



'ICSI House', 22 Institutional Area, Lodi Road, New Delhi-110003, India.
Phone-(011) 41504444, 45341000, Fax-(011)24626727, Email - info@icsi.edu



CS Update

July 25, 2011

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Walk, ride a
bike, or use
public
transportation
whenever
possible.

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Keep vehicles
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Under-inflated
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- FILING OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN EXTENSIBLE BUSINESS REPORTING LANGUAGE (XBRL) MODE

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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>

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 ICE





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39th NATIONAL CONVENTION OF COMPANY SECRETARIES



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

39th NATIONAL CONVENTION OF COMPANY SECRETARIES

DATES

October 13-14-15, 2011

VENUE

Jaypee Palace Hotel & Convention Centre, Agra

THEME

CORPORATE DYNAMISM AND INNOVATIVE PROFESSIONALISM

SUB THEMES

- I. Dynamic Business Environment, Innovation and Risk Management
- II. Regulatory Convergence, Technology and Innovative Professionalism
- III. From Compliances to Creative Solutions – Vision 2020 Challenges
- IV. Leveraging Globalisation for Trade in Professional Services
- V. Harmonisation of Companies Bill, 2009 *vis-à-vis* other Corporate Laws

PAPERS FOR DISCUSSION

Members who wish to contribute papers for publication in the souvenir or for circulation at the Convention are requested to send the same preferably through email [sudhir.dixit@icsi.edu] (with one hard copy to Dr. S K Dixit, Director (Academics), The Institute of Company Secretaries of India, 22, Institutional Area, Lodi Road, New Delhi 110003) on or before September 10, 2011. The paper should not normally exceed 15 typed pages. The Articles Screening Committee will consider the articles so received and the decision of the Institute based on the recommendations of the Screening Committee will be final in all respects. An honorarium of Rs. 2,500 will be paid by the Institute for each paper selected for publication in the souvenir or circulation at the Convention.

Please visit the website of the Institute www.icsi.edu for Delegate Fee, Hotel/Advertisement Tariff and Registration Procedure on or after July 15, 2011.



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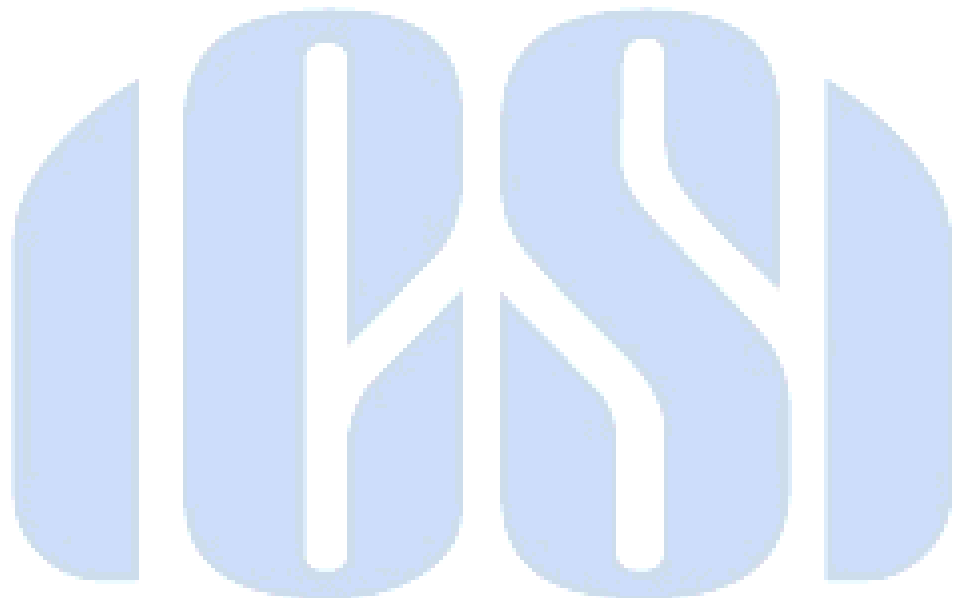
July 25, 2011



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**THE INSTITUTE OF
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CENTRE FOR
CORPORATE
GOVERNANCE,
RESEARCH &
TRAINING (CCGRT)

PCH - 6

Workshop on eXtensible Business Reporting Language (XBRL)

Introduction and Objective	The Ministry of Corporate Affairs vide its General Circular No. 09/2011 dated 31.03.2011, amended vide General Circular No. 37/2011 dated 07.06.2011 and 43/2011 dated 07.07.2011 has mandated certain class of companies to file balance sheets & profit and loss account in respect of financial statements closing on or after 31.03.2011 by using XBRL taxonomy based on the existing Schedule VI and Accounting Standards notified under Companies (Accounting Standard) Rules, 2006. MCA portal is expected to have XBRL filing module by July 2011. ICSI-CCGRT is organising this program particularly for the benefit of its Members to acquaint them with the intricacies and practical aspects involved in XBRL filing.						
Days, Dates & Timing	Friday July 29, 2011 from 04.00 p.m to 07.00 p.m followed by Dinner Saturday, July 30, 2011 from 10.00 a.m to 05.00 p.m						
Venue	A/C Conference Hall of ICSI-CCGRT, Plot No. 101, Sector 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614						
Proposed Coverage	<ul style="list-style-type: none"> • Introduction to XBRL filing • Concept of XBRL Reporting • Demonstration of XBRL filing 						
Speakers include	Shri S Swaminathan Founder & CEO, IRIS Business Services Ltd and his team from IRIS Business Services Ltd						
Participant Mix	Primarily Company Secretaries .						
Fees	<table> <tr> <td>Members ICSI</td> <td>Rs. 3000/- per participant</td> </tr> <tr> <td>Others</td> <td>Rs. 3500/- per participant</td> </tr> <tr> <td>Annual Members of CCGRT</td> <td>Rs. 2500/- per participant</td> </tr> </table> <p>Fees includes the cost of program kit, lunch, background material, and other organisational expenses involved.</p>	Members ICSI	Rs. 3000/- per participant	Others	Rs. 3500/- per participant	Annual Members of CCGRT	Rs. 2500/- per participant
Members ICSI	Rs. 3000/- per participant						
Others	Rs. 3500/- per participant						
Annual Members of CCGRT	Rs. 2500/- per participant						

Note : The program will be conducted by IRIS Business Services Ltd.

Limited Seats are available. Limited residential arrangements are available on additional payment. Prior Registration on payment is desirable for all the participants.

For Prior registration : Fee may be paid by local cheque/DD payable at Mumbai in favour of "ICSI-CCGRT A/c" and sent to: Shri Gopal Chalam, Dean, ICSI-CCRT, Plot No. 101, Sector – 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614, Ph : 022-27577814/15, 022- 4102 1515 email : ccgrt.icsi@gmail.com, ccgrt@icsi.edu



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ICSI Celebrates Corporate Governance Week

August 8-12, 2011

The Institute of Company Secretaries of India (ICSI) is one of the first professional bodies in India to initiate discussion on "Corporate Governance" in the light of Cadbury Committee Report in the year 1997. The Institute has taken several initiatives on corporate governance including ICSI National Award for Excellence in Corporate Governance; ICSI Life Time Achievement Award for Translating Excellence in Corporate Governance into Reality; Issuance of Secretarial Standards to harmonise diverse Corporate Secretarial Practices; Post Membership Qualification (PMQ) Course in Corporate Governance; Directors Development Programmes; International Conferences on Corporate Governance; Investor Education and Awareness Programmes; as well as Joint Programmes with OECD, GCCF (IFC – Washington), INSOL International, Cass Business School (London), ICSA Singapore, ICSA Malaysia, CISI, CMDA (Maldives), etc. for furthering the cause of corporate governance.

CORPORATE GOVERNANCE WEEK

Furthering the cause of good governance amongst corporate India, the Institute has decided to observe "ICSI Corporate Governance Week", as an Annual Event.

This year the week will be celebrated from August 8-12, 2011. It is proposed to organise programmes corporate governance, sustainability, ethics and integrity, risk management, Non-Financial Disclosures, Carbon Foot Prints, and Good Corporate Citizenship as well as furthering "Go Green" initiatives throughout the length and breadth of the country.

CORPORATE GOVERNANCE CONCLAVE

The celebrations of the Corporate Governance Week shall culminate into Corporate Governance Conclave. Besides building awareness, the Conclave would provide insights into the various facets of the corporate governance which have assumed significance in the changing business landscape and need the attention from governance professionals, industry leaders, academia, students and others.

THEME

"Integrating Sustainability into Corporate DNA"

Day & Date : Friday August 12, 2011

Venue : New Delhi

Faculty: Corporate Captains, learned professionals, global experts in Corporate Governance will enlighten participants on various intricate issues of Corporate Governance.

PCH – Members attending conclave will be awarded two PCH.

Knowledge Partners :



All are cordially invited to attend and participate in the Corporate Governance Week activities and Corporate Governance Conclave.



