CS Update

February 23, 2011

CONTENTS

FROM ICSI

➤ RELAXATION OF TIME TO COMPLETE REQUIRED PROGRAMME CREDIT HOURS FOR THE BLOCK OF THREE YEARS ENDING 31.12.2010
➤ PMQ COURSE IN CORP GOV-ENHANCEMENT OF FEES
➤ INSTITUTE’S NEW PUBLICATIONS
➤ MEMORANDUM OF UNDERSTANDING BETWEEN ICSI AND CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT (CISI)

MCA UPDATE

➤ NEW FEATURE INCLUDED IN E-FORMS ON THE LLP PORTAL.
➤ LLP SHALL MANDATORILY FILE FORM 3 AND FORM 4 WITHIN 30 DAYS OF INCORPORATION & FORM 7 SHALL BE DIGITALLY SIGNED BY APPLICANT’S OWN DSC.
➤ MCA NOTIFICATIONS ON GENERAL EXEMPTIONS U/S 211 AND APPLICABILITY OF SCH. XIII IN CASE OF UNLISTED COMPANIES
➤ EXEMPTION UNDER SECTION 211 OF COMPANIES ACT 1956[MCA NOTIFICATION/DATE: 08/02, 2011]
➤ EASY EXIT SCHEME, 2011[ MINISTRY OF CORPORATE AFFAIRS/DATE: FEBRUARY 03, 2011]

RBI UPDATE

➤ ALL DEPOSIT TAKING NBFCs - CRAR FIFTEEN PERCENT W.E.F MARCH 31, 2012 { RBI/ Date: Feb 17, 2011}
➤ DO NOT PAY MONEY TO RECEIVE LARGE FUNDS FROM ABROAD [ RBI/DATE: 15 Feb 2011]
CS Update

February 23, 2011

SEBI UPDATE

- SHRI U K SINHA TAKES CHARGE AS CHAIRMAN, SEBI[SEBI NEWS/PUBLICATION/DATE:18/02/2011]
- VIEW SOLICITED ON SEBI PAPER ON DRAFT EXTENSIBLE BUSINESS REPORTING LANGUAGE TAXONOMY FOR MUTUAL FUNDS

TAX LAW UPDATE

- NOTIFICATION NO. 01/2011 CENTRAL EXCISE (N.T.) [DATE: THE FEBRUARY 17, 2011]
- DATE OF FILLING OF ITR-V EXTENDED TO 31ST JULY 2011 [CBDT/DATE: 14 FEBRUARY 2011]

DGFT UPDATE

- AMENDMENT OF PARAGRAPH 4.1.3 OF FOREIGN TRADE POLICY (FTP) TO ALLOW ACCESS TO DUTY FREE INPUTS BASED ON ACTUALS TO MANUFACTURER OF PHARMA PRODUCTS THROUGH NON-INFRINGEMENT PROCESS[DGFT NOTIFICATION NO. 22 /2009-2014 (RE- 2010) /DATE: 14th February, 2011]

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.
FROM ICSI
COMPANY SECRETARIES IN PRACTICE

RELAXATION OF TIME TO COMPLETE REQUIRED PROGRAMME CREDIT HOURS FOR THE BLOCK OF THREE YEARS ENDING 31.12.2010

The Guidelines for Compulsory Attendance of Professional Development Programmes by Members (ICSI Guideline No. 3 of November, 2007), which were notified and came into effect from January 1, 2008 require every PCS to secure 12 Programme Credit Hours in one year or 40 Programme Credit Hours in a block of three years by attending approved learning programmes.

As per the guidelines the current block of three years which commenced from January 1, 2008 will close on December 31, 2010.

The Council of the Institute in its 197th meeting held on December 15, 2010 considered the matter and granted an opportunity to those practicing members who have not completed the mandatory programme credit hours to complete the same by attending approved learning programmes upto March 31, 2011.

The Council further decided that if a member does not complete the mandatory Programme Credit Hours till March 31, 2011 the Certificate of Practice of such member shall not be renewed.


In terms of the Guidelines for Compulsory Attendance of Professional Development Programmes for the Members each member in Practice is required to obtain certain number of Programme Credit Hours by attending approved learning programmes:
### Computation of PCH Required in block (January 2008 – March 31, 2011 {As extended by the Council from December 31, 2008}) for Renewal of Certificate of Practice*

<table>
<thead>
<tr>
<th>Date of issue of Certificate of Practice</th>
<th>PCH required in 2008</th>
<th>PCH required in 2009</th>
<th>PCH required in 2010</th>
<th>Total PCH required in the block</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before April 1, 2008</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>40**</td>
</tr>
<tr>
<td>Apr. 1, 2008 to Sep. 30, 2008</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>40**</td>
</tr>
<tr>
<td>Oct. 1, 2008 to 31 Mar., 2009</td>
<td>0</td>
<td>12</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Apr. 1, 2009 to Sep. 30, 2009</td>
<td>0</td>
<td>12</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Oct. 1, 2009 to 31 Mar., 2010</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Apr. 1, 2010 to Sep. 30, 2010</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>On or After Oct. 1, 2010</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* No carry forward of Programme Credit Hours shall be allowed from one block of three years to another block of three years.

