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➤ SELF CLEARING MEMBER IN THE CURRENCY DERIVATIVES SEGMENT
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PREVIOUS ISSUES ARE AVAILABLE AT THE FOLLOWING LINK:
http://www.icsi.edu/Member/CSUpdate/tabid/1635/Default.aspx

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

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GO GREEN
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12th NATIONAL CONFERENCE OF PRACTISING COMPANY SECRETARIES

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

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

CLICK HERE TO VIEW BROCHURE: 12th National Conference of Practising Company Secretary

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**NATIONAL SEMINAR**

on

**XBRL – AN EMERGING PROFESSIONAL OPPORTUNITY**

(The Program will also be webcast live all over India through Regional Councils & Chapters)

**Coverage**

- Overview of XBRL
- Applications, Adoption & Indian Regulatory Requirements
- Taxonomy and Instance Reporting
- Tools & Report Creation – Live Demo and Interaction

**Chief Guest**

Mr. D. K. Mittal
Secretary to Government of India
Ministry of Corporate Affairs

on

Saturday, the 21st May, 2011

(Registration starts at 9.30 AM)

at

Hotel Le Meridien (Sovereign-I), Janpath, New Delhi

Fee: Rs.2,000/- per delegate

FREE for Corporate Members of NIRC

---

### Program Director

CS Sanjay Grover
Council Member, ICSI
Mobile: 9810144530
E-mail: sga7cc@gmail.com

### Program Co-ordinator

CS Ranjeet Pandey
Chairman, NIRC-ICSI
Mobile: 9810558049
E-mail: cs.ranjeet@gmail.com

---

### Registration

In order to make necessary arrangements Members are requested to enrol well in advance with
Executive Officer, NIRC-ICSI, 4, Prasad Nagar Institutional Area, New Delhi-110 005.
Tel.: +91-11-25816593; Fax: 25722662
E-mail: eoniro@icsi.edu

The cheque for delegate fee may please be drawn in favour of NIRC of ICSI payable at New Delhi.
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PROGRAM CREDIT HOURS: FOUR

(Credit Hours will be given to only those members who join the program upto 11.00 A.M.
Members are required to mark the attendance both at the beginning & at the conclusion of the program)
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ASSOCHAM

Academic Partner

6th Annual Summit on “Capital Markets”

Key to Double Digit Growth

26th May, 2011  Le-Meridien, New Delhi

Eminent Guests

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

Dear Professional Colleagues,

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

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

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

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

A detailed programme schedule is enclosed for your reference.

Regards

N K JAIN
SECRETARY & CEO
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6th Annual Summit on “Capital Markets”

Key to Double Digit Growth

26th May, 2011   Le-Meridien, New Delhi

The Associated Chamber of Commerce and Industry of India
1, Community Centre, Zamrudpur, Kailash Colony, New Delhi 110048
Phone : 011-46550555, Fax : 011-46536481/82
Email : assocham@nic.in  Website : www.assocham.org
"India's sustained economic growth, which is expected to be 8.5 percent to 9.7 percent this fiscal year, driven by robust domestic demand is fuelling the inflows into the economy." The favorable capital market conditions with improvement in capital flows and business sentiments are also encouraging.

Shri Pranab Mukherjee, Union Finance Minister

Introduction

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

Objective

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

Who will Deliver

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

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

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

**Deliverables from the Summit**

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

- Investors
- Capital Market Regulators
- CFOs
- Company Secretaries
- FIIs
- SMEs – Looking for listing on Stock Exchange
- Venture Capitalist / Private Equity Funds
- Investment Bankers
- Financial Advisors & Stock Market Analysts
- Hedge Fund managers
- Banks and other financial intermediaries

- Mutual Funds
- Insurance Companies
- Brokerage Firms / Wealth Management Firms
- Management Institutes
- Diplomats
- Fund Managers
- Depositories & Depository Participants
- Information providers
- Law Firms
- HNIs
- Technology innovators & Providers
- Rating Agencies

Time, Date & Venue

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<tr>
<td>Date</td>
<td>26th May, 2011</td>
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<tr>
<td>Venue</td>
<td>Hotel Le-Meridien, New Delhi</td>
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<td>Participation Fee</td>
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<td>For ICSI Member</td>
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<td>Others</td>
<td>`2,500 per delegate</td>
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CS Update

May 19, 2011

For Details Please Contact

Mr. Kumar Dewashis
Sr. Executive
Tele: +91 9873455460
Email: kumar.dewashis@assocham.com

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

Mr. Hitesh Khanna
Executive
Tele: +91 9899172904
Email: hitesh.khanna@assocham.com

