

ANNUAL REPORT 2011-12



**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

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CHAPTER - I

OVERVIEW

1.1.1. The year 2011-12 has been characterised by various innovative measures taken by the Ministry of Corporate Affairs with regard to reducing the obstacles in sustainable development of the corporate growth. These measures aim to provide an appropriate corporate regulatory framework to both meet the challenges posed by global business environment and to let the Indian Corporate sector prove its mettle.

1.1.2. During the year, the Companies Bill, 2011, the Chartered Accountants (Amendments) Bill, 2011, the Cost and Works Accountants (Amendment) Bill 2011, and the Company Secretaries (Amendment) Bill, 2011 were introduced in Parliament. The other major initiatives undertaken during this year were notification of Combination Regulations under the provisions of the Competition Act, 2002; adoption of 'Carve Outs' in Indian Accounting Standards (Ind ASs); several notifications/statutory orders simplifying rules and procedures; reform of Cost Accounting Rules; 'Green Initiatives' integrated with transparency by way of e-governance tools; e-filings under the XBRL mode permitting large scale data processing; acceptance of e-stamps in a joint venture between the States and the Centre etc. The Ministry also issued '**National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business 2011**' to promote greater accountability of the corporates to the society at large.

1.1.3. To cater to the needs of ever-expanding corporate sector, the Ministry has re-organised its field offices across the country. The Ministry has also brought out for public discussion a Draft National Competition Policy to provide a level-playing field and imbibe the spirit of competition. The Ministry has been sensitive to issues of investor protection and conducted several awareness programmes during the current year at various cities across India, in partnership with the professional institutes.

1.1.4. Indian business environment is getting increasingly integrated with the global business system. To understand the developments taking place in the world and to showcase the initiatives of the Ministry in the areas of corporate governance, corporate social responsibility and the development of the accounting profession, the Ministry interacted/ collaborated with international organizations like Corporate Registers Forum (CRF), Accounting and Corporate Regulatory Authority (ACRA), Business Leaders from American Chambers of Commerce, Global Reporting Initiatives (GRI), International Association of Insolvency Regulators (IAIR), Organization for Economic Co-operation and Development (OECD), Federal Trade Commission of USA, Department of Justice, USA, State Administration for Industry & Commerce (SAIC) of Japan etc.

1.1.5. India has the Presidentship of the Executive Committee of the Conference of

the Corporate Registers Forum (CRF) from 25.07.2011 for one year. The Ministry has decided to host the 2012 International Annual Conference from February 13-16, 2012 in New Delhi on the theme “Control to Self-Regulation: Sharing Knowledge–Sharing Best Practices”.

1.1.6. The Ministry is concerned, inter alia, with the administration of a wide range of statutes for the regulation of the corporate sector including the following Acts:

- (i) The Companies Act, 1956
- (ii) The Competition Act, 2002
- (iii) The Limited Liability Partnership Act, 2008
- (iv) The Chartered Accountants Act, 1949
- (v) The Cost and Works Accountants Act, 1959
- (vi) The Company Secretaries Act, 1980
- (vii) The Partnership Act, 1932
- (viii) The Societies Registration Act, 1860
- (ix) The Companies (Donations to National Funds) Act, 1951

Legislative Developments

1.2.1. The revised Companies Bill, 2011 was introduced in the Lok Sabha on 14.12.2011, proposing to replace the existing Companies Act, 1956. The Bill initially introduced in 2009 was further revised mainly in the light of the recommendations of the Parliamentary Standing Committee on finance. The Companies Bill, 2011, inter-alia, proposes comprehensive changes to the existing provisions on myriad aspects of corporate governance. The provisions in the Bill are

progressive, conducive to the global business environment, and futuristic, duly envisaging the technological and legal developments. The new Bill promises investor democracy; addresses the public concern over corporate accountability and responsibility; and simultaneously introduces some industry friendly provisions. The Bill is currently under further consideration of the Honourable Committee which has been directed by the Honourable Speaker to submit its Report within two months.

1.2.2. The Chartered Accountants (Amendments) Bill, 2011, the Cost and Works Accountants (Amendment) Bill, 2011, and the Company Secretaries (Amendment) Bill, 2011 proposing changes to enable members of the three institutes to form Limited Liability Partnership (LLP) firms in accordance with LLP Act, 2008 and change of name of the Institute of Cost and Works Accountants of India to the Institute of Cost Accountants of India have been passed by both the houses of Parliament in the Winter Session and has been notified in the Gazette of India after receiving assent of the President.

Other Policy Developments

1.3.1. Several companies who had not filed their documents of Annual Returns, Profit and Loss accounts and Balance Sheets with the office of the Registrar of Companies for the years 2006-07 to 2009-10 within the prescribed time frame were debarred from online filing on the MCA 21 system. Further, due to non-filing of the documents on time, companies were burdened with additional fee and are liable for prosecution. The records available in the electronic registry were not updated and thereby the updated information were not available to the stakeholders for inspection.

1.3.2. The Ministry, in exercise of the powers under section 611(2) and section 637B (b) of the companies Act 1956 introduced a scheme, “**Company Law Settlement Scheme 2011**”, condoning the delay in filing such documents with the registrar, granting immunity from prosecution and charging additional fee of 25% of actual additional fee payable for filing belated documents under the Companies Act, 1956 and the rules made thereunder. Such defaulting Companies were given an opportunity to make good their default by filing belated Balance Sheets and Annual Returns and to become a regular compliant in future. The scheme has been effective between 12.08.2011 and 15.01.2012.

