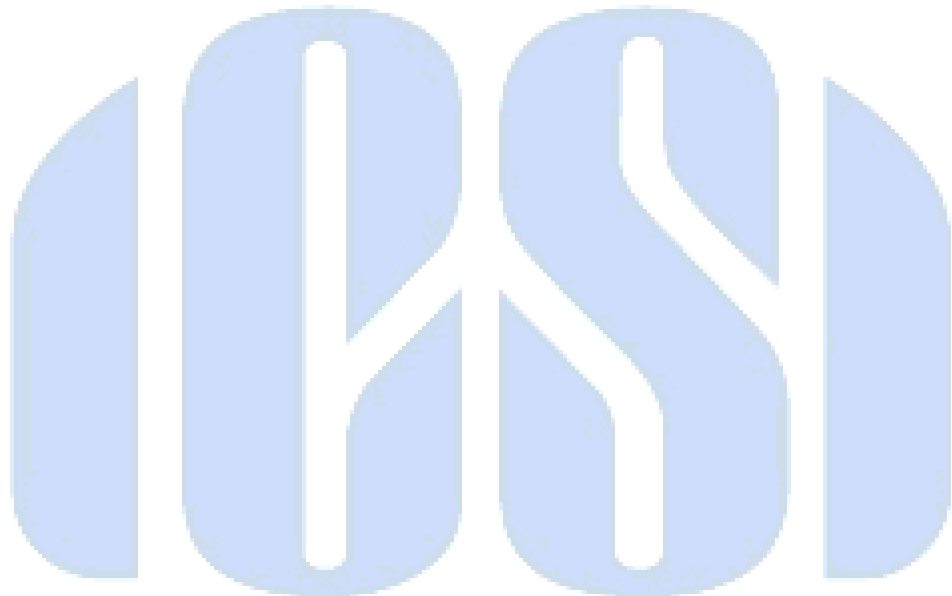
# SEBI UPDATE

## FAQ ON INVESTOR GRIEVANCES-SCORES

Details can be accessed at:

<http://scores.gov.in/FAQ-SCORES.pdf>

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भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

प्रेस विज्ञापित  
PRESS RELEASE

संपर्क प्रभाग, सेबी भवन, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051  
Communications Division, SEBI Bhavan, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051  
दूरभाष / Tel: +91-22-26449000 ईमेल / email:press@sebi.gov.in वेबसाइट /website: www.sebi.gov.in



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## SEBI BOARD MEETING

The Board met today in Mumbai and took the following decisions:

### 1. Business Responsibility Reports

In order to assess fulfillment of the environmental, social and governance responsibilities of listed entities, it has been decided to mandate listed entities to submit Business Responsibility Reports, as a part of their Annual Reports, describing measures taken by them along the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs (MCA). To start with, the requirement will be applicable to top 100 companies in terms of market capitalisation and would be extended to other companies in a phased manner.

### 2. Tenure for conversion of warrants issued along with public/rights issues

Presently, the Regulations are silent on the tenure of warrants offered along with public/rights issues. It has been decided to specify a maximum tenure of 12 months for warrants issued along with public/rights issue of securities to avoid the possible misuse. The issuer would also be required to provide disclosures about utilisation of funds so raised, both in the offer document as well as on a continuous basis.

### 3. Review of policy on 'Anchor Investors'

The concept of Anchor Investors (AIs) was introduced by SEBI in June 2009 as a class of committed investors who can be relied upon to anchor an issue of capital in all market conditions, adverse or otherwise. To make the concept more effective, it has been decided to prescribe a minimum allotment size of Rupees Five crore and maximum number of AIs, slab-wise.

### 4. Disclosures where Funds are shown as promoters

Considering the constraints in disclosure by investee companies regarding Funds (such as Venture Capital Funds, etc.) which are shown as one of the promoters of such investee company, it has been decided to specify a separate set of disclosures for them.

### 5. Review of net worth for Debenture Trustees

The Board approved amendment to Regulation 7A of the SEBI (Debenture Trustee) Regulations, 1993 to increase the net worth requirement of Debenture Trustees from existing Rupees One crore, which was fixed as back as 2003, to Rupees Two crore. The Board also approved to grant a time period of two years to existing Debenture Trustees, from the date of notification of Regulations, to the new level.