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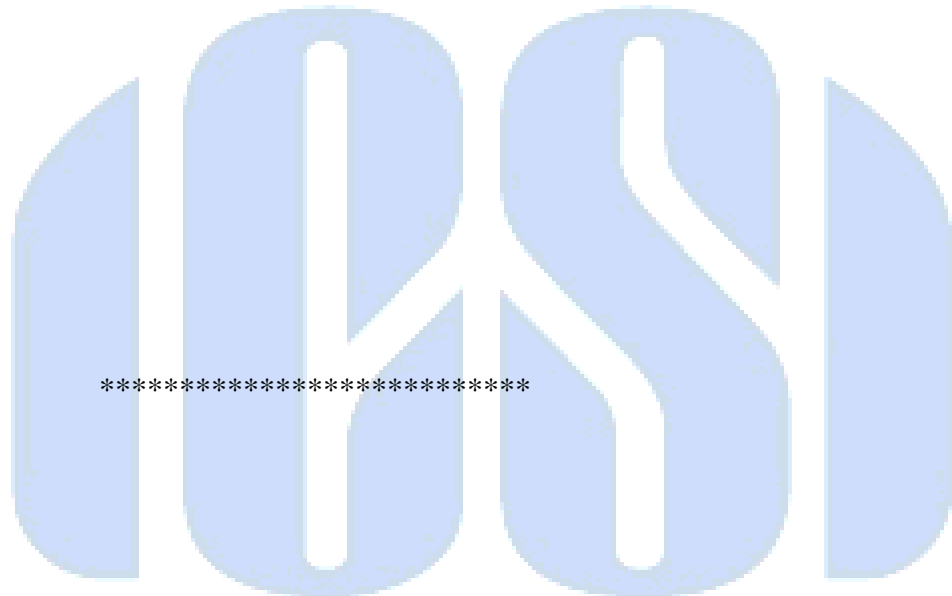


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RECORDING OF WEBCAST ON XBRL ARRANGED BY ICSI

Details can be accessed at: <http://www.streamonweb.com/ICSI>





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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. **Public Consultation on the Proposed Revisions to the Code of Corporate Governance—Singapore—14 June 2011**

Corporate Governance Council ("Council") which was set up by the Monetary Authority of Singapore to review the existing Code of Corporate Governance 2005 has released the proposed revisions to the Code for public consultation on 14th June 2011.

Proposed revision aims to promote a high standard of corporate governance among listed companies in Singapore. This effort is critical to maintaining investor confidence, and to enhance Singapore's reputation as a leading and trusted international financial centre. They shall apply to Singapore listed companies on a 'comply or explain' basis.

The key proposals set out in the consultation paper are made in the areas of director independence, board composition, director training, multiple directorships, alternate directors, remuneration practices and disclosures, risk management, as well as shareholder rights and role.

The Council has invited views and comments on the proposals made in the paper and the draft amendments to the revised Code by 31 July 2011.

The consultation paper on proposed revisions to the Code of Corporate Governance of Singapore can be accessed at:

http://www.mas.gov.sg/news_room/press_releases/2011

2. **OECD Guidelines for Multinational Enterprises -- Recommendations for Responsible Business Conduct in a Global Context -- 24 May 2011**

An update of earlier guidelines "The OECD Guidelines for Multinational Enterprises" were issued by OECD after due consultations with government of various adhering nations on 24 May 2011.

The updated version contains recommendations for responsible business conduct that various adhering governments encourage their enterprises to observe wherever they operate.

The Guidelines aim to ensure that the operations of multinational enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises.

The Guidelines provide principles and standards of good practice consistent with applicable laws and internationally recognised standards. Observance of the Guidelines by enterprises is voluntary and not legally enforceable.



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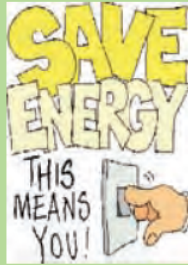
The updated guidelines can be accessed at:

<http://www.oecd.org/>

GREEN CORNER

SAVE ENERGY

GREEN INDIA



- Turn off the lights when not in use;
- Take advantage of daylight by using light-colored, loose-weave curtains on your windows to allow daylight to penetrate the room;
- Turn off your home office equipment when not in use. A computer that runs 24 hours a day, for instance, uses - more power than an energy-efficient refrigerator;
- If your computer must be left on, turn off the monitor; this device alone uses more than half the system's energy;
- Battery chargers, such as those for laptops, cell phones and digital cameras, draw power whenever they are plugged in. Pull the plug and save;
- Prefer air conditioners having automatic temperature cut off.

Something Good

UNESCO World Heritage Committee (WHC), has decided to remove Manas National Park, Assam, from the "List of World Heritage Sites in Danger". The decision was announced during the 35th Session of the WHC in Paris (19-29th June 2011). This makes Manas the only site out of sixteen world heritage sites in this category, to be taken off the list. The UNESCO-IUCN Reactive Monitoring Mission which visited Manas in January this year took the decision. Members of the visiting mission were impressed to see the range of species and habitat management restoration activities at the site, including the re-habitation of the Indian one-horned rhinoceros. The WHC said, significant improvements in the preservation and restoration of the park, and maintaining the 'Outstanding Universal Values (OUVs)' of the site, were the key factors in the decision.

To Remember:

July 11 – World Population Day

Quote of the Month

"Let every individual and institution now think and act as a responsible trustee of Earth, seeking choices in ecology, economics and ethics that will provide a sustainable future, eliminate pollution, poverty and violence, awaken the wonder of life and foster peaceful progress in the human adventure."

— John McConnell, founder of International Earth Day

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

CORPORATE COMPLIANCE IN PUBLIC INTEREST



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सत्यमेव जयते

GOVERNMENT OF INDIA MINISTRY OF CORPORATE AFFAIRS

Corporate compliance in public interest

In order to ensure update filing of Balance Sheets and Annual Returns by the Companies, the Ministry vide its Circular No. 33/2011 dated 01.06.2011 had informed all stakeholders in advance that no event based e-forms shall be accepted by the defaulting companies, their Directors and Companies Secretaries with effect from 3rd July, 2011 unless up-to-date Balance Sheets and Annual Returns are filed with ROC by such defaulting companies. The above restrictions has been imposed to make available above documents for inspection to the public as required under section 610 of the Companies Act, 1956 in public interest and not to harass the stakeholders.

The defaulter list of such companies and their Directors/Companies Secretaries has been placed in the Ministry's portal www.mca.gov.in/MCA21. Due to discrepancy in the data, some of the compliant stakeholders might have been put in the defaulter list. In such cases stakeholders are requested to send their grievances/feedback through "User Complaints & Grievances" facility on MCA 21 portal. A special "help desk" has been put in place to resolve the grievance within 48 hours. The cooperation of stakeholdes are solicited in the public interest.

Fast Track Exit Mode for defunct Companies

The Ministry has introduced new guidelines for defunct companies under section 560 of the Companies Act, 1956 for striking off their names w.e.f. 3rd July, 2011. The guidelines and FAQ are available on the Ministry's portal. davp 07101/11/0075/1112



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DEFAULTERS LIST OF COMPANIES, DIRECTORS AND COMPANY SECRETARIES ISSUED BY MCA

DEFAULTER COMPANIES LIST CAN BE ACCESSED AT:

- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/Company_ListA_F.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/Company_ListG_L.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/Company_ListM_R.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/Company_ListS_Z.pdf

DEFAULTER DIRECTORS LIST CAN BE ACCESSED AT:

- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST1_0000000_00120000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST2_00120000_00300000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST3_00300000_00500000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST4_00500000_00750000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST5_00750000_01050000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST6_01050000_01300000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST7_01300000_01600000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST8_01600000_01750000.pdf
- http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST9_01750000_01900000.pdf



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• http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST10_01900000_02050000.pdf

• http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST11_102050000_02200000.pdf

• http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST12_202200000_02400000.pdf

• http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST13_302400000_02700000.pdf

• http://www.mca.gov.in/MCA21/dca/EES_Companies_List/DIRLIST14_402700000_00400000.pdf

DEFAULTER SECRETARIES LIST CAN BE ACCESSED AT:

• http://www.mca.gov.in/MCA21/dca/EES_Companies_List/SEC_SING LE_LIST.pdf





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PROSECUTION OF DIRECTORS

General Circular No.47/2011

No.2/13/2003/CL- V
Government of India
Ministry of Corporate Affairs

5th Floor, Shastri Bhavan,
Dr. Rajendra Prasad Road,
New Delhi-110001,
Dated the 14th July, 2011

To,

All Regional Directors,
All Registrars of Companies,
All Official Liquidators.

Sub: Prosecution of Directors – Regarding

Sir,

I am directed to refer to this Ministry's General Circular No. 08/2011 dated 25.03.2011 on the subject cited above and to state that the nominee director on behalf of Public Financial Institutions, Financial Institutions and banks on the board of companies should also be treated in the same manner as provided in the para 2 of the said Circular.