The Associated Chambers of Commerce & Industry of India
1, Community Centre, Zamrudpur, Kailash Colony, New Delhi 110 048
Phone: 011-46550555(Hunting Line), Fax: 011-46536481 / 46536482
Email: assocham@nic.in, Website: www.assocham.org
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CS Update
May 19, 2011

6th Annual Summit on “Capital Markets”
Key to Double Digit Growth

26th May, 2011 Le-Meridien, New Delhi

REGISTRATION FORM

ORGANISATION NAME:

Address:

Pin/Zip:

Phone:
Fax:
Email:

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PAYMENT DETAILS:
Delegate fee (……………)
Our DD/Cheque No ........................................ Rs. .................................
Drawn on .............................................................................................................

Kindly send the Registration Form duly filled to the following:

ASSOCHAM Corporate Office:
1, Community Centre, Zamrudpur, Kailash Colony, New Delhi – 110048
Tel: 011- 46550555(Hunting Line); Fax No: 011- 46536481/82; 011- 46536497/98
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For further details please contact:

Mr. Kumar Dewan
Sr. Executive Officer
Mob.: +91 9873455460
kumar.dewan@assocham.com

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

For Online registration, please log on to Web: www.assocham.org
Dear Professional Colleagues,

Corporate India’s appetite for inorganic growth has resulted in making the year 2011, one of the best years of M&A activity, through M&A deals valuing $68.3 billion – a three fold increase over 2009. A merger or acquisition encounters many risks and challenges and its success depends on various factors such as pre-merger due diligence, regulatory compliance and approval process, strategy integration, management integration, integration of cultural and human aspects, etc.

With the number of domestic and cross border mergers and acquisitions expected to rise over the next few years, the corporates are looking for competent professionals for successful integration. Company Secretary is a professional who acts as a focal point in M&A strategy right from the pre merger due diligence process to post merger integration.

In this backdrop and as part of its capacity building initiatives, the Institute has decided to associate as supporting organisation, in the Global M&A Strategy Conclave, 2011 at The Leela Kempinski, Mumbai.

The Conclave would address the current issues affecting the variant industries in India dealing with Mergers and Acquisition, design a successful cross border strategy, mitigate risk for M&A deal, examine local and global markets, and help achieve a smooth deal completion and company integration.

The members of the Institute are entitled to 15% discount on Delegate Fee of Rs. 15,000.

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

I am sure members would benefit from this arrangement.

Regards

N K JAIN  
SECRETARY & CEO, THE ICSI

[click here to view the Brochure]
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CS Update
May 19, 2011

Leading the way

CS - Enhance your professional standing with Membership of CISI

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Dear Members

Join today to network with an elite group of financial professionals and enjoy a range of free professional benefits...

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- Continuous Professional Development scheme
- Attend CFD events in India and internationally, and have your hours automatically recorded to your personal log
- Access online services, including CSCI TV, eLearning modules (such as Anti-Money Laundering), a Members' directory and a library of financial services articles
- Monthly members' magazine
- Your choice from a selection of CSCI PDF workbooks

Visit csi.org/india
call us on 22 409 19402
or email icsimembership@csi.org
With copy to sonia.baijal@csi.edu
FREQUENTLY ASKED QUESTIONS ON ICSI-USE MOU

1. **What is United Stock Exchange of India?**

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

2. **Who can trade on currency futures?**

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

3. **Why has ICSI partnered with USE?**

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

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

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

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

There are 2 types of memberships available with USE:

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

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

6. **Who can take membership of the exchange?**

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

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

7. **How can I attain NISM Certification?**

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

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

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

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

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

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

9. **What activities can I undertake on the platform?**

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

10. **Would I have to undertake any hidden costs?**
At the time of inception to trade, Trading member is required to pay a security deposit of 1 Lakh Rupees to the exchange which is fully refundable upon surrender of the membership.

Similarly a Clearing member would have to pay security deposit of 50 Lakh Rupees which constitutes of 25 Lakhs as cash and other 25 Lakhs as non cash component. This is a non interest bearing deposit. The software and connectivity would be provided by the exchange free of cost. Members having BSE connectivity would also be able to use it for USE software for free. As of now, there are no transaction charges on the exchange.

11. For further Information and queries please contact:

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

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

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- More than 2000 Local and Central Acts and Rules
- Notifications, Circulars, Press Releases from various authorities
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- Secretarial Practice Recorder module which includes Checklists, Model Resolutions, Model Notices etc.