Mumbai  
November 24, 2011

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भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

## CIRCULAR

SEBI/CFD/DCR/SAST/ 3/2011/11/22 November 22, 2011

To,  
All Registered Merchant Bankers  
All Recognized Stock Exchanges

Dear Sir(s),

### Sub: SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (The Regulations)

1. Please refer to circular No SEBI/CFD/DCR/SAST/ 1/2011/09/23 dated September 23, 2011 wherein inter-alia format for submitting Draft Letter of Offer to SEBI under Regulation 16(1) of the Regulations was specified. In the said format, certain additional instructions have been inserted. Merchant bankers are advised to follow the said updated format while submitting the Draft Letter of Offer to SEBI.

2. A copy of this circular and the above stated format are available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework" and "Takeovers".

Yours faithfully,  
**Neelam Bhardwaj**  
General Manager  
+91-22-26449350  
[neelamb@sebi.gov.in](mailto:neelamb@sebi.gov.in)

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# TAX LAW UPDATE



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## CUSTOMS (PROVISIONAL DUTY ASSESSMENT) REGULATIONS, 2011

Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Excise and Customs)

**Notification No. 81/2011 – Customs (N.T.)**

New Delhi, dated the 25<sup>th</sup> November, 2011

G.S.R. (E)-----In exercise of the powers conferred by section 157 of the Customs Act, 1962 (52 of 1962), read with section 18 of the said Act, and in supersession of the Customs (Provisional Duty Assessment) Regulations, 1963, except as respects things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby makes the following regulations, namely: -

**1. Short title and commencement** – (1) These regulations may be called the Customs (Provisional Duty Assessment) Regulations, 2011.

(2) They shall come into force on the date of their publication in the Official Gazette.

**2. Conditions for allowing provisional assessment.-**

(1) Where-

a) an importer or an exporter, as the case may be, is unable to make self-assessment under sub-section (1) of section 17 of the Customs Act, 1962 (52 of 1962) and makes a request in writing to the proper officer for assessment; or

b) the proper officer on account of any of the grounds specified in sub-section (1) of section 18 of the said Act, is not able to verify the self-assessment or make re-assessment of the duty on the imported goods or the export goods, as the case may be,

he shall make an estimate of the duty to be levied (hereinafter referred to as the provisional duty).

(2) If the importer or the exporter, as the case may be, executes a bond in an amount equal to the difference between the duty that may be finally assessed or re-assessed and the provisional duty and deposits with the proper officer such sum not exceeding twenty per cent of the provisional duty, as the proper officer may direct, the proper officer may assess the duty on the goods provisionally at an amount equal to the provisional duty.

**3. Terms of the bond. –**

(1) Where provisional assessment is allowed on request of the importer or the exporter, as the case may be, the bond referred to in regulation 2 shall contain an undertaking that he shall pay the deficiency, if any, between the duty

finally assessed or re-assessed, as the case may be, and the duty provisionally assessed.

(2) Where provisional assessment is allowed pending the completion of any test or enquiry, the bond referred to in regulation 2 shall contain an undertaking that he shall pay the deficiency, if any, between the duty finally assessed or reassessed, as the case may be, and the duty provisionally assessed.

(3) Where provisional assessment is allowed pending the production of any document or furnishing of any information by the importer or the exporter, as the case may be, the bond referred to in regulation shall contain an undertaking that he shall produce such document or information within one month or within such extended period as the proper officer may allow, and the person executing the bond shall pay the deficiency, if any, between the duty finally assessed or re-assessed, as the case may be, and the duty provisionally assessed.

**4. Surety or security of the bond.** - The proper officer may require that the bond to be executed under these regulations may be with such surety or security, or both, as he deems fit.

**5. Penalty.-** If any importer or exporter contravenes any provision of these regulations or abets such contravention, or who fails to comply with any provision of these regulations with which it was his duty to comply, he shall be liable to a penalty which may extend to fifty thousand rupees.

[F.No.450/5/2011-Dir(Cus.)]

(Vikas)

Under Secretary to the Government of India

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