Yours Faithfully
-sd/-

(Monika Gupta)
Assistant Director

General Circular No. 08/2011

No.2/13/2003/CL- V
Government of India
Ministry of Corporate Affairs

5th Floor, Shastri Bhavan,
Dr. Rajendra Prasad Road,
New Delhi-110001,



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Dated the 25th March, 2011

To,

All Regional Directors,
All Registrars of Companies,
All Official Liquidators.

Sub: Prosecution of Directors – Regarding

Sir,

Penal actions for defaults committed under the Companies Act, 1956 are either to be taken against an "officer in default" or a "director(s)" or "persons" as provided in the relevant penal provisions of the Act. Section 5 of the Companies Act, 1956, defines officer in default and the Directors are also liable for compliance of various provisions of the Act.

2. It is noticed that penal actions are also initiated against certain Directors who are not charge with the responsibility, particularly in following cases : --

(a) For listed companies Securities and Exchange Board of India (SEBI) requires nomination of certain Directors designated as Independent Directors.

(b) For public sector undertakings, respective Government nominates Directors on behalf of the respective Government.

(c) Various public sector financial institutions having participation in equity of a company also nominate Directors to the Board of such companies.

(d) Directors nominated by the Government u/s 408 of the Companies Act, 1956. In supersession of all earlier circulars, it is clarified that Registrar of Companies should take extra care in examining the cases where above Directors are also identified as Officer in default. No such Directors as indicated above shall be held liable for any act of omission or commission by the company or by any officers of the company which constitute a breach or violation of any provision of the Companies Act, 1956, and which occurred without his knowledge attributable through Board process and without his consent or connivance or where he has acted diligently in the Board process. The Board process includes meeting of any committee of the Board and any information which the Director was authorised to receive as Director of the Board as per the decision of the Board. No.2/13/2003/CL- V

3. It is further clarified that before taking penal action under the Companies Act, 1956 against the Directors the following compliances should be verified by Registrar of Companies: -

(a) A director resigns and the company does not file Form 32 as required in



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terms of Section 302(2) of the Act. In case, the director concerned has informed/endorsed a copy of his resignation to the Registrar of Companies, the Registrar should enquire into such cases and try to find out whether such director has actually resigned or not.

(b) In case the status of a director, i.e. whether he is a nominee director or not, is not reflected in the Annual Return or other documents of the company, available with Registrar, the same should be cross checked with the Annual Report filed by the company;

(c) The timing of the commission of offence is also material to identify the director's responsibility; and Form 1AB should also be checked in case any person has been charged by the Board under Section 5(f) with the responsibility of complying with some particular provision or in case any director has been specified by the Board under Section 5(g) of the Act.

(d) Special Directors appointed by BIFR under section 16 (6)(b) of SICA 1985, shall not incur any obligation or liability for anything done or omitted to be done in good faith and in discharge of duties. Hence they shall be excluded in the list of officers in default

4. For default u/s 209(5), 209(6), 211 and 212 of the Act, the following persons shall be the 'officers in default for the purpose of prosecution under these provisions:-

(a) Where there is a Managing Director or Manager, the Managing Director or the Manager as the case may be and in addition, the Company Secretary appointed u/s 383A or the person who has been charged with work of maintenance and preparation of Annual Accounts in compliance with aforesaid provisions.

(b) Where there is no Managing Director or Manager, every director and the Company Secretary appointed u/s 383A of the Act . No.2/13/2003/CL- V

(c) Any persons amongst officers and employees other than Managing Director/Manager/Directors who has been charged by the Managing Director/Manger or Board of Directors with specific responsibility of complying with aforesaid provisions, in addition to Managing Director/Manager/Board of Directors as the case may be.

(d) Directors including Non-Executive Directors, officers and employees not connected with responsibility with the above provisions should not be arrayed as delinquent directors.

(e) While considering the non-executive directors for including in the list of officers in default for a particular violation of the Companies Act, it should be examined whether the violation has taken place with his knowledge attributable through board process, with his consent or connivance and whether he acted diligently or not.



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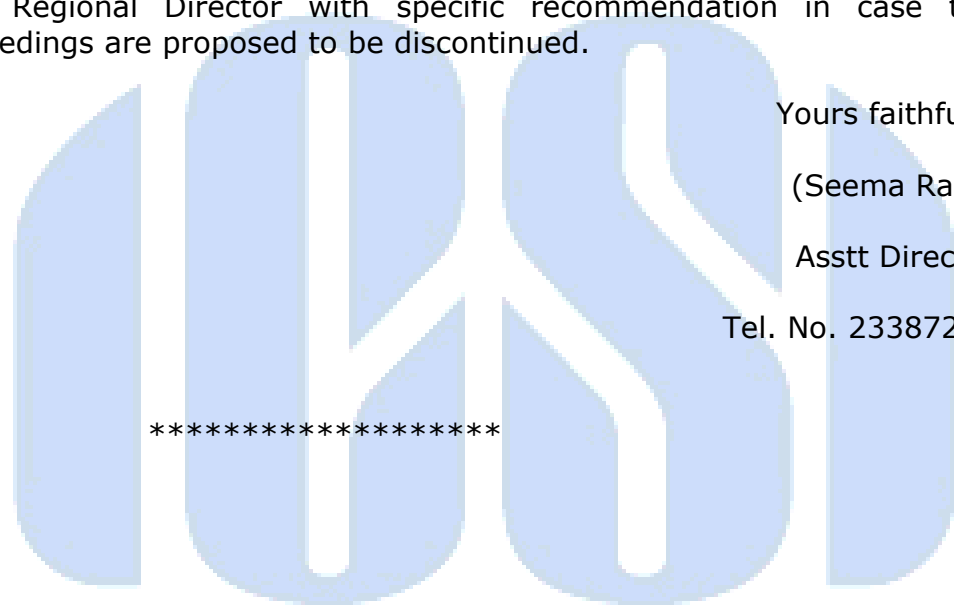
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(f) Where prosecution is required to be filed against any Government company, its directors/officers and Member of Parliament and Member of Legislator under the Companies Act, 1956, Registrar of Companies should seek prior authorization of Central Government in terms of Section 621 of the Act.

5. There should be proper application of mind on the part of Registrar of Companies in deciding whether a person to be implicated is an 'officer in default' by examining the Annual Return, Form 32(s) and DIN database available in the Registry. The guidelines issued herein above should be applied and wrongful prosecution should be avoided. Wherever the Registrar of Companies have doubt as to whether director/officer can be held liable after applying the above parameters, they should refer to Regional Director, who shall guide Registrar of Companies in the matter.

6. All cases which are pending against Directors of companies above must be relooked at, based on these parameters and a report must be sent by each Regional Director with specific recommendation in case the proceedings are proposed to be discontinued.



Yours faithfully

(Seema Rath)

Asstt Director

Tel. No. 23387263

WAIVER OF APPROVAL OF CENTRAL GOVERNMENT FOR PAYMENT OF REMUNERATION TO PROFESSIONAL MANAGERIAL PERSON BY COMPANIES HAVING NO PROFITS OR INADEQUATE PROFITS





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General Circular No. 46/2011

No 14/03/2011/CL.VII
Government of India
Ministry of Corporate Affairs

5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 14.07.2011

To,
All the Regional Directors,
All the Registrar of Companies,
All Stakeholders

Sub: Waiver of approval of Central Government for payment of remuneration to professional managerial person by companies having no profits or inadequate profits

Sir,

In order to promote the development of Indian Corporate sector and another step towards simplification of procedure under the Companies Act, 1956, the Ministry has decided to amend Schedule XIII to the Companies Act, 1956 w.e.f.14.7.2011.

2. At present, listed companies and their subsidiary companies, which are not having profits or having inadequate profits, have to come to the Central Government for seeking approval for payment of remunerations exceeding Rs. 4 lakh p.m. even to professional managerial person, who has no interest in the capital or any relation with the directors of the company.

3. Pursuant to this amendment, no approval of Central Government will be required by the listed companies and their subsidiary companies, which are not having profits or having inadequate profits for payment of remunerations exceeding Rs. 4 lakh p.m., if the managerial person:-

(a) is not having any direct or indirect interest in the capital of the company or its holding company or through any other statutory structures at any time during last two years before or on the date of appointment and

(b) is having a graduate level qualification with expert and specialized knowledge in the field of his profession.

4. The other general conditions specified in para (c) of Section II of Part II of Schedule XIII to the Act shall continue to be complied with.

Yours faithfully,

-Sd-

(Monika Gupta)
Assistant Director

Copy to: All concerned

AMENDMENT IN SCHEDULE XIII OF THE COMPANIES ACT, 1956





CS Update

July 25, 2011



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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, PART II,
SECTION 3, SUB SECTION (i.)]