** Members are required to obtain twelve programme credit hours in each year or a total of 40 PCH in the entire block.

The requirement of obtaining the mandatory programme credit hours is not applicable to members who are above the age of 65 years.
The Council at its 197th Meeting held on December 15, 2010 felt that honorarium be paid to the Guides for dissertation and project report under PMQ Course in Corporate Governance. With a view to meet the expense on honorarium to be paid to the Guide and to meet the increased costs, the Council has decided to enhance the fee for PMQ Course in Corporate Governance with effect from January 1, 2011 to Rs.25,000/- for the entire course payable as under:

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

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

or

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

******************
MEMORANDUM OF UNDERSTANDING BETWEEN ICSI AND CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT (CISI)

February 22, 2011

Dear Member

Sub: Memorandum of Understanding between ICSI and Chartered Institute for Securities & Investment (CISI)

The Council of the Institute has a policy to build partnerships with such professional bodies, within and outside India, which reinforce professional capacities and capabilities of Company Secretaries.

In pursuance of this policy, ICSI has executed MOU, the Institute entered into an MOU with Securities Investment Institute (SII) London on September 10, 2008 to provide opportunity to Company Secretaries to enhance their career progression in various specialized areas like capital market, commodity market, investment banking, wealth & fund management, etc.

Subsequently, the Securities & Investment Institute received Royal Charter and became the Chartered Institute for Securities & Investment (CISI) w.e.f November 01, 2009. Royal Charters are granted to bodies that work in public interest and demonstrate pre-eminence, stability and permanence in their particular field. The MOU has been renewed with CISI in January 2011.

About CISI (erstwhile SII)

Formed by the London Stock Exchange, the CISI is the leading professional body, offering progressive qualifications, training and membership for individuals in the securities and investment industry across international markets.

As the principal provider of qualifications in financial markets, CISI offers individuals the opportunity to achieve core competence and foster strong careers.

With over 48,000 examinations taken in 49 countries, CISI has established offices in China, India, Singapore and UAE.

CISI enjoys industry-wide acceptance world-over, with almost all of the top leading global banks and corporates signing up to CISI qualifications and has secured regulatory recognition for its qualification in countries like Singapore, Hong Kong, UAE and other parts of the Middle East.

As a not-for-profit membership body, CISI maintain and develop professional competence and promote the highest levels of professional behaviour and integrity.

Arrangement between the Institutes

- CISI has also recognised membership of ICSI for automatic membership of CISI at the associate level (ASI).

- Senior practitioners of ICSI in Securities and Investment industry would be entitled to apply for direct Membership of CISI (MSI)).
• Discounts/ rebates upto 30 to 50 % of International fee is offered to ICSI students and members for pursuing Certificate Programmes, International Operations Certificate

• CISI has offered certain recognitions to ICSI students who have passed the ‘Executive Programme, which will facilitate their obtaining the ‘International Investment Administration Qualification (IAQ)’.

• ICSI Centre for Corporate Governance Research & Training (CCGRT) at Navi-Mumbai has been offered accreditation as a training provider (ATP) to conduct direct training for CISI exams to those wishing to obtain CISI international qualifications.

• CISI also provide its Members an opportunity to develop their competencies through:
  - Free use of the CISI CPD scheme
  - Access to free CPD seminars (local and outside India)
  - Online access to webcasts and podcasts of previous CPD events
  - Online archive of slides and transcripts of previous CPD events
  - Free use of CISI Professional Refresher
  - Free online version of the members’ magazine, Securities & Investment Review
  - Free access to Infolink, the CISI’s online information resource library
  - Online members’ directory
  - Access to Integrity Matters, the CISI’s e-learning product, focusing on ethical dilemmas facing financial services practitioners
  - A PDF of an CISI workbook of your choice on registering for membership

We are sure that MOU will provide a unique opportunity to Company Secretaries to have better access to the International Financial Markets, enhance their career progression within the industry and enhanced credibility and reputation to the profession of the Company Secretaries.

Members are advised to go through the Memorandum of Understanding and take benefit of the collaboration entered between the ICSI and CISI.

A copy of the MOU between the two Institutes is enclosed as a ready reference.

Regards

N K Jain
Secretary & CEO
Memorandum of Understanding

between

The Chartered Institute for
Securities & Investment (CISI)

and

The Institute of Company Secretaries
of India (ICSI)
The Chartered Institute for Securities & Investment (hereinafter also referred to as ‘CISI’), having its main office at 8 Eastcheap, London EC3R 8AQ;

and

The Institute of Company Secretaries of India (hereinafter also referred to as “ICSI”), having its head office at ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003, India

Hereinafter referred to as ‘the parties’

1. Hereby agree to extend their collaboration (an original MOU having been signed in September 2008) to promote the recognition and uptake of CISI qualifications and CISI Membership to ICSI students and members in India.

2. Qualifications collaboration

2.1 The ICSI will offer units of CISI qualifications in capital markets, commodity markets, fund management, wealth management and investment banking as an elective both to their students studying for the ICSI qualification and to full ICSI members, as follows:

CISI Certificates programme in:

- Securities
- Derivatives
- Financial Derivatives
- Commodity Derivatives
- International Wealth Management
- International Investment Management
- Risk in Financial Services
- Principles of Financial Regulation
International Introduction to Investment Award – stand-alone award

International Operations Certificate
(also known as IOC) global units

(Modular exam of three units):
International Introduction to Securities and Investment
Asset Servicing
Exchange Traded Derivatives Administration
Global Securities Operations
Operational risk
Over-The-Counter (OTC) Derivatives administration
Risk in Financial Services
Principles of Financial Regulation

Advanced Certificates in:
Operational Risk
Global Securities Operations

CISI Diploma units:
Interpretation of Financial Statements
Fund Management
Financial Derivatives