1.3.3. Companies registered under the companies Act, 1956, which are either inoperative since incorporation or commenced business but became inoperative later and have not been filing their Annual Returns etc. on time with the Registrar of companies are categorised as “Defunct Companies”. Such defunct Companies desirous of getting their names struck off from the Register of Companies were given an opportunity under the Guidelines namely “Fast Track Exit Guidelines” issued on 03.07.2011 under section 560 of the Companies Act, 1956.

Notifications and Circulars

1.4.1. The Ministry has notified amendments to e-forms 1A, 2, 3, 5, 8, 10C, 17, 18, 23AC, 23ACA, 23C, 23D and 32 to the Companies (Central Government’s) General Rules and Forms 1956, and introduced new e-forms- 23AC -XBRL and 23ACA- XBRL, (a) to allow filing of forms in Straight Through Process (STP) mode, (b) to allow filing of Balance Sheet in Extensible Business Reporting Language

(XBRL) mode by certain class of Companies pursuant to Extensible Business Reporting Language (XBRL) Rule. These Guidelines have come into operation from 03.07.2011.

1.4.2. A total of 30 (thirty) Notifications and 47 (forty-seven) General Circulars/Press Notes simplifying the rules and procedures under the Companies Act, 1956 have been issued during the year. Besides, a Departmental Circular for Regulation of Private Placements being made by Companies and a Master Circular on Prosecution of Directors have been issued by the Ministry of Corporate Affairs during the period 01.04.2011 to 31.12.2011.

The Competition Act, 2002

1.5.1. The Competition Act, 2002 has now been brought in full force and is now fully functional with the Competition Commission of India exercising primary jurisdiction there under. Certain amendments to the Act are under examination in the light of the experience gained of its initial working.

Limited Liability Partnership Act, 2008

1.6.1. The Ministry has set up a single Central Registry at Delhi for registration of LLP and filing of further returns with Registrar LLP online on its website namely, www.llp.gov.in.

Convergence of Indian Accounting Standards with International Financial Reporting Standards

1.7.1. The Ministry is the nodal Ministry for ensuring convergence of Indian Accounting

Standards with International Financial Reporting Standards (IFRS) etc. The task of convergence of Indian Accounting Standards with International Financial Reporting Standards was referred to the National Advisory Committee on Accounting Standards (NACAS), set up under section 210A of the Companies Act, 1956, which gave its Report on 07.02.2006 containing recommendations on 35 Indian Accounting Standards for further processing in the Ministry.

1.7.2. The Ministry declared on 13.05.2008 its intent to converge with International Financial Reporting Standards (IFRS) by 2011 and reaffirmed its efforts to strengthen the corporate financial system, at par with the best international practices, in the interest of all stakeholders to meet the requirements of India's changing economy. In the G-20 Summit held in Pittsburg in September 2009, the G-20 countries agreed on 'calling on their international accounting bodies to redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process and complete their convergence project by June 2011'.

1.7.3. The 35 Indian Accounting Standards (Ind ASs) forwarded by NACAS were examined by a Technical Committee in the Ministry. In order to fill up the gap/differences in application of Accounting Principles and Practices prevailing in India, some carve outs in Ind ASs were finally adopted in June, 2011. These carve outs are related inter alia to the Effects of changes in Foreign Exchange Rates, Investments in Associates, Financial Instruments in Presentation Part, Financial

Instruments: Recognition and Measurement, Business Combinations etc. These have been placed on the MCA Website but the date of implementation has not yet been notified.

New Guidelines on Corporate Responsibility

1.8.1. New National "Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business" were released by Hon'ble Minister for Corporate Affairs on 08.07.2011. These Guidelines lay down the basic requirements for businesses to function responsibly, ensuring thereby a wholesome and inclusive process of economic growth. The document represents a consolidated perspective of vital stakeholders in India. The present guidelines reflect significant refinement over the Corporate Social Responsibility Voluntary Guidelines, 2009.

Redressal of Investors' Grievances

1.9.1. Investors/depositors have been enabled to lodge their complaints on-line through MCA21 system using the website of the Ministry viz. www.mca.gov.in under "Investor Services". A system of Nodal Officers has also been established at the Regional Level, with a further recourse to the Nodal Officer at the Ministry. With a view to making investor grievance redressal more effective and responsive, the Ministry has restructured its complaint module on MCA21 System. In order to avoid duplicacy of work, it was also decided to discontinue the Investor Helpline project.

1.9.2. At the beginning of the current year, the backlog complaints was 1320 from the

MCA portal. During the current year (up to 31.12.2011), 4151 complaints were received. Out of 5471 total complaints from the MCA portal, 4780 complaints were resolved and 691 complaints were pending as on 31.12.2011. In addition, a total of 3484 on-line complaints from Department of Administrative Reforms & Public Grievances through CPGRAMS portal were received, out of which 2966 complaints were disposed of and 513 were pending with subordinate organisations. Further, the Ministry received another 115 complaints pertaining to other agencies such as SEBI, Ministry of Finance etc. which were forwarded to them for further necessary action.