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

New Delhi, the, 14 July, 2011

NOTIFICATION

GSR – In exercise of the powers conferred by the sub section (1) of Section 641 of the Companies Act, 1956, the Central Government hereby makes the following further amendments in Schedule XIII of the Companies Act, 1956: -

1. In GSR 396(E) dated 23rd May, 2011 in Para 1(i) the words “fourth proviso” may be read as “third proviso”.

2. In Schedule XIII, in part II, in Section II ---
in sub-para (C), the fourth proviso shall be substituted by the proviso as under: -

“Provided further that approval of Central Government is not required for a subsidiary of a listed company, if –

- i. the Remuneration Committee and Board of Directors of the holding company give their consent for the amount of such remuneration of the applicant and for the said amount to be deemed remuneration by the holding company for the purpose of section 198 of the Companies Act, 1956 and;*



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- ii. *a special resolution has been passed at the general meeting of the company for payment of remuneration of the applicant and;*
- iii. *the remuneration of the applicant is deemed to be remuneration paid by holding company and;*
- iv. *all members of the subsidiary are bodies corporate.*

Provided that a listed company or a subsidiary of a Listed company shall not require Central Government approval for the payment of remuneration to its managerial personnel, if the remuneration is fixed by Board of Industrial and Financial Reconstruction."

3. In Schedule XIII, in part II, in Section II -
in sub-para (C), after fourth proviso, the following proviso shall be inserted, namely :-

"Provided that no approval of Central Government is required if the managerial person is not having any interest in the capital of the company or its holding company, directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the directors or promoters of the company or its holding company at any time during last two years before or on the date of appointment and is having a graduate level qualification with expert and specialized knowledge in the field of his profession."

4. After Explanation VI, to the Section II in part II of Schedule XIII of the Companies Act, 1956 following shall be inserted:-

"Explanation VII: For the purpose of Section II of this part, "Statutory Structure" means any entity which is entitled to hold shares in any company formed under any statute."



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5. It shall come into force from the date of its publication in the Official Gazette

(F.No. 14/3/2011-CL.VII)


(J.N. Tikku)
Joint Director

Note : The Principal Schedule was inserted by the Companies (Amendment) Act, 1988 vide No. G.S.R.559(E), dated 10.06.1998 and subsequently amended vide—

- (i) GSR 784(E), dated 13.07.1998
- (ii) GSR 723(E), dated 18.09.1990
- (iii) GSR 510(E), dated 14.07.1993
- (iv) GSR 48(E), dated 01.02.1994
- (v) GSR 418(E), dated 12.09.1996
- (vi) GSR 215(E), dated 02.03.2000
- (vii) GSR 36(E), dated 16.01.2002
- (viii) GSR 70(E) dated 08.02.2011
- (ix) GSR 396(E) dated 23.05.2011

o/c



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COMPANIES (CENTRAL GOVERNMENTS) GENERAL RULES AND FORMS (AMENDMENT) RULES, 2011

- [TO BE PUBLISHED IN THE GAZETTE OF INDIA PART II, SECTION 3, SUB SECTION (i), EXTRAORDINARY]

GOVERNMENT OF INDIA
Ministry of Corporate Affairs

Notification

New Delhi the 14th July, 2011

G.S.R. (E). – In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 642 of the Companies Act, 1956 (1 of 1956) read with sections 20 and 21 of the Companies Act, 1956 and all other powers hereunto enabling the Central Government hereby makes the following rules, further to amend the Companies (Central Government's) General Rules and Forms, 1956 namely:-

1. Short title and commencement

- (1) These rules may be called the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011.
- (2) They shall come into force with effect from 24th July, 2011.

2. The existing Rule-4A shall be substituted by the following Rule 4A:

“Rule 4A. Sections 20 and 21 –(1) The promoters of a company under a proposed name or a company seeking to change its name may make an application to the Registrar of Companies of the State in which the registered office of the proposed company or of the company to be or is situated.

- (2) The application shall be in Form 1A and be accompanied by a fee of rupees one thousand only.

A handwritten signature in black ink, appearing to be "J. S. J."



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- (3) The Registrar shall cause to examine the application as to whether the changed name or the name with which the proposed company is to be registered, as case may be, is undesirable within the meaning of section 20. In case the name is undesirable, he may reject the same or ask for resubmission of the application with new names or call for further information, ordinarily within three days of receipt of the application.

Provided that the applicants shall be given only upto two opportunities for re-submission of their proposal against the fee paid in the first instance for name availability after the original application is filed. In the event the registrar does not find the proposals so submitted and re-submitted as fit for approval, he shall reject the application after the second re-submission. However, the applicant will be at liberty to file fresh application along with prescribed fee.

Provided further that when the application of the name for new company is certified by a practising Chartered Accountant, Company Secretary or Cost Accountant, the form shall be processed and examined electronically under MCA21 System and the name will be approved online.

- (4) Where the Registrar of Companies informs the company or the promoters of the company that the changed name or the name with which the proposed company is to be registered, as the case may be, is not undesirable, such name shall be available for adoption by the said company or by the said promoters of the company for a period of sixty day from the date, the name is allowed:

A handwritten signature in black ink, appearing to be "J. S. S." with a horizontal line underneath.

Further details can be accessed at:
[http://www.mca.gov.in/Ministry/notification/pdf/GSR\(E\)_14july2011.pdf](http://www.mca.gov.in/Ministry/notification/pdf/GSR(E)_14july2011.pdf)



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July 25, 2011



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DRAFT PUBLIC COMPANIES (TERMS OF ISSUE OF DEBENTURE AND OF RAISING OF LOANS WITH OPTION TO CONVERT SUCH DEBENTURES OR LOANS IN TO SHARES) RULES, 2011

No 2/8/2011-CL.V
Government of India
Ministry of Corporate Affairs

5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 13.07.2011

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

Subject : Draft Public Companies (Terms of Issue of debenture and of raising of loans with option to convert such debentures or loans in to shares) Rules, 2011

Sir,

The Ministry of Corporate Affairs is considering to revise the Public Companies (Terms of Issue of debenture and of raising of loans with option to convert such debentures or loans in to shares) Rules, 1977 to sort out the difficulties being faced by the lenders while converting debentures or loans to companies in to shares as per existing rule.

You are requested to examine the draft rule and furnish your comments / recommendations to the Ministry latest by 29th July, 2011 by e-mail on the following e-mail addresses.

monika.gupta@mca.gov.in
kamna.sharma@mca.gov.in

Yours faithfully,
(Monika Gupta)
Assistant Director



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DRAFT NOTIFICATION

[TO BE PUBLISHED IN THE GAZETTE OF INDIA PART II, SECTION 3, SUB SECTION (i), EXTRAORDINARY]

GOVERNMENT OF INDIA
Ministry of Corporate Affairs

Notification

New Delhi the _____ 2011

G.S.R. (E). – In exercise of the powers conferred by section 642 read with clause (a) of the proviso to sub-section (3) of section 81 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, in supercession of companies Public Companies (Terms of Issue of Debentures and Raising of Loans with Option to Convert such Debentures or Loans into Shares) Rules, 1977 namely:-

1. Short Title and Commencement:

(1) These rules may be called the Public Companies (Terms of Issue of debenture and of raising of loans with option to convert such debentures or loans in to shares) Rules, 2011.

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

2. Definitions:

In these rules, unless the context otherwise requires:-

(a) "Act" means the Companies Act, 1956 (1 of 1956);

(b) "Public financial institution " means-

(i) any of the financial institution specified in sub- section (1) of Section 4 A of the Act

(ii) any of the other institutions specified by the Central Government to be public financial institutions under sub-section (2) of the said section 4A.

(c) "Bank" means a bank approved by the Reserve Bank of India and includes foreign banks approved by the regulator of that country.

3. Particulars regarding the terms of issue of debentures or the terms of raising of loans by a public company:

The terms of issue of debentures or the terms of raising of loans by a public company which include a term providing for an option to convert such debentures or loans or any part thereof into shares in the company or to subscribe for shares in the company shall not require the approval of the Central Government under clause (a) of the proviso to sub-section (3) of



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section 81 of the Act, if such terms confirm to the following requirements, namely:-

(a) the debentures or loans may be issued or raised either through private subscription or through the issue of a prospectus to the public ;

(b) a public financial institution either underwrites or subscribes to or sanctions the whole or part of the issue of debentures or the raising of loans, as the case may be ;

(c) when and where necessary, the consent of the Securities and Exchange Board of India (SEBI) constituted under the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992), is obtained for the issue of shares consequent upon the conversion of debentures of loans into equity capital ;

(d) having regard to the financial position of the company the terms of issue of the debentures or the terms of the loans, as the case may be, the rate of interest payable on the debentures or loans, the capital of the company, its loans, liabilities, its reserves, its profits during the immediately preceding five years and the current market price of the shares of the company, as may be applicable, the financial institutions provide for the terms including the term providing for an option to convert such debentures or loans or any part thereof, into shares in the company or to subscribe shares for therein, :-

(i) in case of listed companies, at a price as per SEBI norms or with the prior approval of SEBI, as the case may be;

(ii) in case of un-listed company, having loan from or having debentures issued to a PFI or Bank, as per mutual agreement between the company and PFI or Bank;

(iii) in any other case, at par or at a premium not exceeding twenty five per cent of the face value of the shares.