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Or visit: http://knowledge.icsi.edu for online payment

For queries Call: 9320233070 / 9320233073
email: cselaw@ejurix.com ; icsikp@axardigital.com

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

ICSI and ejurix have come together to provide you a Professional Law Library composed of two services seamlessly available from any door you choose … And, all this at a truly special price! Most importantly, you not only benefit yourself, you can even offer an incomparable deal to your colleagues in Taxation/HR/Legal as well!

We also have our regular offer for PCS and ICSI Members on full version of ejurix (All Modules) at special discounts

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<tr>
<td>Rs 32,500*</td>
<td>ejurix Total (1 user) + ICSI-KP (1 user)</td>
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<tr>
<td>Rs 30,250**</td>
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* Only Corporate Law module is available for non ICSI Members at Rs 10,000/- P.A
* Taxes Extra on all prices mentioned
* Subscription amounts are for 1 yr

(*) 25% discount for CS Professionals = 30,000 (ejurix) + 2,500 (ICSI-KP)
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Professional Law Library Reliable, Authentic and Always on!!
### COMPULSORY ATTENDANCE OF PROFESSIONAL DEVELOPMENT PROGRAMMES BY THE MEMBERS

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

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<tr>
<td>1.</td>
<td>Next block of three years</td>
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<tr>
<td>2.</td>
<td>Min. number of Programme Credit Hours (PCH) to be acquired by Members in Practice</td>
</tr>
<tr>
<td>3.</td>
<td>Min. number of PCH to be acquired by Members in Employment (i.e. members in whose name Form 32 has been filed to work as Company Secretary under the provisions of Sec. 383A of the Companies Act, 1956)</td>
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<tr>
<td>4.</td>
<td>Min. number of PCH to be acquired by Members above the age of 60 years</td>
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<td>5.</td>
<td>Members failing to obtain the mandatory PCH upto March 31, 2011</td>
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<tr>
<td>6.</td>
<td>Members who have not obtained any PCH during the block ending on March 31, 2011</td>
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<tr>
<td>7.</td>
<td>Carry forward of the excess PCH if the member has already completed the mandatory PCH upto December</td>
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| Keep vehicles well maintained. Under-inflated tires and dirty air-intake filters can significantly reduce gas mileage. |

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

ENHANCEMENT OF FEES

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

Rs.12,500/- payable at the time of registration for the course.

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

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INSTITUTE’S RECENT PUBLICATIONS

- Business @ Governance & Sustainability
- Guidance Note on Board Processes
- Independent Directors-A research Study on Corporate Practice in India
- Corporate Social Responsibility –Research Study of Corporate Practice in India
- DNA of Integrity
- Role of Company Secretaries-A New Perspective
- A Guide to Company Secretary in Practice
- Guidance Note on Related Party Transactions
- Guidance Note on Listing of Corporate Debt
- Guidance Note on Corporate Governance Certificate
- Referencer on Secretarial Audit
- Referencer on Filling and Filing of E-Forms 23AC and 23ACA
- Establishment of Branch, Liaison & Project Offices in India
- Handbook on Mergers, Amalgamation and Takeover

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or

Contact : Shri Harish Chander Joshi,
Admin. Officer(store),
The Institute of Company Secretaries of India,
C-37, Sector 62,
Institutional Area,
NOIDA (U.P.)

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CS Update

May 19, 2011

CG & CSR: Watch

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

New Developments

1. Corporate Integrity Pledge – Malaysia

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

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

Corporate Integrity Pledge

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

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

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

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

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

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

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

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

**The Green paper can be accessed at:**
http://www.ecgi.org
GREEN CORNER

GREEN IDEA

Say ‘YES’ to Car Pools

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

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

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

Quote of the Month

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

Feedback & Suggestions

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

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

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MATTERS RELATING TO SECTION 247, 250, 269 AND 388B OF THE COMPANIES ACT, 1956 SHALL BE DEALT BY PRINCIPAL BENCH AT NEW DELHI

File No. 10/43/2005-CLB
GOVERNMENT OF INDIA
COMPANY LAW BOARD
Paryavaran Bhawan, 3rd Floor, B-Block, C.G.O. Complex, Lodhi Road,
New Delhi – 110 003.