Investor Awareness

1.10.1. The Ministry was earlier conducting investor awareness programmes through NGOs. However, during the current year the organization of investor awareness programmes has been entrusted primarily to the three professional institutes – ICSI, ICAI & ICWAI to improve the quality of programme. Together, they have planned 30 such programmes in ‘Metros and big cities’ and 1200 programmes in the State Capitals and District Headquarters. Up to 31.12.2011, 806 such programmes have been conducted in different parts of the country.

1.10.2. Besides, the Ministry of Corporate Affairs organised the **“India Corporate and Investor Meet”** from February 6-11, 2012 at five cities to bring a national focus on the subject of investor awareness with the support of the Industry Chambers. A book entitled ‘Investor Handbook’ and two booklets, namely “First Steps to Investing – A Beginner’s Guide”, and

“Primer for First-time and Existing Investors”, would be released and distributed during the Meet.

Corporate Governance

1.11.1. With a view to promoting good corporate governance practices amongst the Indian corporate sector, the Ministry of Corporate Affairs, through National Foundation of Corporate Governance (NFCG), has provided a platform to harmonize various initiatives on corporate governance at the national level and interact with similar organizations across the world. The activities conducted under the aegis of NFCG include seminars and conferences on subjects related to corporate governance, research activities on corporate governance practices in Indian companies etc. During the year 2011-12 (upto December, 2011), NFCG has conducted a Directors’ Orientation Programme, and thirteen Seminars/ Conferences/ Workshops across the country and abroad.

Investigation of Corporate Frauds

1.12.1. Government of India, through its multi-disciplinary investigating agency, namely, the Serious Fraud Investigation Office (SFIO), carries out investigation under the provisions of the Companies Act, 1956. During 2011-12 (upto 31.12.2011) seven fresh cases have been ordered for investigation. So far, a total of 89 cases have been referred to SFIO for investigation. Out of these, SFIO has submitted investigation reports in 73 cases, four cases have been either stayed or dismissed by Courts and the remaining 12 cases are under investigation.

MCA21 E-Governance

1.13.1. MCA21 integrates both regulation and service delivery functions under the Companies Act, 1956, including incorporation of company, registration of charges, change in Directors and statutory filing by each registered company. It is the most authentic repository of all corporate data from inception to liquidation of companies, and the documents filed are to be kept in the public domain.

1.13.2. During the current year (up to 31.12.2011), MCA21 emerged as a reference model for joint-services, being the first project in the country where a service covered under the State subject is rendered by a Central Ministry on behalf of the States/UTs. Through the MCA21 portal, funds are promptly transferred to the eligible governments. The general amnesty scheme for defaulting companies, Company Law Settlement Scheme, 2011, was effectively implemented through the MCA21 portal.

1.13.3. The filings have been shifted to eXtensible Business Reporting Language (XBRL) mode for certain categories of companies. This would permit easy processing of data contained in the statutory reports filed by the companies and help erect a structure to facilitate easier, speedier and transparent implementation of the Companies Act.

1.13.4. The Ministry's website, namely, www.mca.gov.in, was thoroughly revised during the current year. It is a virtual window for authentic information pertaining to activities and programmes of the Ministry. Besides being informative, it serves as a platform for availing all registry related MCA services, among others.

1.13.5. The following operational statistics of the MCA21 Project bring out the stability in the system, increased volume of filings and improved compliance:

S. No.	Description (Filing Status as on 31.12.2011)	Number
1	Average portal hits per day	31050
2	Total filings through the system till 31.12.2011	156.93 Lakhs
3	Maximum number of documents filed on a day (29.10.2011)	71435
4	Number of companies registered online	406148
5	Total DIN issued till 31.12.2011	21.31 Lakhs
6	Company records viewed online	19.23 Lakhs
7	Number of Balance Sheets filed	27.47 Lakhs
8	Number of Annual Returns filed	28.03 Lakhs
9	Amount of E-stamp collected up to 31.12.2011	Rs. 338.64 Crore
10	Number of E-forms revised during the year	20

1.13.6. There has been a significant turn around in time for delivery of services with the implementation of the project resulting in

considerable gain in efficiency which is brought out in the following summary statistics:

S. No.	Type of Service	Prior to MCA21	After MCA21
1	Name Approval	7 days	1-2 days
2	Company Incorporation	15 days	1-3 days
3	Change of Name	15 days	3 days
4	Charge creation/ modification	10-15 days	2 days
5	Certified Copy	10 days	2 days
6	Annual Return	60 days	Instantaneous
7	Balance-sheet	60 days	Instantaneous
8	Change in Directors	60 days	Instantaneous
9	Change in Registered Office Address	60 days	1-3 days
10	Increase in Authorized Capital	60 days	1-3 days
11	Inspection of Public Documents	Physical appearance	On-line

Capacity Building and Knowledge Sharing

1.14.1. The Ministry of Corporate Affairs periodically interact with its officials and organizes trainings/workshops for its officers and staff at Headquarters as well as for Regional Directors/Registrar of Companies/ Official Liquidators in the field on various subject to equip them with the latest knowledge and techniques so as to promote a speedy and transparent service delivery mechanism. During the current year (up to 31.12.2011), the following training programmes were conducted:-

- (i) Company Law Registry functions of offices of Registrar of Companies (ROC).
- (ii) Corporate Governance & Regulation under Companies Act, 1956.
- (iii) Corporate Insolvency, Winding up and Liquidation of Companies.
- (iv) Inspections & Investigations under Companies Act, 1956.
- (v) Orientation workshop on XBRL for officers and staff in the Ministry.
- (vi) XBRL workshops were also conducted in every Regional Directorate.
- (vii) Workshop for non-ICLS officers was

organized in the month of July, 2011 to familiarize the officers of the Ministry with broad areas of various Acts regulated by the Ministry.