2.2 The CISI can offer ICSI students and members wishing to register for any of the CISI qualification units set out above a rebate, on production of a promotional booking code (that will be issued to ICSI separately), when registering for the CISI examination as follows:

[Signature]
## CISI Certificates Programme:

<table>
<thead>
<tr>
<th>CISI Modules</th>
<th>Rebate offered to ICSI Students (on full International price)</th>
<th>Rebate offered to ICSI Members (on full International price)</th>
<th>Full International Prices (Subject to change every April)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities</td>
<td>30%</td>
<td>£5</td>
<td>£190</td>
</tr>
<tr>
<td>Derivatives</td>
<td>30%</td>
<td>£5</td>
<td>£190</td>
</tr>
<tr>
<td>Financial Derivatives</td>
<td>50%</td>
<td>50%</td>
<td>£160</td>
</tr>
<tr>
<td>Commodity Derivatives</td>
<td>50%</td>
<td>50%</td>
<td>£190</td>
</tr>
<tr>
<td>International Wealth Management</td>
<td>50%</td>
<td>50%</td>
<td>£190</td>
</tr>
<tr>
<td>International Investment Management</td>
<td>30%</td>
<td>£5</td>
<td>£190</td>
</tr>
<tr>
<td>Risk in Financial Services</td>
<td>30%</td>
<td>£5</td>
<td>£190</td>
</tr>
<tr>
<td>Principles of Financial Regulation</td>
<td>30%</td>
<td>£5</td>
<td>£160</td>
</tr>
<tr>
<td>International Introduction to Investment Award – standalone award</td>
<td>50%</td>
<td>£5</td>
<td>£118</td>
</tr>
</tbody>
</table>
### International Operations Certificate (also known as IOC) global units
(Modular exam of three units):

<table>
<thead>
<tr>
<th>Course</th>
<th>Percentage</th>
<th>Fee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Introduction to Securities and Investment</td>
<td>50%</td>
<td>£5</td>
<td>£118</td>
</tr>
<tr>
<td>Asset Servicing</td>
<td>30%</td>
<td>£5</td>
<td>£118</td>
</tr>
<tr>
<td>Exchange Traded Derivatives Administration</td>
<td>30%</td>
<td>£5</td>
<td>£118</td>
</tr>
<tr>
<td>Global Securities Operations</td>
<td>30%</td>
<td>£5</td>
<td>£118</td>
</tr>
<tr>
<td>Operational Risk</td>
<td>30%</td>
<td>£5</td>
<td>£118</td>
</tr>
<tr>
<td>Over-The-Counter (OTC) Derivatives administration</td>
<td>30%</td>
<td>£5</td>
<td>£118</td>
</tr>
<tr>
<td>Risk in Financial Services</td>
<td>30%</td>
<td>£5</td>
<td>£190</td>
</tr>
<tr>
<td>Principles of Financial Regulation</td>
<td>30%</td>
<td>£5</td>
<td>£160</td>
</tr>
</tbody>
</table>

### Advanced Certificates in:

<table>
<thead>
<tr>
<th>Course</th>
<th>Percentage</th>
<th>Fee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Risk</td>
<td>30%</td>
<td>£5</td>
<td>£235</td>
</tr>
<tr>
<td>Global Securities Operations</td>
<td>30%</td>
<td>£5</td>
<td>£235</td>
</tr>
</tbody>
</table>

### CISI Diploma units:

<table>
<thead>
<tr>
<th>Course</th>
<th>Percentage</th>
<th>Fee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpretation of Financial Statements</td>
<td>30%</td>
<td>£5</td>
<td>£290 + invigilation</td>
</tr>
<tr>
<td>Fund Management</td>
<td>30%</td>
<td>£5</td>
<td>£290 + invigilation</td>
</tr>
<tr>
<td>Financial Derivatives</td>
<td>30%</td>
<td>£5</td>
<td>£290 + invigilation</td>
</tr>
</tbody>
</table>

---

CISI

[Recycle logo]
2.3 Candidates enrolling for examinations for any CISI qualifications programme in India receive as part of their examination fee:
   - an electronic Workbook sent to the candidate at point of payment for the examination.
   - one year’s free Student Membership of CISI

2.4 CISI will update the set of Frequently Asked Questions (FAQs) that has been developed for the qualifications set out above that are to be offered as an elective to student and full ICSI members and for CISI membership.

2.5 CISI examines all of its Certificates examinations by Computer-Based Testing (CBT) because of the many benefits this brings to candidates, to firms and to the Institute. Tests are delivered at regional test centres in selected locations around the world including seven centres in India (Mumbai, Bangalore, Hyderabad, Chennai, Gurgaon, Ahmedabad and Kolkata), in partnership with Prometric, one of the world’s leading providers of professional testing. CBT also allows candidates to receive their results immediately. CISI’s advanced and diploma modules are written examinations and these can be taken at the British Council Centres.

3. Recognition for ICSI Qualifications

3.1 CISI will offer recognition for ICSI student who have passed the Company Secretaries ‘Executive Programme’ against the Introduction to Investment unit of the CISI’s International Operations Certificate (also known as the IOC). ICSI students who have passed the Executive Programme including Paper 1: General and Commercial Laws and Paper 4: Company Law and passes in two technical units of the CISI will be eligible to receive the International Operations Certificate (IOC).