Dated: 12/5/2011

ORDER

In partial modification of the Company Law Board's Order of even number dated 28/1/2010, para 1(c)(1) shall be read as under:

"Matters relating to sections 247, 250, 269 and 388B of the Act shall be dealt by Principal Bench at New Delhi consisting of Smt. Vimla Yadav, Member"

2. This Order shall be in force from 16th May 2011 to 15th July 2011.

By order of the Company Law Board

(P.K. Mahotra)
Secretary, Company Law Board

1. Sr. P.S. to Chairman/Vice Chairman/All Members.
3. Sh. Sohail Fazh, Scientist – C, NIC, Ministry of Corporate Affairs, New Delhi with the request to upload the same in Company Law Board’s web site by 13/5/2011.
5. The Institute of Company Secretaries of India, ICSI, House 22, Institutional Area, Lodhi Road, New Delhi – 110003.
6. Corporate Law Adviser, 158, Basant Enclave, Palam Road, New Delhi-110057.
10. The All India Reporter Pvt. Ltd., 31-D 'B' Block, Delhi High Court, New Delhi.
CERTIFICATION OF E-FORMS UNDER THE COMPANIES ACT, 1956 BY THE PRACTICING PROFESSIONALS

General Circular No. 26/2011

Corrigendum to Circular No. 14/2011 dated 08 April, 2011

[ F. No. 17/102/2011-CL V]
Government of India
Ministry of Corporate Affairs

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated: 18.05.2011

To
All Regional Directors
All Registrar of Companies

Subject: Certification of E-forms under the Companies Act, 1956 by the practicing professionals.

The undersigned is to draw the attention on the Circular No. 14/2011 dated 08.04.2011 of this Ministry on the subject cited above. The following errata has been noticed which is rectified as under:-

2. In the said circular in line 4 (Four) of Paragraph 2, the words should be inserted “including filing of Financial Statements in the Extensible Business Reporting Language (XBRL) mode from the year 2011-12 onwards” after the words “MCA in electronic mode”.

3. This issues with approval of Competent Authority.

(J.N. Tikku)
Joint Director
Tel. 011 2338 1295
CLARIFICATION REGARDING - LOANS TO PUBLIC LIMITED COMPANIES UNDER SECTION 295 OF THE COMPANIES ACT, 1956

General Circular No. 24/2011

F. No. 14/13/2011-CL-VII
Government of India
Ministry of Corporate Affairs

5th Floor, 'A' Wing,
Shastri Bhawan, New Delhi,
Dated: 11th May, 2011

To,
All Regional Directors
All Registrars of Companies
The Institute of Company Secretaries of India
The Institute of Chartered & Accountants of India
The Institute of Cost and Works Accountants of India

Subject:- Loan to Public Limited Companies under Section 295 of the Companies Act, 1956 – Clarification regarding.

It has come to the notice of the Ministry that some companies are making applications for getting prior approval of Central Government when they propose to make any loan to, or give any guarantee or provide any security in connection with a loan made by any other person to a Public Limited Company of which any such Director is a Director or a member even when the proposal does not fall under Section 295(d) and Section 295(e) of the Companies Act, 1956.

2. Companies are requested to note that when the beneficiary of the loan/guarantee/security is a Public Limited Company, approval of Central Government should only be sought if the provisions of sub-Section (d) or (e) of Section 295 of the Companies Act, 1956 are attracted. The application should also clearly bring out the facts in this regard.

Yours faithfully,

(Dr. T.V. Somanathan)
Joint Secretary
FILING OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN EXTENSIBLE BUSINESS REPORTING LANGUAGE (XBRL) MODE.

General Circular No. 25 /2011

Corrigendum to Circular no. 09/2011 dated 31.03.2011

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

To
All Regional Directors
All Registrar of Companies

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

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

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

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

[Signature]
Joint Director
Tel. 011-23381295
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General Circular No. 09/2011

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

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

To
All Regional Directors
All Registrar of Companies

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

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

Coverage in Phase I

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

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

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

Additional Fee Exemption

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

Training Requirement

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

(J.N. Tikku)

Joint Director
Tel: 011-23381295

Annexure I
Frequently Asked Questions

1. What is XBRL?

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

2. Who developed XBRL?

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

3. What are the advantages of XBRL?

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

4. Who can benefit from using XBRL?

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

5. What is the future of XBRL?

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

6. Does XBRL benefit the comparability of financial statements?
XBRL benefits comparability by helping to identify data which is genuinely alike and distinguishing information which is not comparable. Computers can process this information and populate both pre defined and customised reports.

7. Does XBRL cause a change in accounting standards?

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

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

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

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

9. How does XBRL work?

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

10. How do companies create statements in XBRL?

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

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

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

Data from accounting databases can be extracted in XBRL format. It is not strictly necessary for an accounting software vendor to use XBRL; third party products can achieve the transformation of the data to XBRL.
Applications can transform data in particular formats into XBRL. The route which an individual company may take will depend on its requirements and the accounting software and systems it currently uses, among other factors.