- (viii) Training Programme on MS Word, MS Excel, Power point Presentation were organized for the personal staff of the officers.
- (ix) Training programmes were organized on File Tracking System (FTS) for all officers and staff of the Ministry.

1.14.2. Besides, during the current year (up to 31.12.2011), the Indian Institute of Corporate Affairs (IICA) conducted thirteen workshops/seminars on various issues concerning the corporate sector, an Appreciation Course in Competition Law and Policy for senior officers

of the IAS and an Induction training programme for the Second batch of the ICLS officers. A number of training programmes were held for the serving ICLS officers on various issues like inspection, liquidation and winding up of companies.

Citizen's Charter of the Ministry

1.15.1. The Citizen's Charter of the Ministry has been reviewed during 2010-11 and the same is available on Ministry's website. The Ministry has taken into account the views of stake holders through chambers of commerce & industries, the accountancy and company secretarial professionals, investors, parliamentarians etc. The stakeholder views have been gathered during various formal and informal interactions in formulating the Charter.

CHAPTER – II
ORGANISATIONAL SET UP AND FUNCTIONS

2.1. Administrative Set-up

2.1.1. The Ministry has a three tier organisational set-up namely, the Secretariat at New Delhi, seven offices of Regional Directors at Ahmedabad, Chennai, Hyderabad, Kolkata (2), Mumbai, and NOIDA, fifteen Registrars of Companies, thirteen Official Liquidators and nine Registrar of Companies-cum-Official Liquidators in States and Union Territories. The Official Liquidators, functioning under the overall administrative control of the Ministry, are attached to the corresponding High Courts.

A. Headquarters

2.1.2. The set-up at the Headquarters includes one Secretary, one Additional Secretary, three Joint Secretaries, one Economic Adviser, one Cost Adviser, two Directors of Inspection & Investigation and other officials having expertise in administrative, legal, accounting, economic and statistical matters. In addition, an office of the Director General of Corporate Affairs (DGCA) is being set up as an intermediary level between Headquarters and Regional Directors for administrative and legal/ technical matters. The Telephone Directory of the Headquarters is given at Annexure–I. The organizational chart of the Ministry is given at Annexure–II, and the major functionaries are listed in Annexure–III.

B. Regional Directors

2.1.3. The Regional Directors are in-charge of the respective regions, each region comprising a number of States and Union Territories. They supervise the working of the offices of the Registrars of Companies and the Official Liquidators working in their regions. They also maintain liaison between the respective State Governments and the Central Government in matters relating to the administration of the Companies Act, 1956. Certain powers of the Central Government under the Companies Act have been delegated to the Regional Directors. They have also been declared as Heads of Department. There is an Inspection Unit attached to the office of every Regional Director for carrying out the inspection of the books of accounts of companies under Section 209A of the Companies Act, 1956.

C. Registrars of Companies and Official Liquidators

2.1.4. Registrars of Companies (ROCs) appointed under Section 609 of the Companies Act, 1956 covering various States and Union Territories are vested with the primary duty of registering companies floated in the respective States and the Union Territories and ensuring that such companies comply with statutory requirements under the Act. These offices

function as registry of records, relating to the companies registered with them, which are available for inspection by members of the public on payment of the prescribed fee. The Central Government exercises administrative control over these offices through the respective Regional Directors.

2.1.5. The Official Liquidators are officers appointed by the Central Government under Section 448 of the Companies Act, 1956 and are attached to various jurisdictional High Courts. The Official Liquidators are under the administrative charge of the respective Regional Directors, who supervise their functioning on behalf of the Central Government. Official Liquidators act under the directions and supervision of the High Courts in the conduct of winding-up of affairs of the companies. At the same time, the Central Government has the responsibility under Section 463 of the Companies Act, 1956 of exercising overall control over the Official Liquidators to ensure that they faithfully perform their duties and duly observe all the requirements imposed on them under the Act or the Rules thereunder.

2.1.6. The duties and powers of the Official Liquidator as laid down in section 457 of the Companies Act, 1956 are mainly of filing of claims against the debtors for realization of the debts due to the company; sale of movable and immovable assets of the company taken possession by the Official Liquidator; instituting criminal complaints and misfeasance proceedings against the former Directors of the company for their acts and omissions and breach of trust, invitation of claims from the creditors, adjudication of claims and settlement of list of creditors, payment to creditors by way of

dividend and settlement of list of contributories wherever necessary, and payment of return of capital where the company's assets exceeded its liability and finally dissolve the company under section 481 of the Companies Act, 1956.

2.1.7. The field Offices of the Ministry were re-organised vide Office Memorandum No. 42011/12/2009-Ad. II dated 11.08.2011. The list of Regional Directors, Registrars of Companies, Official Liquidators and Registrars of Companies-cum-Official Liquidators, along with their email addresses, is given at Annexure-IV.

Divisions/sections/cells at headquarters

2.2.1. The main function of the Ministry of Corporate Affairs is to administer the Company Laws. The Headquarter of the MCA is organized into various Divisions/ Sections/ Cells for administering/ regulating various aspects of the company laws, corporate policy etc. The detailed description of the mechanism to administer the Companies Act is given in Chapter III, while the matters relating Competition Act and Limited Liability Partnership Act are dealt with in Chapters IV and V respectively.