3.2 In line with the CISI’s Exemption Policy, detailed on the CISI website at www.cisi.org/qualifications >Booking and results > Exemptions an exemption fee of £10 will be payable by ICSI students who have successfully passed ICSI Executive Programme and who request an exemption against the ‘Introduction to Securities & Investment unit’ of the IOC™.
3.3 ICSI students applying for the exemption will need to complete an Exemption form available on the CISI website and submit that, along with the exemption fee when booking for the technical units of the IOC examination(s) in order to achieve their CISI certification.

4. Accreditation of ICSI to offer direct training for CISI qualifications

4.1 CISI has policy of accrediting training providers (ATPs) providing high quality direct training to candidates wishing to take CISI qualifications outside the UK. CISI is the first Awarding Body in the financial services sector to introduce this process, which monitors the quality of training and values strong working relationships with its training.

4.2 CISI will offer ICSI’s Centre for Corporate Governance Research and Training, complementary accreditation to run direct training for CISI exam units for ICSI students and full members and external market participants wishing to obtain an CISI International qualification. The accreditation fee of GBP2000 normally charged to training providers applying for CISI accreditation will be waived.

4.3 ATP status will be granted for an initial period of three years to provide training in accordance with the terms set out in a separate Training Provider contract detailing the qualifications for which ICSI will be training provider and subject to the CVs of the ICSI tutors delivering training for CISI qualifications being reviewed by CISI.

5. Membership

5.1 ICSI will encourage their students to apply for membership at Student level and its Associate and Fellow Members to apply for membership at Associate (ACSI) level- the first category of membership to award designatory letters and awarded to holders of CISI’s benchmark qualifications such as the IOC award and Certificates programme.

5.2 CISI offers membership at ACSI level to ICSI members for which no initial joining fee will be charged. Initial membership fees are charged on a pro-rata basis dependent on the month of joining and on renewal at the International rate listed on the CISI price list at: www.cisi.org/prices
5.3 ICSI members applying for CISI Student (not through CISI exams) & Associate membership, application will need to complete application forms and attach a copy of their ICSI certificate to the form (or for those who are still ICSI students, confirmation of registration with ICSI for their course of study).

5.4 Benefits of CISI Membership include:
- Use of designatory letters (ACSI & MCSI) according to level of Membership
- Free attendance at Continuing Professional Development (CPD) events (local and outside India)
- SGI review
- E-CPD - Webcasts and podcasts of CPD events
- Online Professional Refresher
- Infolink
- International Regulatory Update
- Online member’s directory
- Integrity at Work - e-learning tool

ICSI members will also be given a free CISI workbook in PDF form of their choice on registering for ACSI membership, which normally would cost £75 on purchase.

5.5 The process of application for membership is available on the Membership section of CISI’s website at: www.cisi.org/membership

5.6 As an alternative to the traditional route to membership, senior practitioners in the securities and investment industry may also apply for status as Members of the institute. The criteria for this is made up of a combination of seniority, experience and relevant professional qualifications. Non-CSI members can also apply to be considered for MCSI status as long as they also meet the criteria. All applications are assessed on a points system.

Application forms for MCSI showing the points system matrix used by CISI is attached at Appendix A to this agreement.

5.7 Each party will publicise the Membership collaboration in any publicity or membership materials produced by either party and on their respective websites. CISI will publicise the membership offering on the India page in the Global Presence section of its website.
5.8 CISI will also offer automatic membership at ACSI level to ICSI members at the level for international membership fee renewals (currently discounted by 25% discount on the price of the UK fee and 50% on price of the annual renewal fee). There is, additionally, no initial joining fee for ICSI members.

6. Government Approval

The Ministry of Corporate Affairs, India has, in August 2010, conveyed the approval of Central Government to the Memorandum of Understanding already signed between SII (Now CISI), London and ICSI, India.

7. Intellectual Property

7.1 As part of this agreement and following the accreditation of ICSI’s Centre of Corporate Governance Research and Training (CCGRT), CCGRT will be permitted to use the CISI’s Accredited Training Provider logo, on any promotional materials produced to market CISI qualifications.

7.2 ICSI agrees to acknowledge the use of CISI’s materials where such material is used.

8. Service of Notice

8.1 The addresses for service of Notice on either party are as detailed above.

9. Arbitration

9.1 In the event of any dispute, difference, claim or demand arising under or pursuant to or touching the MOU, the Parties shall submit to proceedings before a Conciliation Panel for amicable settlement in accordance with the 1976 – UNCITRAL (United Nations Commission on International Trade Law) Arbitration Rules and if not satisfactorily resolved in conciliation, then the matter shall be referred to an Arbitral Tribunal for settlement in accordance with the Rules of Arbitration of UNCITRAL. The Award made in pursuance thereof shall be final and binding on the parties. The seat of conciliation or arbitration shall be in India.
10. Jurisdiction
   All disputes arising out of this MOU are subject to the Jurisdiction of
   Court in New Delhi, India.

11. Review and Termination

11.1 This agreement will be reviewed, as agreed by both parties, every two
    years.

11.2 Where either party wishes to terminate the agreement, at least three
    months notice is given by either party.

Collaboration extension (executed January 2011, w.r.e.f. 10th day of
September 2010):

For and on behalf of
The Chartered Institute for
Securities & Investment

(Simon Culhane)
Chief Executive Officer

For and on behalf of
The Institute of
Company Secretaries of India

(N K Jain)
Secretary & Chief Executive Officer

Witness: D Taylor
EXECUTIVE CISI

Date: 31 Mar 2011

CISI

Witness: [Signature]
DIRECTOR, CISI

Date:
# Appendix A

## MCSI by experience (International Applicants) - Points system

<table>
<thead>
<tr>
<th>Eligibility criteria</th>
<th>Points Awarded</th>
<th>Actual Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Role:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of Senior Management Role, or</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Evidence of Middle Management Role</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Experience:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 years + relevant industry experience or</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>10 years + relevant industry experience</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Relevant Qualification:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Degree level Qualification, or</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Other relevant local qualification</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Actively demonstrated presently or in the past support of the SII (i.e. committee work, speaking at SII events, exam writer, etc.)</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**Points system used by CISI:**

- **11 points or above**: Normally acceptable - formal ratification through Membership Committee
- **9 to 10 points**: Borderline case - referred to local advisory board for decision
- **8 points or below**: Not acceptable but offered ACSI if they meet requirements

There is an alternative route to MCSI for CISI Diploma achievers and members of other recognised professional bodies.