11. Is India a member of XBRL International?

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

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

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

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

Taxonomies for Indian companies are developed based on the requirements of

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

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

13. Where can I find more information about XBRL?

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

14. What are XBRL Documents?

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

15. What is Taxonomy?

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

16. What is meant by extending taxonomy?
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.

Annexure II

(i) Smt. Nirupama Kotru, Director
Ministry of Corporate affairs
5th Floor, ‘A’ Wing, Shastri Bhavan,
Dr.R.P. Road, New Delhi
Contact No. 011-23384470
Email: nirupama.kotru@mca.gov.in

(ii) Dr. Avinash Chandra, Technical Director
The Institute of Chartered Accountants of India,
‘ICAI Bhawan’, Post Box No. 7100,
Indraprastha Marg, New Delhi-110002.
Contact No. 011-3011456, 30110427
Email: avinash@icai.org

(iii) Shri Pankaj Srivastava, Joint Director
Ministry of Corporate affairs
5th Floor, ‘A’ Wing, Shastri Bhavan,
Dr.R.P. Road, New Delhi
Contact No. 011-23384657
Email : pankaj.srivastava@nic.in
iss.pankaj@gmail.com

(iv) Dr. Surinder Pal,
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Secretary, Committee on Members in Industry (CMII),
The Institute of Chartered Accountants of India,
'ICAI Bhawan', Indraprastha Marg, New Delhi-110002.
Contact No. 011-30110450

(v) Mr. N.K. Bansal, Secretary,
Continuing Professional Education (CPE),
The Institute of Chartered Accountants of India,
'ICAI Bhawan', Indraprastha Marg, New Delhi-110002.
Contact No. 0120-3045957

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CLARIFICATION REGARDING EFFECTIVE DATE OF COMPANIES(PARTICULAR OF EMPLOYEES) AMENDMENT RULES, 2011

General Circular No. 23/2011

No 2/29/1998-CL.V
Government of India
Ministry of Corporate Affairs
5th floor, ‘A’ Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Date: 03.05.2011

To

All Regional Directors
All Registrar of Companies

Sub: Clarification regarding effective date of Companies (Particulars of Employees) Amendment Rules, 2011 – reg

Sir,

The Ministry had notified Companies (Particulars of Employees) Amendment Rules, 2011 vide GSR 289 (E) dated 31.03.2011 raising the limit of employee’s salary to be disclosed in Directors Report.

2. In this regard, it is clarified that the said notification shall be applicable to all Director’s Reports under section 217 of the Companies Act, 1956 approved by the Board of Directors on or after 1.4.2011, irrespective of the accounting year of the annual account, being approved by the Board.

Yours faithfully,

(Monika Gupta)
Assistant Director

Copy to: All concerned

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CLARIFICATION IN RESPECT OF GENERAL CIRCULAR NO: 2 /2011 DATED 8THFEBRUARY, 2011

General Circular No: 22/2011
No: 5/12/2007-CL-III
Government of India
Ministry of Corporate Affairs
5th floor, ‘A’ Wing, Shastri Bhavan,
Dr. R.P. Road,
New Delhi-110 001.
Dated: 2nd May, 2011

To
All Regional Directors All Registrars of Companies

Subject: Clarification in respect of General Circular No: 2 /2011 dated 8thFebruary, 2011

Sir,

It has been observed that certain companies are seeking clarification in respect of circular No. 2/11 dated 8.2.2011 issued by the Ministry in respect of exemption u/s 212 (8) of the Companies Act, 1956. The point raised is in respect of applicability of condition No. (ii) of the circular, requesting the Ministry to delete the condition in respect of unlisted companies as this condition is applicable to listed companies as per SEBI guidelines.

2. The Ministry is aware of the limited scope of the SEBI Rule. However, the decision has been taken to ensure transparency in those cases where balance sheets of subsidiaries are not attached.

3. In this regard, it is clarified that companies which desire to take benefit of exemption allowed under this circular would have to fulfill the conditions stipulated therein even if they are unlisted.

Yours faithfully
(Rita Dogra)
Under Secretary to the Govt. of India.

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General Circular No: 2/2011

No: 51/12/2007-CL-III
Government of India
Ministry of Corporate Affairs

5th floor, `A' Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi-110 001.
Dated: 8th February, 2011

To
All Regional Directors
All Registrar of Companies

Subject: Direction under Section 212(8) of the Companies Act, 1956.

It has been noticed that a large number of companies are approaching the Ministry for exemption under Section 212(8) of the Companies Act, 1956. The matter was examined in the context of the globalizing Indian economy, the increased number of subsidiaries, and the introduction of accounting standards on consolidated financial statements. It has been decided to grant a general exemption provided certain conditions are fulfilled.