Provided that a public financial institution or a bank shall not convert all or any part of such debentures or loans unless:-

(a) the company has issued the debentures or raised the loan has defaulted in the repayment/redemption of, or payment of interest on, such loans or debentures; and

(b) such bank or public financial institution has given the company notice of its intention to convert such loans or debentures at least 30 days prior to the intended date of conversion."

[F No 2/8/2011-CL.V]
J.N. Tikku,
Joint Director



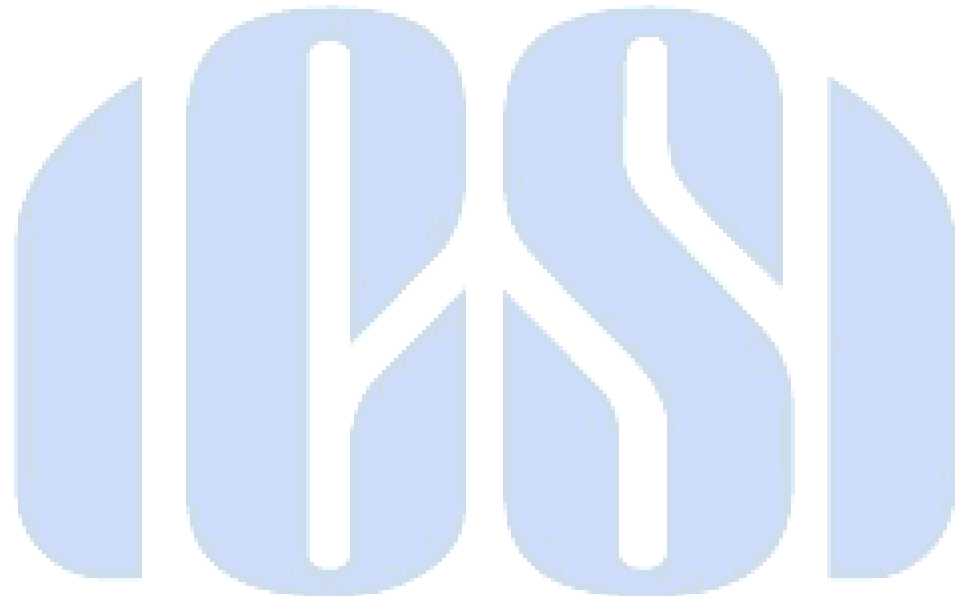
CS Update

July 25, 2011



NATIONAL VOLUNTARY GUIDELINES ON SOCIAL, ENVIRONMENTAL & ECONOMIC RESPONSIBILITIES OF BUSINESS, 2011

Details can be accessed at: http://www.mca.gov.in/Ministry/latestnews/National_Voluntary_Guidelines_2011_12jul2011.pdf



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

[TO BE PUBLISHED IN THE GAZETTE OF INDIA PART II, SECTION 3, SUB SECTION (i), EXTRAORDINARY]

GOVERNMENT OF INDIA
Ministry of Corporate Affairs

Notification

New Delhi the 07.07.2011

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G.S.R. (E). – In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 642 of the Companies Act, 1956 (1 of 1956) and all other powers hereunto enabling the Central Government hereby makes the following rules, further to amend the Companies (Central Government's) General Rules and Forms, 1956 namely:-

1. Short title and commencement

(1) These rules may be called the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011.

(2) They shall come into force with effect from the date of publication in the official Gazette.

2. The existing Rule 10C shall be substituted by the following Rule 10C:

[Rule 10C. (1) The total monthly remuneration for the purpose of clause (b) of sub-section (1) of section 314, shall not be less than rupees fifty thousand.

(2) The total monthly remuneration, for the purpose of sub-section (1B) of section 314, shall not be less than rupees two lakhs and fifty thousand.]

[F No 17/174/2011-CL.V]

J.N. Tikku,
Joint Director

Note:- The Principal notification was published vide number G.S.R. 432 dated the 18th January, 1956 and last amended vide G.S.R. 408 (E) dated the 26th May, 2011.



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NAME AVAILABILITY GUIDELINES, 2011

General Circular No. 45/2011

No 17/90/2011- CL V
Government of India
Ministry of Corporate Affairs

5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated the 8th July, 2011

All the Regional Directors,
All the Registrar of Companies

Subject: **NAME AVAILABILITY GUIDELINES, 2011**

Sir,

In supercession of all the previous circulars and instructions issued by Ministry of Corporate Affairs from time to time regarding name availability, the applicants and Registrar of Companies are advised to adhere following guidelines while applying or approving a name:

1. As per provisions contained in Section 20 of the Companies Act, 1956, no company is to be registered with undesirable name. A proposed name is considered to be undesirable if it is identical with or too nearly resembling with:

(i) Name of a company in existence and names already approved by the Registrar of Companies;

(ii) Name of a LLP in existence or names already approved by Registrar of LLP; or

(iii) A registered trade-mark or a trade mark which is subject of an application for registration, of any other person under the Trade Marks Act, 1999.

2. While applying for a name in the prescribed e-form-1A, using Digital Signature Certificate (DSC), the applicant shall be required to furnish a declaration to the effect that:

(i) he has used the search facilities available on the portal of the Ministry of Corporate Affairs (MCA) i.e., www.mca.gov.in/MCA21 for checking the resemblance of the proposed name(s) with the companies and Limited Liability Partnerships (LLPs) respectively already registered or the names already approved.

(ii) the proposed name(s) is/are not infringing the registered trademarks or a trademark which is subject of an application for registration, of any other person under the Trade Marks Act, 1999;

(iii) the proposed name(s) is/are not in violation of the provisions of Emblems and Names (Prevention of Improper Use) Act, 1950 as amended from time to time;



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July 25, 2011



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(iv) the proposed name(s) is not such that its use by the company will constitute an offence under any law for the time being in force.

v) the proposed name is not offensive to any section of people, e.g., proposed name does not contain profanity or words or phrases that are generally considered a slur against an ethnic group, religion, gender or heredity;

(vi) he has gone through all the prescribed guidelines, understood the meaning thereof and the proposed name(s) is/are in conformity thereof;

(vii) he undertakes to be fully responsible for the consequences, in case the name is subsequently found to be in contravention of the prescribed guidelines.

3. There is an option in the e-form 1A for certification by the practicing Chartered Accountants, Company Secretaries and Cost Accountants, who will certify that he has used the search facilities available on the portal of the Ministry of Corporate Affairs (MCA) i.e., www.mca.gov.in/MCA21 for checking the resemblance of the proposed name(s) with the companies and Limited Liability Partnerships (LLPs) respectively already registered or the names already approved and the search report is attached with the application form. The professional will also certify that the proposed name is not an undesirable name under the provisions of section 20 of the Companies Act, 1956 and also is in conformity with Name Availability Guidelines, 2011.

4(i) Where e-form 1A has been certified by the professional in the manner stated at '3' above, the name will be made available by the system online to the applicant without backend processing by the Registrar of Companies (ROC). This facility is not available for applications for change of name of existing companies.

(ii) Where a name has been made available online on the basis of certification of practicing professional in the manner stated above, if it is found later on that the name ought not to have been allowed under provisions of section 20 of the Companies Act read with these Guidelines, the professional shall also be liable for penal action under provisions of the Companies Act, 1956 in addition to the penal action under Regulations of respective professional Institutes.

(iii) Where e-form 1A has not been certified by the professional, the proposed name will be processed at the back end office of ROC and availability or non availability of name will be communicated to the applicant.

5. The name, if made available, is liable to be withdrawn anytime before registration of the company, if it is found later on that the name ought not to have been allowed. However, ROC will pass a specific order giving reasons for withdrawal of name, with an opportunity to the applicant of being heard, before withdrawal of such name.

6. The name, if made available to the applicant, shall be reserved for sixty days from the date of approval. If, the proposed company has not been incorporated within such period, the name shall be lapsed and will be available for other applicants.

7. Even after incorporation of the company, the Central Government has the power to direct the company to change the name under section 22 of the Companies Act, 1956, if it comes to his notice or is brought to his notice through an application that the name too nearly resembles that of another existing company or a registered trademark.