General Circular No: 3/2011

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 - 110001

Dated: 21st February, 2011

To
All Regional Directors
All Registrar of Companies


Sir,

It is clarified that this Ministry Circular No. 2/2011 dated 8th February, 2011 shall be effective in respect of balance sheet and profit and loss accounts prepared regarding the financial year ending on or after the 31st March, 2011.

Yours faithfully

(Jaikant Singh)
Director

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.

Sir,

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
NEW FEATURE INCLUDED IN E-FORMS ON THE LLP PORTAL.

The new feature of downloadable e-forms has been made available on the LLP Portal. Users may now download the e-forms required to be filed and upload the same once filled at their end.

Users are requested to download Acrobat PDF reader ver. 9.0 and above, so as to continue filing forms in the LLP System. Users are also advised to go through the instructions kit for each form before filing any e-form. Any user, who wishes to do any modifications in the e-form once signed before uploading the same in the LLP Portal, is requested to clear the signatures and then make the required modifications and later re-sign the e-form before upload. Users may save the uploaded e-form at their end for future needs like resubmission etc. The same e-form needs to be modified in case of resubmission requested by the LLP Office, for any missing information or change in any information in the uploaded e-form. For more information please contact LLP Helpdesk on 66336666 or mail us at llpsupport-mca@nic.in

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LLP SHALL MANDATORILY FILE FORM 3 AND FORM 4 WITHIN 30 DAYS OF INCORPORATION & FORM 7 SHALL BE DIGITALLY SIGNED BY APPLICANT’S OWN DSC.

1) Every LLP shall mandatorily file Form 3 and Form 4 within 30 days of incorporation failing which Rs.100/- per day will be charged as additional fees on each Form.

2) Form 7 shall be digitally signed by applicant's own DSC. The DSC of other partners and professionals should not be used while applying Form 7.
MCA NOTIFICATIONS ON GENERAL EXEMPTIONS U/S 211 AND APPLICABILITY OF SCH. XIII IN CASE OF UNLISTED COMPANIES

The Ministry of Corporate Affairs has issued notifications on “General Exemptions under Section 211” and “Applicability of Schedule XIII in regard to Managerial Remuneration in case of unlisted companies”. The Ministry has also given directions under Section 212 of the Companies Act, 1956 vide its general circular no. 1/2011. The gist of the same is produced below for your information and reference:

(i) General Exemption under Section 211 of the Companies Act, 1956

Section 211 of the Companies Act, 1956 requires that the balance sheet and profit and loss account of a company shall be in the form set out in Part I of Schedule VI or in such other form as may be approved by the Central Government either generally or in any particular case. So far, these exemptions were being given on a case-by-case basis with certain conditions. The MCA has decided to give general exemption specifying the categories of companies that will be exempted from certain disclosures. Details under PIB Report dated 8th February, 2011 available at the link http://pib.nic.in/newsite/erelease.aspx?relid=69672

(ii) Directions under Section 212 of the Companies Act, 1956

Section 212 of the Companies Act, 1956 requires holding companies to attach with their balance sheet a copy of the balance sheet, profit and loss account etc. of each of its subsidiaries. The Ministry has been granting permission not to attach the account of subsidiaries on case-by-case basis on the basis of certain conditions which are
intended to protect the interests of investors. The Ministry has vide its general circular no. 1/2011 decided that the permission may be granted on a general basis wherever the Board of Directors of the holding company gives its consent and the conditions prescribed by the Ministry are complied with. Details are available at the link http://mca.gov.in/Ministry/pdf/Circular_08feb2011.pdf

(iii) Schedule XIII of the Companies Act, 1956 being amended – Unlisted companies shall not require Government approval for managerial remuneration where they have no profits

Schedule XIII of the Companies Act is being amended to provide that unlisted companies (which are not subsidiaries of listed companies) shall not require Government approval for managerial remuneration in cases where they have no profits/inadequate profits, provided they meet the other conditions stipulated in the Schedule. Details available at the link http://pib.nic.in/newsite/erelease.aspx?relid=69674

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EXEMPTION UNDER SECTION 211 OF COMPANIES ACT 1956 [MCA NOTIFICATION/DATE: 08/02, 2011]

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB SECTION (ii) of dated the 8 th February, 2011]  

Government of India  
Ministry of Corporate Affairs  
NOTIFICATION  
New Delhi; the 8 th February, 2011  

S.O. 300 (E). – In exercise of the powers conferred by sub-section (3) of section 211 of the Companies Act, 1956 (1 of 1956), the Central Government, being of the opinion that it is necessary to grant exemption in the public interest, hereby exempts Public Financial Institutions as specified under section 4A of the Companies Act, 1956 from disclosing Investments as required under paragraph (1) of Note (1) of Part-I of Schedule VI in their balance sheet subject to fulfillment of the following conditions, namely:-

(i) the Public Financial Institutions shall make the complete disclosures about investments in the balance sheet in respect of the following, namely: -

(a) immovable property;  
(b) capital of Partnership firms;  
(c) all unquoted investments and;  
(d) investments in subsidiary companies.