The Central Government hereby directs that provisions of Section 212 shall not apply in relation to subsidiaries of those companies which fulfil the following conditions:-

(i) The Board of Directors of the Company has by resolution given consent for not attaching the balance sheet of the subsidiary concerned;

(ii) The company shall present in the annual report, the consolidated financial statements of holding company and all subsidiaries duly audited by its statutory auditors;

(iii) The consolidated financial statement shall be prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Security and Exchange Board of India;

(iv) The company shall disclose in the consolidated balance sheet the following information in aggregate for each subsidiary including subsidiaries of subsidiaries:-(a) capital (b) reserves (c)total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend;

(v) The holding company shall undertake in its annual report that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned and a note to the above effect will be included in the
annual report of the holding company. The holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand;

(vi) The holding as well as subsidiary companies in question shall regularly file such data to the various regulatory and Government authorities as may be required by them;

(vii) The company shall give Indian rupee equivalent of the figures given in foreign currency appearing in the accounts of the subsidiary companies along with exchange rate as on closing day of the financial year;

Yours faithfully

(Jaikant Singh)
Director
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GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

Circular No.21/2011

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

5th floor, ‘A’ Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 02.05.2011

All the Regional Directors,
All the Registrar of Companies

Subject: Green Initiative in the Corporate Governance – Approval of Ministry of Corporate Affairs for appointment of agency for providing electronic platform for electronic voting under the Companies Act, 1956.

Sir,

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

Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 already recognizes voting by electronic mode for postal ballot. Some of the listed company have already started using electronic platform of certain agencies for providing and supervising the electronic platform for electronic voting.

In order to have secured electronic platform for capturing accurate electronic voting processes, it is hereby clarified that the agency appointed for providing and supervising electronic platform for electronic voting shall be an agency duly approved by the Ministry of Corporate Affairs.

It is further clarified that for the above purpose, National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) are being are being approved by the Ministry of Corporate Affairs subject to the condition that they obtain a certificate from Standardization Testing and Quality Certification (STQC) Directorate, Department of Information Technology, Ministry of Communications & IT, Govt. of India, Electronics Niketan, 6 CGO Complex, New Delhi - 110 003, INDIA. Once they obtain the same and inform the Ministry, they will be authorized to undertake these activities.

Yours faithfully,

(Kamna Sharma)
Assistant Director

Copy to: All concerned
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CS Update
May 19, 2011

COMPREHENSIVE GUIDELINES ON OVER THE COUNTER (OTC) FOREIGN EXCHANGE DERIVATIVES AND OVERSEAS HEDGING OF COMMODITY PRICE AND FREIGHT RISKS

RBI/2010-11/526 A.P. (DIR Series) Circular No. 60
May 16, 2011

To
All Authorised Dealer - Category I banks
Madam / Sir

Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to Notification No. FEMA 25/2000-RB dated May 3, 2000, as amended from time to time, on the regulations governing foreign exchange derivative contracts. Further, attention is also invited to the comprehensive guidelines on Over-the-Counter (OTC) Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks issued vide A.P. (DIR Series) Circular No. 32 dated December 28, 2010.

2. In view of the representation received from the industry associations and as AS 30/32 standards are yet to be notified by the Ministry of Corporate Affairs, it has been decided to amend the eligibility criteria for the users of cost reduction structures as contained under para B I (1)(v) of A.P. (DIR Series) Circular No. 32 dated December 28, 2010.

A. Existing Provisions

“Users – Listed companies or unlisted companies with a minimum net worth of Rs. 100 crore (subsidiaries or affiliates of listed companies which follow AS 30/32, having common treasuries and consolidate the accounts with parent companies are exempted from the minimum net worth criteria), which are complying with the following:

• Adoption of Accounting Standards 30 and 32. Companies which are not complying fully with AS 30 and 32 should follow the accounting treatment and disclosure standards on derivative contracts, as envisaged under AS 30/32.

• Having a risk management policy and a specific clause in the policy that allows using the type/s of cost reduction structures.”

B. Amended Provisions”Users –
Listed companies and their subsidiaries/joint ventures/associates having common treasury and consolidated balance sheet or Unlisted companies with a minimum net worth of Rs. 200 crore provided
- All such products are fair valued on each reporting date;
- The companies follow the Accounting Standards notified under section 211 of the Companies Act, 1956 and other applicable Guidance of the Institute of Chartered Accountants of India (ICAI) for such products/contracts as also the principle of prudence which requires recognition of expected losses and non-recognition of unrealized gains;
- Disclosures are made in the financial statements as prescribed in ICAI press release dated 2nd December 2005; and
- The companies have a risk management policy with a specific clause in the policy that allows using the type/s of cost reduction structures.

(Note: The above accounting treatment is a transitional arrangement till AS 30 / 32 or equivalent standards are notified.)”