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8. In determining whether a proposed name is identical with another, the following shall be disregarded:

(i) The words Private, Pvt, Pvt., (P), Limited, Ltd, Ltd., LLP, Limited Liability Partnership;

(ii) The words appearing at the end of the names – company, and company, co., co, corporation, corp, corpn, corp.;

(iii) The plural version of any of the words appearing in the name;

(iv) The type and case of letters, spacing between letters and punctuation marks;

(v) Joining words together or separating the words, as this does not make a name distinguishable from a name that uses the similar, separated or joined words. Such as Ram Nath Enterprises Pvt. Ltd. will be considered as similar to Ramnath Enterprises Pvt. Ltd.;

(vi) The use of a different tense or number of the same word, as this does not distinguish one name from another. Such as, Excellent Industries will be similar to Excellence Industries and similarly Teen Murti Exports Pvt. Ltd. will be to Three Murti Exports Pvt. Ltd.;

(vii) Using different phonetic spellings or spelling variations, as this does not distinguish one name from another. For example, J.K. Industries limited is existing then J and K Industries or Jay Kay Industries or J n K Industries or J & K Industries will not be allowed. Similarly if a name contains numeric character like 3, resemblance shall be checked with 'Three' also;

(viii) The addition of an internet related designation, such as .COM, .NET, .EDU, .GOV, .ORG, .IN, as this does not make a name distinguishable from another, even where (.) is written as 'dot';

(ix) The addition of words like New, Modern, Nav, Shri, Sri, Shree, Sree, Om, Jai, Sai, The, etc., as this does not make a name distinguishable from an existing name such as New Bata Shoe Company, Nav Bharat Electronic etc. Similarly, if it is different from the name of the existing company only to the extent of adding the name of the place, the same shall not be allowed. For example, 'Unique Marbles Delhi Limited' can not be allowed if 'Unique Marbles Limited' is already existing; Such names may be allowed only if no objection from the existing company by way of Board resolution is produced/ submitted;

(x) Different combination of the same words, as this does not make a name distinguishable from an existing name, e.g., if there is a company in existence by the name of "Builders and Contractors Limited", the name "Contractors and Builders Limited" should not be allowed;

(xi) Exact Hindi translation of the name of an existing company in English especially an existing company with a reputation. For example, Hindustan Steel Industries Ltd. will not be allowed if there exists a company with name 'Hindustan Ispat Udyog Limited';

9. In addition to above, the user shall also adhere to following guidelines: --

(i) It is not necessary that the proposed name should be indicative of the main object.;



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ii) If the Company's main business is finance, housing finance, chit fund, leasing, investments, securities or combination thereof, such name shall not be allowed unless the name is indicative of such related financial activities, viz., Chit Fund/ Investment/ Loan, etc.;

(iii) If it includes the words indicative of a separate type of business constitution or legal person or any connotation thereof, the same shall not be allowed. For eg: cooperative, sehkari, trust, LLP, partnership, society, proprietor, HUF, firm, Inc., PLC, GmbH, SA, PTE, Sdn, AG etc.;

(iv) Abbreviated name such as 'BERD limited' or '23K limited' cannot be given to a new company. However the companies well known in their respective field by abbreviated names are allowed to change their names to abbreviation of their existing name (for Delhi Cloth Mills limited to DCM Limited, Hindustan Machine Tools limited to HMT limited) after following the requirement of Section 21 of the Companies Act, 1956. Further, if the name is only a general one like Cotton Textile Mills Ltd., or Silk Manufacturing Ltd., and not specific like Calcutta Cotton Textiles Mills Limited or Lakshmi Silk Manufacturing Company Limited, the same shall not be allowed;

(v) If the proposed name is identical to the name of a company dissolved as a result of liquidation proceeding should not be allowed for a period of 2 years from the date of such dissolution since the dissolution of the company could be declared void within the period aforesaid by an order of the Court under section 559 of the Act. Moreover, if the proposed name is identical with the name of a company which is struck off in pursuance of action under section 560 of the Act, then the same shall not be allowed before the expiry of 20 years from the publication in the Official Gazette being so struck off since the company can be restored anytime within such period by the competent authority;

(vi) If the proposed names include words such as 'Insurance', 'Bank', 'Stock Exchange', 'Venture Capital', 'Asset Management', 'Nidhi', 'Mutual fund' etc., the name may be allowed with a declaration by the applicant that the requirements mandated by the respective Act/ regulator, such as IRDA, RBI, SEBI, MCA etc. have been complied with by the applicant;

(vii) If the proposed name includes the word " State" , the same shall be allowed only in case the company is a government company. Also, if the proposed name is containing only the name of a continent, country, state, city such as Asia limited, Germany Limited, Haryana Limited, Mysore Limited, the same shall not be allowed;

(viii) If the proposed name contains any word or expression which is likely to give the impression that the company is in any way connected with, or having the patronage of, the Central Government, any State Government, or any local authority, corporation or body constituted by the Central or any State Government under any law for the time in force, unless the previous approval of Central Government has been obtained for the use of any such word or expression;

(ix) If a foreign company is incorporating its subsidiary company, then the original name of the holding company as it is may be allowed with the addition of word India or name of any Indian state or city, if otherwise available;

(x) Change of name shall not be allowed to a company which is defaulting in filing its due Annual Returns or Balance Sheets or which has defaulted in repayment of matured deposits and debentures and/or interest thereon;



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July 25, 2011



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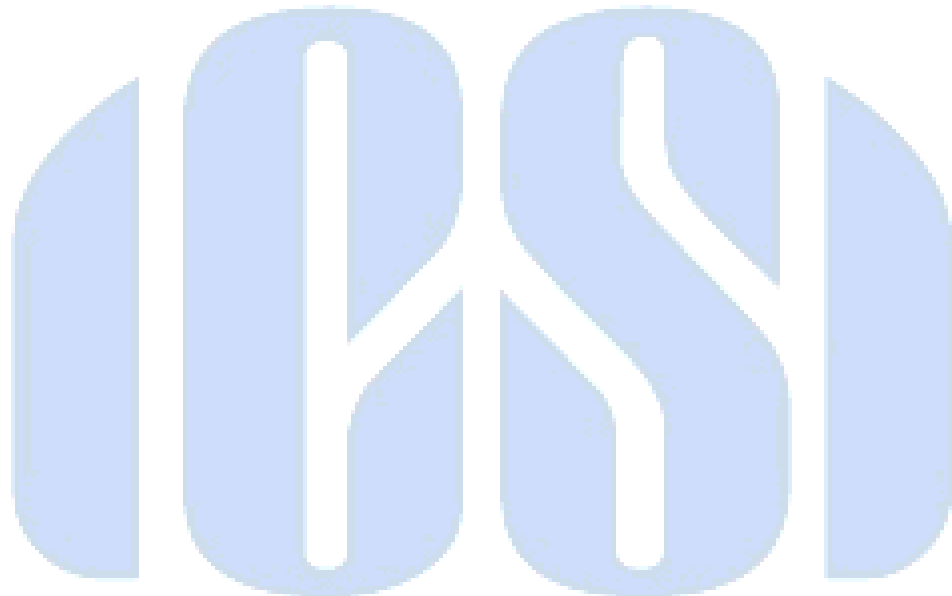
10. These guidelines and revised e-form 1A are likely to be implemented with effect from 24th July, 2011.

11. This issues with the approval of competent authority.

Yours faithfully,

-Sd/-

(Monika Gupta)
Assistant Director
Copy to: All concerned.





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July 25, 2011



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INTEGRATION OF DIRECTOR'S IDENTIFICATION NUMBER (DIN) ISSUED UNDER COMPANIES ACT, 1956 WITH DESIGNATED PARTNERSHIP IDENTIFICATION NUMBER (DPIN) ISSUED UNDER LIMITED LIABILITY PARTNERSHIP (LLP) ACT, 2008

General Circular No. 44/2011

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

5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 08.07.2011

To

All Regional Directors
All Registrar of Companies.
Registrar of Limited Liability Partnership

Sub: Integration of Director's Identification Number (DIN) issued under Companies Act, 1956 with Designated Partnership Identification Number (DPIN) issued under Limited Liability Partnership (LLP) Act, 2008

Sir,

The Ministry of Corporate Affairs has been issuing two separate identification numbers as DIN to an individual for becoming a director of a company under Companies Act, 1956 and DPIN for a designated partner in a Limited Liability Partnership under Limited Liability Partnership (LLP) Act, 2008.

2. To avoid this duplicity and to give ease to the stakeholders, the Ministry has decided to issue only one identification number to an individual for both the purpose.

3. Therefore, the Ministry, vide notification dated 5th July, 2011, has integrated the Director's Identification Number (DIN) issued under Companies Act, 1956 with Designated Partnership Identification Number (DPIN) issued under Limited Liability Partnership (LLP) Act, 2008 with effect from 9.7.2011.

4. Pursuant to this notification:-

(a) With effect from 9.7.2011, no fresh DPIN will be issued. Any person, who desires to become a designated partner in a Limited Liability Partnership, has to obtain DIN by filing e-form DIN-1.

(b) If a person has been allotted DIN, the said DIN shall also be used as DPIN for all purposes under Limited Liability Partnership Act, 2008.



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July 25, 2011



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(c) If a person has been allotted DPIN, the said DPIN will also be used as DIN for all the purposes under Companies Act, 1956.

(d) If a person has been allotted both DIN and DPIN, his DPIN will stand cancelled and his DIN will be used as DIN as well as DPIN for all purposes under Limited Liability Partnership Act, 2008 and Companies Act, 1956.