(ii) the Public Financial Institutions shall disclose the total value of quoted investments in each of the following respective categories, namely: -

(a) Government and trusts securities;  
(b) shares;  
(c) debentures;  
(d) bonds; and  
(e) other securities.
(iii) in each of the above categories referred to in sub-paragraphs (i) and (ii), investments where value exceeds two percent of total value in each category or one crore rupees, whichever is lower, shall be disclosed fully provided that where disclosures do not result in disclosure of at least fifty percent of total value of investment in a particular category, additional disclosure of investments in descending order of value shall be made so that specific disclosures account for at least fifty percent of the total value of investments in that category;

(iv) the Public Financial Institutions shall also give an undertaking to the effect that as and when any of the shareholders ask for specific particulars the same shall be provided;

(v) all unquoted investments shall be separately shown;

(vi) the company shall undertake to file with any other authorities, whenever necessary, all the relevant particulars as may be required by the Government or other regulatory bodies;

(vii) the Investments in subsidiary companies or in any company such that it becomes a subsidiary, shall be fully disclosed.

2. This notification shall be applicable in respect of balance sheet and profit and loss accounts prepared in respect of the financial year ending on or after the 31st March, 2011.

[F. No. 51/12/2007-CL.III]
(Dr. T.V. Somanathan)
Joint Secretary

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Dear Professional Colleagues,

The Ministry of Corporate Affairs had introduced the Easy Exit Scheme, 2011 under Section 560 of the Companies Act, 1956 to give an opportunity to defunct companies, for getting their names struck off the Register of Companies. The scheme was originally in operation from 1st January, 2011 to 31st January, 2011.

The MCA has vide its General Circular No. 1/2011 dated 3rd Feb, 2011 extended the Scheme for a further period of three months i.e. upto 30th April, 2011.

Copy of the General Circular No. 1/2011 dated 03.02.2011 is appended below for your ready reference. The same may be downloaded from the MCA website at the link http://www.mca.gov.in/Ministry/pdf/Circular_EES2011_03feb2011.pdf

Regards,

Yours sincerely,

CS N K Jain
Secretary & CEO
To
All Regional Director,
All Registrar of Companies.

Subject: Easy Exit Scheme, 2011

Sir,

In continuation to this Ministry's earlier circular no. 6/2010 dated 03.12.2010 on the subject cited above, it has been decided to extend the Scheme for another three months i.e. upto 30th April, 2011.

2. All the terms of circular no. 6/2010 dated 03.12.2010 will remain the same.

Yours faithfully,

(Monika Gupta)
Assistant Director
RBI UPDATE
ALL DEPOSIT TAKING NBFCs - CRAR FIFTEEN PERCENT W.E.F MARCH 31, 2012 [ RBI/ Date: Feb 17, 2011]

RBI/2010-11/408
DNBS.PD/CC.No.211 /03.02.002/2010-11

February 17, 2011

All deposit taking NBFCs

Dear Sir,

All Deposit Taking NBFCs - CRAR Fifteen percent w.e.f March 31, 2012

In terms of paragraph 16 of Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, every deposit taking NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital, which shall not be less than 12% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. However, in terms of paragraph 16 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, dated February 22, 2007, every systemically important non-deposit taking NBFC(NBFC-ND-SI) has to maintain a minimum capital ratio consisting of Tier I and Tier II capital, which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items by March 31, 2011.

2. It has been decided to align the minimum capital ratio of all deposit taking as well as systemically important non-deposit taking NBFCs to 15%. Accordingly, all deposit taking NBFCs shall maintain a minimum capital ratio consisting of Tier I and Tier II capital, which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items w.e.f. March 31, 2012. Accompanying notification No. DNBS.224/CGM (US) - 2011 dated February 17, 2011 is enclosed for compliance.

Yours Sincerely,

(Uma Subramaniam)
Chief General Manager-in-Charge

Encl: as above
The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, contained in Notification No.DNBS.192/DG(VL)-2007 dated February 22, 2007, in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said Directions shall be amended with immediate effect as follows, namely -

Amendment of paragraph 16 -

In sub-paragraph (1) of paragraph 16, the following sentence shall be inserted at the end of the sub-paragraph –

“[Such ratio shall not be less than fifteen percent by March 31, 2012.]”

(Uma Subramaniam)
Chief General Manager-in-Charge
DO NOT PAY MONEY TO RECEIVE LARGE FUNDS FROM ABROAD
{RBI/DATE: 15 Feb 2011}

Date : 15 Feb 2011

Do Not Pay Money to receive Large Funds from Abroad : RBI Advisory

The Reserve Bank has today once again issued an advisory cautioning the members of public against responding in any manner to offers of moneys from abroad. It has stated that such offers are fraudulent and has advised the public to immediately register a complaint with the local police/cyber crime authorities when they receive such offers or become a victim of any such fraud.

Members of public have also been cautioned against making any remittance towards participation in such schemes/offers from unknown entities since such remittances are illegal and any resident in India collecting and effecting/remitting such payments directly/indirectly outside India is liable to be proceeded against for contravention of the Foreign Exchange Management Act, 1999. They are also liable for violation of regulations relating to Know Your Customer (KYC) norms/Anti Money Laundering (AML) standards.