Other provisions of the circular shall remain unchanged.
3. It may also be noted that the above eligibility criteria would also be applicable to the users of OTC option strategies involving a simultaneous purchase and sale of options for overseas commodity hedging.


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

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,
(Meena Hemchandra)
Chief General Manager-in-Charge

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

Keep vehicles well maintained. Under-inflated tires and dirty air-intake filters can significantly reduce gas mileage.
ADJUSTMENT OF DIFFERENTIAL PRICING AMOUNT AT THE TIME OF APPLICATION FOR ALLOTMENT OF SPECIFIED SECURITIES

CIRCULAR

CIR/CFD/DIL/2/2011

To All Stock Exchanges
To All Registered Merchant Bankers
To All Registered Registrars to an Issue
To All Registered Bankers to an Issue

Dear Sirs,

Sub.: Adjustment of differential pricing amount at the time of application for allotment of specified securities

This refers to the provisions of Regulation 29 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 which provide for offer of specified securities at different prices to certain investors.

2. It has been observed that presently, the effect of such differential pricing, if any, in an public issue, is being given to the eligible investors only at the stage of allotment of specified and not at the time of filing an application for such allotment. This takes away certain benefits from the investors such as lower cash outflow at a price net of discount, the ability to apply for more shares with the same cash outlay, etc.

3. In order to address the aforesaid issue, it has been decided to allow investors eligible for differential pricing in public issues to make payment at a price net of discount, if any, at the time of bidding itself, and in this context, it is clarified that -

a. Merchant Bankers shall ensure that appropriate disclosures are given in the offer document / application forms to the effect that investors eligible for discount can make payment after adjusting the discount, if any. It shall be disclosed that such investors shall in the relevant column indicate the bid price before adjusting for discount, if any. Further, it shall be clearly disclosed under what circumstances application would be liable for rejection in case of errors, if any, in this regard.

b. For the ease of calculation by investors eligible for differential pricing, it is preferable that discount, if any, is stated in absolute rupee terms subject to maximum discount, as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, that can be given at the issue price.

c. Stock Exchanges shall ensure that appropriate provisions for discount adjustment are provided in the bidding platform. Whenever the net payment (post discount) is more than two lakh rupees, the bidding system should be capable of ensuring that such applications are not eligible for discount.

d. Syndicate /Sub syndicate members and SCSBs shall enter the bid price as indicated by the applicant in the price column.
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e. Segregation of Investor Categories (i.e. two lakh rupees for retail category), shall be based on the net payment amount (after adjusting for discount).

f. SCSBs shall carry out the necessary system changes at their end, if any.

4. Merchant Bankers shall create awareness among the investors eligible for discount on account of differential pricing to make payment at price net of discount.

5. All concerned intermediaries are directed to comply with the instructions contained in this circular.

6. This circular shall be applicable on Red Herring Prospectus/Prospectus filed with Registrar of Companies on or after June 15, 2011. This is to enable changes in the systems at Stock Exchanges and SCSBs level.

7. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 108 of the SEBI (ICDR) Regulations, 2009.

8. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Issues and Listing”.

Yours faithfully,
Sanjay Purao
Deputy General Manager
+91-22-26449612
sanjayp@sebi.gov.in

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Recognized Stock Exchanges and their Clearing Corporations / Clearing Houses

Dear Sir,

Sub: Self Clearing Member in the Currency Derivatives Segment

1. With regard to the newly created category of self clearing member, in the currency derivatives segment of a Stock Exchange, communicated vide notification no. LADNRO/ GN/2011-12/01/11486 dated April 6, 2011, it is clarified that such self clearing member shall have a minimum net worth of Rs. 5 crore.

2. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

3. The circular shall come into force from the date of the circular.

4. This circular is available on SEBI website at www.sebi.gov.in., under the category “Derivatives- Circulars”.

Yours faithfully,

Sujit Prasad
General Manager
Derivatives and New Products Department
022-26449460
sujitp@sebi.gov.in

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CLARIFICATION ON CIRCULAR DATED DECEMBER 3, 2009 ON ‘DEALINGS BETWEEN A CLIENT AND A STOCK BROKER

CIRCULAR

SEBI/ MIRSD /Cir/ 01/ 2011

May 13, 2011

The Managing Directors/Chief Executive Officers/Executive Directors/Officiating Executive Directors of all the Recognized Stock Exchanges

Dear Sir/Madam,

Sub: Clarification on circular dated December 3, 2009 on 'Dealings between a Client and a Stock broker

1. This is with reference to SEBI circular No. MIRSD/SE/Cir-19/2009 dated December 3, 2009 wherein the stock brokers were directed to comply with the requirements as annexed to the aforesaid circular.