2.2.2. The provisions of the Companies Act are dealt with by various sections under the supervision of concerned Joint Secretary through Directors/ Deputy Secretaries. A brief description of major activities of these Sections is given below:

Company Law-I Section deals with amendment of Companies Act, 1956 and LLP Act, 2008 and specific provisions thereof from time to time. It

serves as the Secretariat for the Working Group/ Expert Committee set up for the purpose from time to time.

Company Law–II Section deals with cases for inspection, investigation and prosecution on the basis of Technical Scrutiny of Balance Sheets, Special Audit Report and Complaints relating to misuse and diversion of funds and mismanagement of companies etc. under the provisions of Companies Act.

Company Law–III Section deals with raising of capital (further issue, conversion of loans and debentures) or reduction of Share Capital, payment of dividends, Form and contents of Balance Sheets and Profit & Loss Accounts, Amalgamation and Merger, Accounts of Foreign companies, References received from RDs/ ROCs for approval of names of companies, alteration of Memorandum and Articles of Association etc.

Company Law–IV Section deals with default cases under various sections of Companies Act, 1956 and the rules made there under leading to prosecution and examines applications/petitions made to the Central Government seeking authorization for filing petition for prevention / alleged acts of mismanagement and oppression under section 399 (4) of the Companies Act, 1956. The draft reply/affidavits to be filed by the ROCs/RDs/OLs and other attached offices of the Ministry are verified and vetted by the Section.

Company Law–V Section comprises of two Policy Sections:

Policy–I deals with policy matters for

consideration of Cabinet, Cabinet Committees, and Committee of Secretaries. It also deals with Declaration of institutions as Public Financial Institutions, Capital Market/Coordination with SEBI, Foreign Direct Investments, Anti money laundering and combating the financing of terrorism in India, Accounting standards/ Convergence with IFRS.

Policy–II deals with issuing Clarification/ simplification of various rules and procedures prescribed under the provisions of Companies Act, 1956 and LLP Act, 2008, launching various scheme to aid in the implementation of the corporate laws, e-Governance forms and liaison with guidelines for uniformity of practices by all field offices, grant of extension to Government companies for holding AGM and change in venue.

Company Law–VI Section deals with Approvals for Related Party transactions, declaration of Dividend out of reserves, Nidhi Companies, Acceptance of Deposits by companies, appointment of Sole Selling Agents and, Acquisition/ Transfer of shares by and of dominant undertaking.

Company Law–VII Section deals with appointment of Managing Director/ Whole Time Director/ Manager and payment of remuneration, increases therein and recovery therefrom, examination of eligibility/ qualification of Directors, cases for change in number of Directors, appointment of Government Directors on Board of companies to prevent mismanagement on the recommendation of CLB and its follow-up and cases against Managerial Personnel.

2.2.3. In addition, the Director of Inspection and Investigation (DII) and the Registrar of Companies (RoC) are empowered to inspect the books of accounts of a company, to direct special audit, to order investigation into the affairs of a company and to launch prosecution for violation of the Companies Act, 1956. Books of accounts and other documents of the companies are inspected for initiating action in cases of illegal/ fraudulent practices resorted by any company, affecting adversely the interest of shareholders, creditors, employees and others. In appropriate cases, the results of inspection are shared with other Ministries/Departments such as Ministry of Commerce and Industry, Central Board of Direct Taxes, Enforcement Directorate, State Government and Provident Fund Authorities.

Cost Audit Branch

2.2.4. Cost Audit Branch under the Ministry of Corporate Affairs is manned by professionals drawn from the Indian Cost Accounts Service (ICoAS) and primarily deals with sections 209(1)(d) and 233B of the Companies Act, 1956. The Branch, under section 209(1)(d) formulates & notifies Cost Accounting Records Rules (CARRs) for various industries/products. Such rules prescribe the manner in which cost records are to be maintained by specified class of companies. The Branch also undertakes rationalization of existing CARRs to reflect changed requirements of regulatory bodies and other government agencies, changes in technology, manufacturing processes, accounting standards and cost accounting standards. Under section 233B, orders are issued for conducting audit of cost records,

in accordance to Cost Audit Report Rules, by a Cost Auditor appointed by the Board of Directors of the company with the prior approval of the Central Government.

Investor Grievance Management Cell

2.2.5. Investor Grievance Management Cell (IGMC), earlier known as Investor Protection Cell (IPC), of the Ministry of Corporate Affairs, was set up in 1993 to deal with investors grievances. Its function is to take up the grievances of investors through the Registrar of Companies. It also coordinates with the Reserve Bank of India, Department of Economic Affairs and SEBI for redressal of investors' complaints received in this Ministry but pertaining to these agencies. Broadly, the complaints relate to the following issues:

- (i) Non-receipt of annual report.
- (ii) Non-receipt of dividend amount.
- (iii) Non-receipt of application money.
- (iv) Non-payment of matured deposits and interest thereon.
- (v) Non-receipt of duplicate shares.
- (vi) Non-registration of transfer of shares.
- (vii) Non-issue of share certificates.
- (viii) Non-receipt of debenture certificates.
- (ix) Non-issue of rights bonus shares.
- (x) Non-issue of interest on late payment.
- (xi) Non-redemption of debentures and interest thereon.
- (xii) Non-receipt of share certificates on conversion.