The Reserve Bank has further stated that it does not undertake any type of money arrangement, by whatever name called, and it does not take any responsibility for recovering moneys remitted in response to such bogus communication.

For any further clarification in the matter, the Reserve Bank has advised the public to contact the officials of the Foreign Exchange Department at its various Regional Offices or at its Central Office, Foreign Exchange Department on telephone numbers 022- 22610589 / 22610618 or 2260 1000 extn. 2772 / 2732 during office hours (9.45 hours to 17.45 hours Monday to Friday) or seek clarification by e-mail. The public may also refer to the cautionary advices hosted on the home page of the RBI website (www.rbi.org.in) as a ticker for more information.

The Reserve Bank has stated that it has urged the Indian Banks’ Association and banks to educate their customers to be extra vigilant with regard to such fictitious offers. Banks have also been advised to take up with law enforcing agencies whenever accounts of their customers are misused for such fraudulent activities.

How do the Fraudsters operate?

The Reserve Bank of India has, on several occasions in the past, cautioned the members of public not to fall prey to fictitious offers / lottery winnings / remittance of cheap funds in foreign currency from abroad by so-called foreign entities/individuals or to Indian residents acting as representatives of such entities/individuals. Describing the manner in which the fraudsters operate, the Reserve Bank has stated that the fraudsters send attractive offers to gullible public through letters, e-mails, mobile phones, SMSs, etc. To lend credence to such offers, the communication is often sent on/ from letterheads/ websites that appear to be like that of some public authorities like the Reserve Bank of India. The offers are apparently signed by top executives/senior officials of such authorities. However, only the names of the officials may be correct but their signatures are
faked. The offer document would contain contact details of a so-called RBI officer working in some department in the Reserve Bank/Public Authorities.

The fraudsters initially ask potential victims to deposit small sums of money for different official sounding reasons, such as, processing fees/transaction fees/tax clearance charges/conversion charges, clearing fees, etc. The victims are asked to deposit the money in certain accounts in banks. The fraudsters often have multiple accounts in the name of individuals or proprietary concerns in different bank branches for collecting such charges. Often gullible genuine account holders are persuaded by the fraudsters to lend their accounts for such fraudulent activities on the promise of receiving some commission. Once the initial amount is deposited, demands for more money follow with more official sounding reasons. After accumulating a sizeable amount in these accounts, the fraudsters withdraw or transfer the money abroad and vanish leaving the victims in a lurch. Many residents have already become victims and have lost huge sums of money by falling for such fictitious offers.

Alpana Killawala
Chief General Manager

Press Release : 2010-2011/1177
SEBI UPDATE
SHRI U K SINHA TAKES CHARGE AS CHAIRMAN, SEBI

Shri Upendra Kumar Sinha took charge as Chairman, Securities and Exchange Board of India, today. Prior to this, Shri Sinha was Chairman & Managing Director of UTI Asset Management Company Ltd. and Chairman of Association of Mutual Funds in India.

Shri Sinha, an ex-Indian Administrative Service Officer, has held several responsible positions with distinction in the State and Central Governments. He was Joint Secretary (Banking) and Joint Secretary (Capital Markets), Ministry of Finance, Government of India.

Shri U K Sinha was the Chairman of the Working Group on Foreign Investment in India formed by the Government of India. He was a member of several committees set up by the Government of India including the Committees on Liquidity Management, FIIs, Corporate Bond Market and Investor Protection. Shri Sinha is credited with starting the micro pension movement in the country for mobilising retirement savings from low earning – unorganized sector workers.

Mumbai
February 18, 2011
VIEW SOLICITED ON SEBI PAPER “DRAFT EXTENSIBLE BUSINESS REPORTING LANGUAGE TAXONOMY FOR MUTUAL FUNDS”

In a move to adopt emerging global standards in the area of financial reporting, SEBI is in the process of adopting eXtensible Business Reporting Language (XBRL) for financial reporting.

As a pilot project, SEBI has issued a draft paper on XBRL Taxonomy for various data reporting by mutual funds for public comments, the copy of which is attached as ready reference.

We seek your Comments / suggestions on eXtensible Business Reporting Language Taxonomy for Mutual Funds and would appreciate to receive the same on sonia.baijal@icsi.edu by March 05th, 2011.

ATTACHED: The draft XBRL Taxonomy
TAX LAW UPDATE
NOTIFICATION NO. 01/2011 CENTRAL EXCISE (N.T. [DATE: THE FEBRUARY 17, 2011])

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

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
Notification No. 01/2011 Central Excise (N.T.)

New Delhi, the February 17, 2011
28, Magha 1932 Saka

G.S.R (E), – Whereas the Central Government is satisfied that a practice was generally prevalent regarding levy of duty of excise (including non-levy thereof) under section 3 of the Central Excise Act, 1944 (1 of 1944) (hereinafter referred to as the said Act), on goods of the description given in the Table below, and that such goods were liable to duty of excise which was not being levied under section 3 of the said Act according to the said practice, during the period as specified in the said Table, namely:-

<table>
<thead>
<tr>
<th>Description</th>
<th>Tariff sub-heading</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods manufactured at the site of construction for use in construction work at such site</td>
<td>Sub-headings of Chapter 68 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) except sub-headings 6804, 6805, 6811, 6812 and 6813</td>
<td>1st March, 2006 to 6th July, 2009 (Both inclusive)</td>
</tr>
</tbody>
</table>

2. Now, therefore, in exercise of the powers conferred by section 11C of the said Act, the Central Government hereby directs that the whole of duty of excise leviable under the said Act on such goods falling under such tariff sub-headings as specified in the said Table but for the said practice, shall not be required to be paid for the period specified in column (3) of the said Table, subject to fulfilment of condition that the benefit under this notification shall not be admissible unless the unit claiming benefit in terms of this notification reverse the input credit, if any, taken in respect of inputs used in manufacture of such goods on which the said duty of excise was not levied during the aforesaid period in accordance with the said practice.