2. Subsequent to the issuance of the aforesaid circular, SEBI has received representations from market participants expressing difficulties in implementation of the requirements pertaining to renewal of Running Account Authorisation once in a year as prescribed in clause 12(a) read with clause 12(c) of the Annexure to the aforesaid circular.

3. Hence, in consultation with the major stock exchanges, the above requirements have now been modified as follows:

i. Clause 12(a) of the aforesaid annexure pertaining to renewal of authorization stands deleted.

ii. Clause 12(c) of the aforesaid annexure is revised and shall read, as under:

"The authorisation shall be dated and shall contain a clause that the clients may revoke the authorisation at any time. The stock brokers, while sending periodical statement of accounts to the clients, shall mention therein that their running account authorisation would continue until it is revoked by the clients."

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The above modifications would simplify and rationalize the requirements while protecting the interest of investors.

4. The Stock Exchanges are directed to bring the provisions of this circular to the notice of the stock brokers and also disseminate the same on their websites. The stock exchanges shall also make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.

5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

6. The circular shall come into force from date of this circular. The circular is available on SEBI website www.sebi.gov.in under the head ‘legal framework’.

Yours faithfully,

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APPLICABILITY OF THE PROVISIONS OF THE EXPORT OF SERVICES RULES, 2005

Circular No. 141/10/2011-TRU

F.No. 280/26/2011-CX8A (Pt)
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise & Customs)

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New Delhi, dated the 13th May 2011.

To
The Chief Commissioners of Central Excise and Service Tax (All),
The Director General (All),
The Commissioners of Service Tax (All),
The Commissioners of Central Excise and Service Tax (All).

Madam/Sir,

Subject: Applicability of the provisions of the Export of Services Rules, 2005 in certain situations

Circular No.111/05/2009-ST was issued on 24th February 2009 on the applicability of the provisions of the Export of Services Rules, 2005 in certain situations. It had clarified on the expression “used outside India” in Rule 3(2)(a) of the Export of Service Rules 2005 as prevalent at that time. The condition specified in Rule 3(2)(a) has since been omitted vide Notification 06/2010-ST dated 27 Feb 2010. In the context of the stated Circular an issue has been raised, whether for the period prior to 28.2.2010 the requirement that the service should be “used outside India” invariably means the location of the recipient?

2. In the stated Circular it was inter-alia, clarified that the words, “used outside India” should be interpreted to mean that “the benefit of the service should accrue outside India”. It is well known that services, being largely intangibles, are capable of being paid from one place and actually used at another place. Such arrangements commonly exist where
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the services are procured centrally eg audit, advertisement, consultancy, Business Auxiliary Services. For example, it is possible to obtain a consultancy report from a service provider in India, which may be used either at the location of the customer or in any other place outside India or even in India. In a situation where the consultancy, though paid by a client located outside India, is actually used in respect of a project or an activity in India the service cannot be said to be used outside India.

3. It may be noted that the words “accrual of benefit” are not restricted to mere impact on the bottom-line of the person who pays for the service. If that were the intention it would render the requirement of services being used outside India during the period prior to 28.2.2010 infructuous. These words should be given a harmonious interpretation keeping in view that during the period upto 27.2.2010 the explicit condition was provided in the rule that the service should be used outside India. In other words these words may be interpreted in the context where the effective use and enjoyment of the service has been obtained. The effective use and enjoyment of the service will of course depend on the nature of the service. For example effective use of advertising services shall be the place where the advertising material is disseminated to the audience though actually the benefit may finally accrue to the buyer who is located at another place.

4. This, however should not apply to services which are merely performed from India and where the accrual of benefit and their use outside India are not in conflict with each other. The relation between the parties may also be relevant in certain circumstances, for example in case of passive holding/ subsidiary companies or associated enterprises. In order to establish that the services have not been used outside India the facts available should inter-alia, clearly indicate that only the payment has been received from abroad and the service has been used in India. It has already been clarified that in case of call centers and similar businesses which serve the customers located outside India for their clients who are also located outside India, the service is used outside India.

5. Besides above, to attain the status of export, a number of conditions need to be satisfied which are specified in Rule 3(1) and Rule 3(2) of Export of Services Rules 2005. The Circular No.111/05/2009-ST explained the expression “used outside India” only and the other conjunct
conditions, as applicable from time to time, also need to be independently satisfied for availing the benefit of an export.

6. These instructions should be given wide publicity among trade and field officers. Please acknowledge receipt. Hindi version follows.

Yours faithfully,

(Samar Nanda)
Under Secretary to Government of India

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