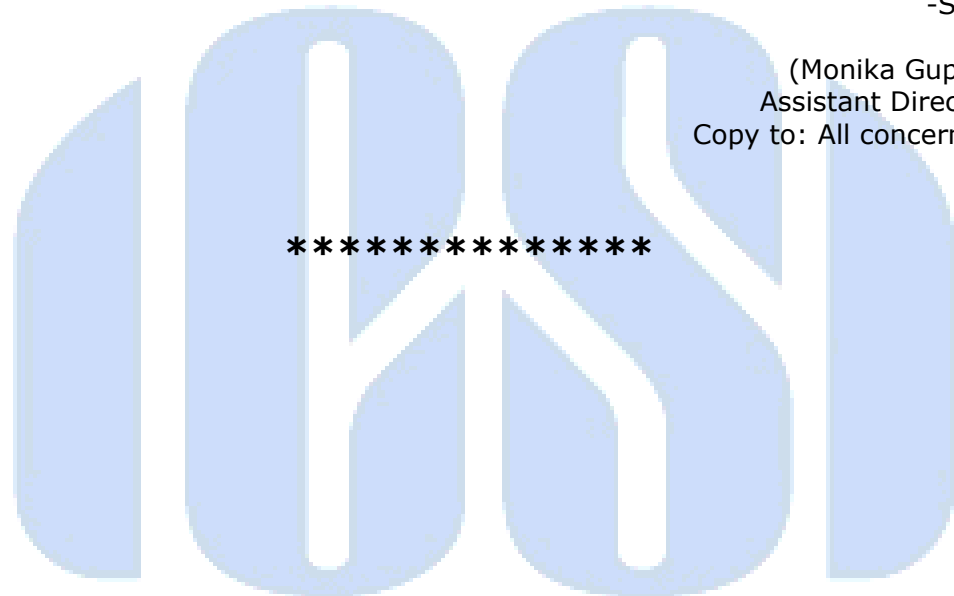
5. As per Circular no. 32/2011 dated 31.05.2011, the Ministry has made Income Tax Permanent Account Number (PAN) mandatory for obtaining DIN for Indian nationals. Further, all existing DIN holders, who have not furnished their PAN at the time of obtaining DIN, are required to furnish their PAN to the Ministry by filing e-form DIN-4 by 30th September, 2011.

6. Similarly, all DPIN holders, who had not furnished their PAN at the time of obtaining DPIN, are required to furnish their PAN to the Ministry by filing eform DIN-4 by 30th September, 2011, failing which their DPIN/DIN will be disabled and they will also be liable for heavy penalty.

Yours faithfully,

-Sd/-

(Monika Gupta)
Assistant Director
Copy to: All concerned







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

General Circular No. 43/.

No. HQ/MCA/DigitisedBS/AR/2009

Government of India

Ministry of Corporate Affairs

5th Floor, "A" Wing, Shastri Bhawan,

Dr. R.P. Road, New Delhi – 110001

Dated 27-07-2011

All the Regional Directors,
All the Registrar of Companies/ Official Liquidators
All stakeholders

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

Sir,

In partial modification to Para 2 of Ministry's Circular No. 26/2011 dated 18.05.2011, the filing on MCA 21 in the XBRL mode will be effective in respect of financial statements closing on or after 31.03.2011 instead of the year 2011-12.

2. Further, in continuation to the Circular no. 37/2011 dated 07.06.2011, the further information is given as under: --

(i) Besides signing by signatories as specified u/s 215 of the Companies Act, 1956, the Statutory Auditor has to certify the financial statements prepared in XBRL mode for filing on MCA-21 portal.

(ii) Phase-1 class of companies as per Circular 9/2011 dated 31.03.2011 and later exempted from XBRL filing (under Power sector, Insurance sector, NBFC and Banking sector) who are unable to file their financial statements would be exempted from additional fee due to delay in filing up to 30.09.2011.

3. This issue with approval of Competent Authority.

Yours faithfully,

(J.N. Tikku)
Joint Director



CS Update

July 25, 2011



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General Circular 37/2011

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 07.06.2011

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.

In supersession of this Ministry's Circular no. 9/2011 dated 31.03.2011 and 25/2011 dated 12.05.2011, Ministry of Corporate Affairs hereby mandated certain class of companies to file Balance sheets and Profit and loss Account alongwith Director's and Auditor's Report for the year 2010-11 onwards by using XBRL taxonomy. The Taxonomy Business Rules, Validity tools etc required for preparation the above documents in XBRL format as the existing Schedule VI and Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 have been prepared and hosted on the website of the Ministry at www.mca.gov.in. 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. To enable filing on XBRL by stakeholders, MCA-21 portal will have XBRL filing module by July, 2011. Actual date will be informed separately.

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 Indian subsidiaries;
- (ii) All companies having a paid up capital of Rs. 5 Crore and above
- (iii) All companies having a turnover of Rs 100 crore and above.



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However banking companies, insurance companies, power companies and Non Banking Financial Companies (NBFCs) are exempted for XBRL filing, till further orders.

Additional Fee Exemption

3. All companies falling in Phase –I whose Balance Sheets are adopted in the Annual General Meeting held before 30.09.2011 are permitted to file upto 30-09-2011 without any additional filing fee. However, where companies hold the Annual General Meeting in the month of September 2011, they will file the Balance Sheet within 30 days from the date of adoption in the General Meeting as per section 220 of the Companies Act, 1956.

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 23381295

E – mail- jyotinder.nath@mca.gov.in



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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?



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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?

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:



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- 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.
- 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.



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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?

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 interest is involved for acquisition/ rights etc.



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RBI UPDATE





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REGULARIZATION OF LIAISON / BRANCH OFFICES OF FOREIGN ENTITIES ESTABLISHED DURING THE PRE-FEMA PERIOD

RBI/2011-12/112
A.P. (DIR Series) Circular No. 02

July 15, 2011

To

All Authorised Dealer Category - I banks

Madam / Sir,

Regularization of Liaison / Branch Offices of foreign entities established during the pre-FEMA period

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to [Notification No. FEMA 22/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, as amended from time to time, read with [A.P. \(DIR Series\) Circular Nos. 23 and 24 dated December 30, 2009](#), in terms of which a person resident outside India requires the prior approval of the Reserve Bank of India for establishing a Liaison Office (LO) /Branch Office (BO) in India. Further, attention of the AD Category - I banks is invited to [A.P. \(DIR Series\) Circular No. 23 dated December 30, 2009](#) in terms of which applications from foreign Non-Government Organisations (NGOs) / Non-Profit Organisations (NPOs) / Government bodies / Departments for establishing BO / LOs in India are considered by the Reserve Bank in consultation with the Government of India, Ministry of Finance.

2. It has come to the notice of the Reserve Bank that certain BOs / LOs established by the foreign NGOs, NPOs, news agencies and other foreign entities are continuing to function in India, without the approval of the Reserve Bank, after the Foreign Exchange Management Act (FEMA), 1999 came into force from June 1, 2000. Under the provisions of FEMA, 1999, *ibid*, the request of such entities to open an office in India is considered by the Reserve Bank in consultation with the Government of India, wherever required.

3. Accordingly, the foreign entities who have established LO or BO in India and continuing to function without obtaining permission from the Reserve Bank of India should approach the Reserve Bank within a period of 90 days from the date of issue of this circular for regularization of establishment of such offices in India, in terms of the extant FEMA provisions.

4. The foreign entities who may have established LO or BO with the permission from the Government of India may also approach the Reserve Bank along with a copy of the said approval for allotment of a Unique Identification Number (UIN) by the Reserve Bank of India.

5. All such applications/ requests should be submitted to the Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department,



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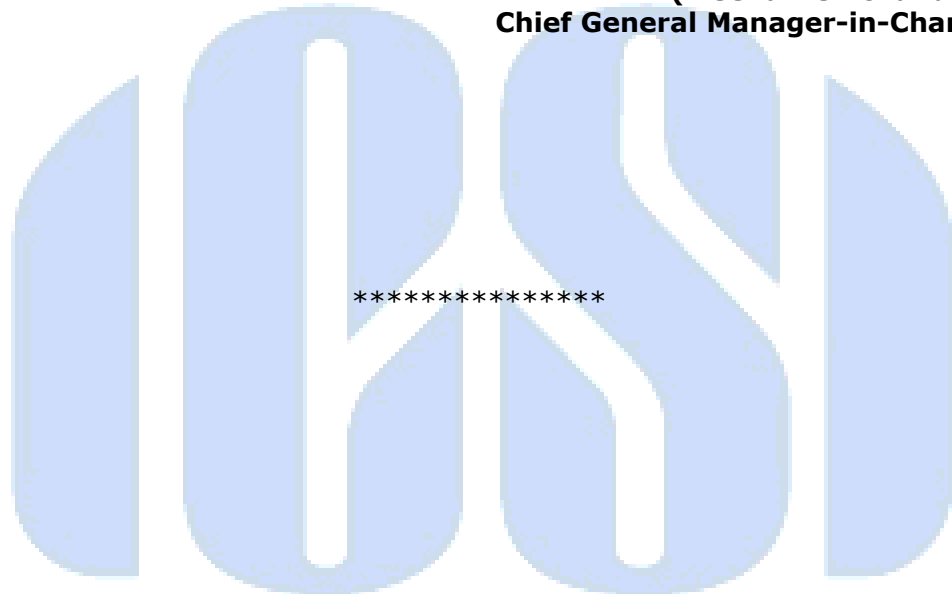
Foreign Investment Division, Central Office, Fort, Mumbai – 400 001 in form FNC and should be routed through the AD Category – I bank where the account of such LO /BO is maintained.