[F. No. 167/29/2008-CX.4/CX 1]
(MADAN MOHAN)
Under Secretary to the Government of India

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

Government of India
Ministry of Finance
(Department of Revenue)
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Notification No. 9/2011-Customs

New Delhi, the 14th February, 2011

G.S.R. 93 (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 13/2010-CUSTOMS, dated 19th February, 2010 , published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i),vide number G.S.R.94 (E), dated the 19th February, 2010, namely:-

In the said notification, in the TABLE, in the column (3), for the words “within three months” wherever they occur, the words “within six months” shall be substituted.

[F.No.354/12/2010-TRU]
(Navin Kumar Vidyarthi)
Under Secretary to the Government of India

Note: The principal notification No.13/2010-Customs, dated 19th February, 2010 , was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (I),vide number G.S.R.94 (E), dated the 19th February, 2010 and was last amended vide notification No.84/2010-Customs, dated 27th August, 2010, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i),vide number G.S.R.707 (E), dated the 27th August, 2010.
DATE OF FILLING OF ITR-V EXTENDED TO 31ST JULY 2011{ CBDT/DATE: 14 FEBRUARY 2011]

The Central Board of Direct Taxes has decided to extend the time limit for filing ITR-V forms relating to income tax returns for A.Y 2010 - 2011 filed electronically on or before 1st April 2010.

ATTACHED: Read more.
DGFT UPDATE
AMENDMENT OF PARAGRAPH 4.1.3 OF FOREIGN TRADE POLICY (FTP) TO ALLOW ACCESS TO DUTY FREE INPUTS BASED ON ACTUALS TO MANUFACTURER OF PHARMA PRODUCTS THROUGH NON-INFRINGING PROCESS [DGFT NOTIFICATION NO. 22/2009-2014 (RE-2010) /DATE: 14th February, 2011]

(To be published in The Gazette of India Extraordinary Part-II-Section-1)

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhawan, New Delhi.

Notification No. 22/2009-2014 (RE-2010)
The 14th February, 2011

Subject:—Amendment of paragraph 4.1.3 of Foreign Trade Policy (FTP) to allow access to duty free inputs based on actuals to manufacturer of pharma products through Non-Infringing process—regarding.

S.O. (E): In exercise of powers conferred by Section 5, read along with Section 3(2) of the Foreign Trade (Development and Regulation) Act, 1992, also read along with paragraph 2.1 of Foreign Trade Policy, 2009-14, the Central Government hereby makes the following amendments in paragraph 4.1.3 of the Foreign Trade Policy, 2009-14 (RE-2010):

Existing provision under paragraph 4.1.3:

Advance Authorisation can be issued either to a manufacturer exporter or merchant exporter tied to supporting manufacturer(s) for:

i) Physical exports (including exports to SEZ); and / or

ii) Intermediate supplies; and / or

iii) Supply of goods to the categories mentioned in paragraph 8.2 (b), (c), (d), (e), (f), (g), (i) and (j) of FTP;

iv) Supply of ‘stores’ on board of foreign going vessel / aircraft subject to condition that there is specific SION in respect of item(s) supplied.

Amended sub-paragraph:

Advance Authorisation can be issued either to a manufacturer exporter or merchant exporter tied to supporting manufacturer(s). However, advance authorisation under paragraph 4.7A of HBP. v1 (for pharmaceutical products manufactured through Non-Infringing (NI) process) shall be issued to Manufacturer exporter only.”

Advance Authorisation shall be issued for:
i) Physical exports (including exports to SEZ); and / or
ii) Intermediate supplies; and / or
iii) Supply of goods to the categories mentioned in paragraph 8.2 (b), (c), (d), (e), (f), (g), (i) and (j) of FTP;
iv) Supply of ‘stores’ on board of foreign going vessel / aircraft subject to condition that there is specific SION in respect of item(s) supplied.

2. The Background & effect of this amendment:

Advance authorisation scheme allows access to duty free inputs required to manufacture the export product. Inputs and its quantities are allowed either as per Standard Input Output Norms (SION) or adhoc norms, based on average consumption data of the relevant industry.

There are certain manufacturing processes covered under Process Patents. Therefore, benefit of SION or Adhoc norms for such products (which are still under Process Patent, but product patent of which has expired) cannot be availed by manufacturer, other than the Patent holder. Such manufacturer, who wish to manufacture and export the product through a Non-infringing (NI) Process may require inputs and input quantities, other than that prescribed as per existing norms (SION or adhoc norms). Hence it has been decided to:

(a) Incorporate a new provision as paragraph 4.7A in HBP v1, within the scope of advance authorisation scheme, to allow this facility to pharmaceutical sector, subject to fulfilment of certain specified conditions.
(b) Further, since this facility shall be available to manufacturer exporters only and not to the merchant exporters tied to supporting manufacturer, paragraph 4.1.3 of FTP has been amended as stated at Sl. No. 1 above.

Sd/-
(Anup K. Pujari)
Director General of Foreign Trade
E-mail: dgft@nic.in

(F. No. 01/94/180/AA/NI process/AM11/PC-4)