2.2.6. The investors/depositors have been enabled to lodge their complaints on-line through MCA 21 system using the website of the Ministry viz. www.mca.gov.in under “Investor Services”. The system acknowledges the receipt of complaint on-line by generating a complaint number which can be used for future follow up of the complaint. A system of Nodal Officers has also been established at the Regional Level, with a further recourse to the Nodal Officer at the Ministry.

2.2.7. In order to actively associate the field offices in Investor Grievances redressal function, a nodal team headed by designated officer has been set up in all offices of Regional Directors and Registrars of Companies as well as at Headquarters in the Ministry. The investors may take up their grievances with the concerned Nodal Officers at the Regional Level. If any investor has any grievance which is yet to be redressed even after a lapse of reasonable time, the same may be brought to the notice of Nodal Officer at the Ministry level. The updated list of nodal officers of MCA is available in the MCA website under Investor Services.

International Cooperation Section

2.2.8. International Cooperation Section in the Ministry plays a key role in organizing interactions with International Organizations such as Corporate Registers Forum (CRF), Accounting and Corporate Regulatory Authority (ACRA), US Business Leaders from American Chambers of Commerce in Global Reporting Initiatives (GRI), International Association of Insolvency Regulators (IAIR), Organization for Economic Co-operation and Development (OECD), Federal Trade

Commission, USA, Department of Justice, USA, State Administration for Industry & Commerce (SAIC) of Japan.

Research & Analysis Division

2.2.9. The Research & Analysis Division in the Ministry of Corporate Affairs is headed by the Economic Adviser, supported by a team of Directors, Deputy Directors and Assistant Directors, who are professionals drawn from the Indian Economic Service and the Indian Statistical Service. The Division renders economic advice on issues of development policy for promotion of activities of corporate sector in India in the emerging business environment and also with regard to Corporate Performance, Capital Market reforms, Disinvestment and Foreign Direct Investment at the macro level. The Division also provides inputs to the government by way of monitoring and management of the information/ data and economic analysis in respect of working and administration of Companies Act, 1956.

Infrastructure Section

2.2.10. The Infrastructure Section looks after the creation of better infrastructure by way of purchase of land and buildings capital works for construction/renovation/maintenance of all buildings for the Ministry and its field offices and entering into agreements for hiring buildings on rent at the headquarters and the field locations.

RTI Monitoring Cell

2.2.11. The Monitoring Cell keeps a record of all the requests for information received from various persons and to monitor the progress

in processing/ final disposal of such requests under RTI Act, 2005 within the prescribed time limits by the designated CPIOs and Appellate Authorities in the headquarters and all field/ attached/ subordinate offices.

Gender Budget Cell

2.2.12. The Ministry has set up a Gender Budget Cell (GBC) with the objective of facilitating the integration of gender analysis into the Government budgeting. The GBC in the Ministry has initiated steps to build up information/ database system on the gender representation in MCA, various branches of the Ministry as well as field offices, and attached offices and professional institutes. The GBC in the Ministry aims to help accelerate the growing awareness of the gender sensitivities of budgetary allocation while appreciating how corporate sector oriented policies impact issues of equity and empowerment of women.

Official Language Section

2.2.13. The implementation of Official Language Act and Rules made there-under is being undertaken by the Official Languages (OL) Section, which is headed by a Joint Secretary in the Ministry. The duties of the OL Section involves translation of documents issued under section 3(3) of Official Language Act from English to Hindi and vice versa, and also attends to the work relating to Parliamentary Committee on Official Language. It is responsible for the conduct of the meetings of Official Language Implementation Committee and for the implementation of the decisions taken by Hindi Advisory Committee. It administers the Hindi Teaching Scheme as also

the conduct of Hindi Workshops. It also makes suggestions for the progressive use of Hindi in the Ministry and manages work entrusted by the Head of the Department in connection with the National Languages Policy.

Registrar of Limited Liability Partnerships

2.3.1. A two-tier set up exists under the Limited Liability Partnership Act, 2008, consisting of a Registrar of LLPs and an Assistant Registrar of LLPs, who work with a team of twelve staff. The Registrar of LLPs reports to two Joint Secretaries, one for policy matters through a Director of Investigations and Inspections and the other for residuary matters including e-governance and Administration through a Director.

2.3.2. Further, the Ministry is also responsible, as a Nodal Ministry, for the functioning of a number of attached/ subordinate offices such as the Company Law Board, Competition Commission of India, Competition Appellate Tribunal and Serious Frauds Investigation Office (SFIO). It is also involved in establishing the National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) under the provisions of the Companies (Second) Amendment Act, 2002.

ATTACHED/SUBORDINATE OFFICES/ORGANISATIONS

Company Law Board

2.4.1. The Company Law Board functions as an independent, quasi judicial body created under section 10E of the Companies Act,

1956 and became functional on 31.05.1991. The business of the Company Law Board is regulated by Regulations, namely, the Company Law Board Regulations, 1991 prescribing the procedure for filing the applications/ petitions before it, and the rules prescribing the fees for making application/petitions before the Company Law Board under the Company Law Board (Fees on Applications and Petitions) Rules 1991. The Board has its Principal Bench at New Delhi and Regional Benches at New Delhi, Kolkata, Mumbai and Chennai.