6. AD Category - I banks may bring the contents of this circular to the notice of their constituents/ customers concerned and forward such application/ request to the Reserve Bank, after complying with the instructions contained in [A.P. \(DIR Series\) Circular Nos. 23 and 24 dated December 30, 2009](#). Further, they may also ensure that their constituents operating LO/ BO in India have valid approval from the Reserve Bank for the same and that a copy of such approval is kept on record.

7. 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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TAX LAW UPDATE





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CLARIFICATION ON "COMPLETION OF SERVICE"

Circular No. 144/13/ 2011 – ST

F.No.354/93/2011-TRU
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs
Tax Research Unit

North Block, New Delhi
18th July, 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: - Clarification on "Completion of service"- regarding.

Representations requesting clarification on "completion of service" as provided under the Point of Taxation Rules, 2011 and Service Tax Rules, 1994 have been received from certain sections of service providers that in many situations it is not possible to issue invoices within 14 days of the completion of the service since the exact date of completion of service is difficult to identify. Instances have been given where after the task of providing the service may be physically accomplished, but certain other formalities are required to be completed from the client's end before an invoice can be issued.

2. These representations have been examined. The Service Tax Rules, 1994 require that invoice should be issued within a period of 14 days from the completion of the taxable service. The invoice needs to indicate inter alia the value of service so completed. Thus it is important to identify the service so completed. This would include not only the physical part of providing the service but also the completion of all other auxiliary activities that enable the service provider to be in a position to issue the invoice. Such auxiliary activities could include activities like measurement, quality testing etc which may be essential pre-requisites for identification of completion of service. The test for the determination whether a service has



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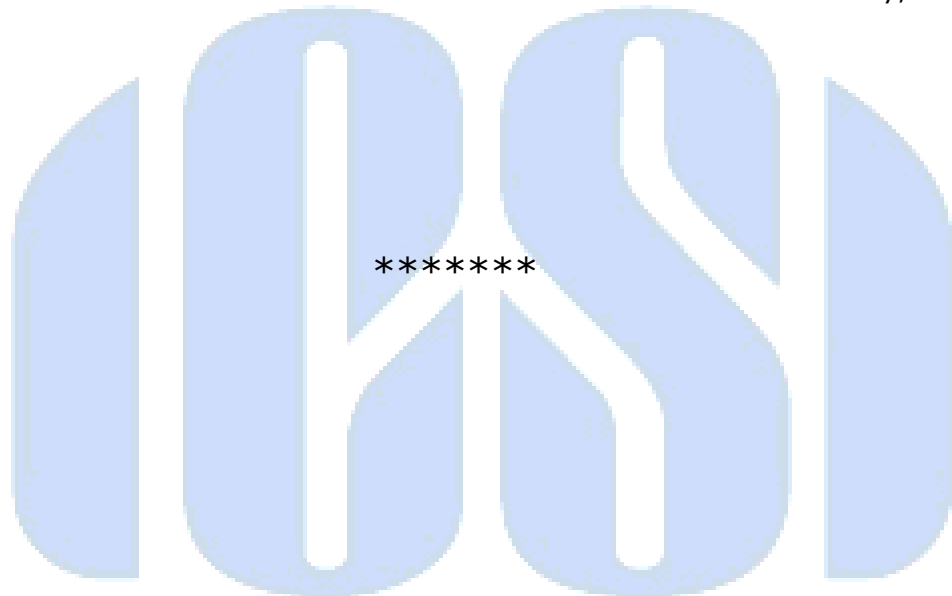


been completed would be the completion of all the related activities that place the service provider in a situation to be able to issue an invoice. However such activities do not include flimsy or irrelevant grounds for delay in issuance of invoice.

The above interpretation also applies to determination of the date of completion of provision of service in case of "continuous supply of service".

3. Trade Notice/Public Notice may be issued to the field formations accordingly.
4. Please acknowledge the receipt of this circular. Hindi version to follow.

(Samar Nanda)
Under Secretary, TRU





EXEMPTION FROM FILING OF INCOME-TAX RETURN: CBDT's FAQs

What is the purpose of this notification and who are proposed to be exempted from the requirement of filing of the return?

1. The primary objective of this notification is to exempt those salaried taxpayers from the requirement of filing income-tax returns, who have (i) total income not exceeding Rs. 5,00,000, and (ii) the total income consists only of income chargeable to income-tax under the head 'Salaries' and interest income from savings bank account if such interest income does not exceed Rs. 10,000.

Further, such salaried taxpayer would be eligible for exemption from filing a return of income only if tax liability has been discharged by the employer by way of Tax Deducted at Source (TDS) and the deposit of the same to the credit of the Central Government. For this purpose, taxpayer has to intimate his interest income to the employer during the course of the year.

For Example -

(i) If an individual has salary income of Rs. 4,90,000 and interest income from savings bank account not exceeding Rs.10,000 (which has been reported to the employer and tax has been deducted thereon), then the taxpayer would be exempt from the requirement of filing income-tax returns since the total income from both the above sources does not exceed five lakh rupees.

(ii) A taxpayer having salary income of Rs. 4,98,000 and interest income from savings bank account of Rs. 2,000 (which has been reported to the employer and tax has been deducted thereon), would also be eligible under this Scheme.

(iii) A taxpayer having salary income up to Rs. 5,00,000 and nil interest income would also be eligible under this Scheme.

(iv) A taxpayer having salary income of Rs.5,50,000, interest income from savings bank account of Rs. 8,000(which has been reported to the employer and tax has been deducted thereon), and who has claimed deduction of Rs. 70,000 under section 80C (on account of certain payments/investments/savings) would also be eligible under the Scheme.

(v) A taxpayer having salary income of Rs. 6,10,000, interest income from savings bank account of Rs. 10,000 (which has been reported to the employer and tax has been deducted thereon), and who has claimed deduction of Rs. 1,00,000 under section 80C (on account of certain payments/investments/savings), a deduction of Rs. 20,000 under 80CCF (Infrastructure Bonds) and a further deduction of Rs. 15,000 under section 80D (Health Insurance Premium) would also be eligible under the Scheme.

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Whether a salaried taxpayer having total income of less than Rs. 5,00,000 and claiming a refund of Rs. 3,000 would be eligible under this Scheme

2. No. The taxpayer has to file a return of income for making a claim of refund.

Is having a valid PAN a precondition for being covered by the notification?

3. Yes. The notification clearly specifies that the individual has to report his PAN to the employer. Hence having a valid PAN is a precondition for falling within the ambit of the notification.

Can an individual who is getting income under the head "salaries" from more than one employer take benefit of the notification?

4. No. A salaried taxpayer who has earned income from more than one employer during the financial year is not covered under this Scheme.

Whether this notification would also cover taxpayers having 'loss from house property', which are often reported by the employees to the employer.

5. No. Under the existing procedure, DDO/employer can give credit to the employee for a claim for loss under the head "income from house property" under section 24 made by the employee. As a result, a salaried employee's total income may reduce to less than Rs. 5,00,000 as loss from the head "income from house property" would have been set-off against salary income. Such a taxpayer is not exempted from filing his return of income as the notification exempts only cases where the total income is under the head "salary" and from savings bank account (income from other sources) not in excess of Rs. 10,000. If the taxpayer has any loss under the head "income from house property", he will not be eligible for exemption from filing a return of income.

Does savings bank account include other banking accounts like fixed deposits or recurring deposits accounts?

6. No. The benefit of the notification is available to taxpayers whose interest income comprises of interest earned on savings bank account ONLY.

Circular No. 8/2010, dated 13-12-2010 which is applicable for Assessment Year 2011-12 stipulates that the Drawing and Disbursing Officer (DDO)/Employer while deducting TDS from salary of an employee cannot allow deduction u/s 80G except donations made to the Prime Minister's Relief Fund, the Chief Minister's Relief Fund or the Lt. Governor's Relief Fund. Whether the notification would cover only these cases?

7. Yes. An individual cannot avail the exemption under this notification if the claim of deduction for donations under section 80G is for donations other than those mentioned in Circular No. 8/2010. A taxpayer has to file a return of income for making a claim in respect of claim of deduction under section 80G for such donations (not specified in Circular No. 8/2010).

Will a salaried individual having agricultural income, which is exempt from tax, be covered within the ambit of the notification?



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8. A salaried individual with agricultural income exceeding five thousand rupees shall be out of the ambit of the notification. A return will have to be filed in such a case, even if other conditions of the notification are satisfied as the agricultural income (of more than Rs. 5,000) has to be included, for rate purposes, in the total income.