2.4.2. In a major reform, aimed at reducing the time consumed and cost incurred in the process relating to confirmation of shifting of registered office of companies from one state to another state and consequent alteration to Memorandum of Association of the company, and relating to rectification of register of charges under the Companies Act, 1956, the functions of the Company Law Board have been entrusted to the Central Government. Further, the Government has delegated this function to the Registrar of Companies. Steps have been taken to convert these activities to the online mode under the MCA21 System.

National Company Law Tribunal/ National Company Law Appellate Tribunal

2.4.3. The National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) are proposed to set up under the Companies (Second Amendment) Act, 2002. The Amendment Act had been challenged in the Madras High Court, and the

matter was finally decided by the Supreme Court by its judgment dated 11.05.2010. The revised Companies Bill, 2011 introduced in the winter session of Parliament also incorporates the Supreme Court's guidelines.

2.4.4. The Tribunals will replace the Company Law Board, Board for Industrial and Financial Reconstruction and Appellate Authority for Industrial and Financial Reconstruction, dealing with in respect of liquidation and winding up, amalgamation and mergers.

Competition Commission of India

2.4.5. The Competition Commission of India (CCI) was established on 14.10.2003 under the Competition Act, 2002, with the objective to eliminate practice having adverse effect on competition, promote and sustain competition, protect the interest of consumers and ensure freedom of trade carried in the markets of India.

2.4.6. The provisions of the Competition Act relating to anti-competitive agreements and abuse of dominant position have been brought into force w.e.f. 20.05.2009.

Competition Appellate Tribunal

2.4.7. The Competition Appellate Tribunal (COMPAT) was established on 14.10.2003 under the Competition Act, 2002, with powers to entertain appeals against directions or decisions of the Competition Commission of India, and to adjudicate on claim for compensation that may arise from the findings of the Commission and itself.

Serious Fraud Investigation Office

2.4.8. The SFIO has been set up by the Government of India in the Ministry of Corporate Affairs by way of a resolution dated 2.7.2003. It is a multi-disciplinary Investigating Agency, wherein experts from banking sector, capital market, company law, law, forensic audit, taxation, information technology etc. work together to unravel a corporate fraud. SFIO takes up investigation of corporate frauds characterized by (a) complexity, and having inter-departmental and multi-disciplinary ramifications; (b) substantial involvement of public interest to be judged by size, either in terms of monetary misappropriation (Rs.50 Crore or more, or where the paid up capital of the company is Rs.5 crores or more of which at least 20% has been subscribed by the public), or in terms of persons affected (at least 5000 persons); and (c) the possibility of investigations leading to, or contributing towards, a clear improvement in systems, laws or procedures. SFIO is carrying out investigation under provisions of the Companies Act, 1956 from Sections 235 to 247. The Companies Bill, 2011 provides for statutory status to the SFIO and enhanced powers to take police action in cases of corporate frauds.

2.4.9. SFIO is headed by the Director as Head of the Department, in the rank of Joint Secretary to the Government of India. The Director is assisted by several Additional Directors/ Joint Directors, Deputy Directors, Senior Assistant Directors and Assistant Directors. Investigations of cases are carried out by teams of officers. The Headquarters of SFIO is at Delhi, with a Branch Office at Mumbai. Regional Offices of SFIO at Hyderabad, Chennai, Kolkata, Ahmedabad and New Delhi are being set up.

Professional Institutes of Accountants

2.5.1. The Ministry also administers laws regulating the Professions of Accountancy [The Chartered Accountants Act, 1949]; Costs and Works Accountancy [The Cost and Works Accountants Act, 1959]; and Company Secretaries [The Company Secretaries Act, 1980], through three Professional Institutes, namely, Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India set up under these Acts of Parliament. The functioning of these Institutes is dealt with in detail in Chapter VI of this Report.

Indian Institute of Corporate Affairs

2.6.1. The Ministry has set up the Indian Institute of Corporate Affairs (IICA) to serve as a holistic think-tank, and a Capacity Building, Service Delivery institution to help corporate growth, reforms through synergized knowledge management, partnerships and problem solving in a one-stop-shop mode. The Institute supports the Ministry in evolving policy and legislative responses to meet the requirements of a dynamic economic environment and extends support in organizational reforms initiatives. It also fulfils the training needs of the officers of Indian Corporate Law Service (ICLS) and other officials working for the Ministry. IICA also helps in continuous improvement of service delivery mechanisms in diverse areas like MCA21, corporate governance, corporate social responsibility, investor education and protection, etc.

2.6.2. The Institute has been designed with a vision of providing a platform for

dialogue, interaction and partnership between governments, corporate, investors, civil society, professionals, academicians and other stake holders in the emerging 21st century environment. The IICA is headed by a Director-General & Chief Executive Officer.

Investor Education and Protection Fund

2.7.1. The Investor Education and Protection Fund (IEPF) has been set-up under Section 205C of the Companies Act, 1956, with a view to support the activities relating to investor education, awareness and protection. The following unclaimed amounts are credited to the Fund:-

- (a) Unpaid dividend accounts of the companies;
- (b) Application moneys received and due for refund;
- (c) Matured deposits;
- (d) Interest accrued in the amounts referred to above;
- (e) Matured debentures;
- (f) Grants and donations by the Central Govt., State Govt., companies or any other institutions; and
- (g) Interest or other income received out of the investments made from the Fund.

2.7.2. The objectives/ activities of the Fund are :

- Educating investors about market operations;
- Equipping investors to analyze information to take informed decisions;
- Making investors aware about market volatilities;
- Empowering the investors by making them aware of their rights and responsibilities under various laws;
- Continuously disseminating information about unscrupulous elements and unfair practices in securities market;
- Broadening the investors' base by encouraging new investors to participate in securities market; and
- Promoting research and investor surveys to create a knowledge base that facilitate informed policy decisions.

2.7.3. A Committee, set up under the Act, takes decisions regarding spending moneys out of the Fund for carrying out the above objectives and activities relating to investors' education, awareness and protection.

National Foundation of Corporate Governance

2.8.1. The National Foundation for Corporate Governance (NFCG) was set up on 01.10.2003 by the Ministry with a view to promoting better corporate governance practices in India as the key to sustainable wealth creation. The Foundation has been established as a Trust in partnership with Confederation of Indian Industry (CII), Institute of Company Secretaries of India (ICSI) and Institute of Chartered Accountants of India (ICAI). The NFCG was expanded to include ICWAI and the National Stock Exchange in the year 2010. NFCG also functions as a platform to harmonize various initiatives on corporate governance at the national level and remains

in contact with similar organizations across the world.

2.8.2. The internal governance structure of NFCG consists of a Governing Council, chaired by the Hon'ble Minister of Corporate Affairs; a Board of Trustees, chaired by Secretary, Ministry of Corporate Affairs; and an Executive Directorate.

2.8.3. The Board of Trustees deals with the implementation of policies and programmes

and laying down the procedure for the smooth functioning. The Executive Directorate implements the decisions of the Board of Trustees. The Executive Director is the Chief Executive Officer of NFCG. The Executive Directorate exercises powers delegated by the Board of Trustees to carry out functions entrusted by the Board. The Executive Director is supported by full time dedicated professional secretariat.

CHAPTER – III

THE COMPANIES ACT, 1956 AND ITS ADMINISTRATION

3.1.1. The Companies Act, 1956 primarily regulates the range of activities from formation to liquidation and winding up of companies. The Act prescribes regulatory framework for various aspects including organisational, financial and managerial aspects of companies. Regulation of corporate governance, structure and obligations of companies towards their stakeholders, conditions governing issue of preferential shares, private placements and distribution of dividends, statutory disclosure obligations, powers of inspection, investigation and enforcement and company processes such as mergers/ amalgamations/ arrangements/ reconstructions etc., constitute the main focus of the Act. The winding up matters, presently are largely within jurisdiction of High Courts.

3.1.2. The main objects of the Act are summarized as under:-

- (a) To enable the interests of the shareholders, to be protected through articulation of shareholders democracy;
- (b) To safeguard the interests of other stakeholders such as creditors, financial institutions etc. through appropriate disclosures;
- (c) To provide a framework for regulation of processes of companies including mergers/ amalgamation etc.; and
- (d) To enable the Government with adequate powers of enforcement of the law in public interest and as per procedure prescribed by law.

Simplification of Rules & Procedures

3.2.2. During the current year (up to 31.12.2011), the Ministry issued thirty Notifications under the Companies Act, 1956 as a systematic measure of simplifying the rules and procedures and in the interest of greater transparency.

S. No.	Notification Number	Date	Subject
1.	G.S.R. 303(E)	06.04.2011	Amendment in Director's Relatives (Office or Place of Profit) Rules, 2003
2.	G.S.R. 304(E)	06.04.2011	Amendment in Companies Regulations, 1956
3.	G.S.R. 326(E)	08.04.2011	Amendment in Notification No. GSR 517(E) dated 31.08.2006
4.	G.S.R. 351(E)	29.04.2011	Companies (Central Government's) General Rules & Forms (Amendment) Rules, 2011
5.	G.S.R. 357(E)	02.05.2011	Director's Relatives (Office or Place of Profit) Rules, 2011.

S. No.	Notification Number	Date	Subject
6.	G.S.R. 368(E)	09.05.2011	Companies (Amendment) Regulations, 2011
7.	G.S.R. 378(E)	11.05.2011	AS-11 extended up to 31.03.2011
8.	S.O. 1152(E)	23.05.2011	LLP specified as a Body corporate for limited purpose of section 226(3)(a) of the Companies Act, 1956
9.	G.S.R. 396(E)	23.05.2011	Amendment in Schedule XIII of the Companies Act,1956
10.	G.S.R. 407(E)	26.05.2011	Companies (Central Government's) General Rules and Forms (Second Amendment) Rules, 2011
11.	G.S.R. 408(E)	29.05.2011	Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011
12.	G.S.R. 419(E)	30.05.2011	Companies (Passing of the resolution by postal Ballot) Rules, 2011
13.	G.S.R. 427(E)	02.06.2011	Companies Director Identification Number (Second Amendment) Rules, 2011
14.	S.O. 1355(E)	10.06.2011	Amendment to S.O. No. 1329(E) dated 08.05.1978.
15.	G.S.R. 453(E)	14.06.2011	Companies (Amendment) Regulations, 2011 regarding six Regional Directors
16.	G.S.R. 506(E)	05.07.2011	Limited Liability Partnership (Amendment) Rules, 2011
17.	G.S.R. 507(E)	05.07.2011	Companies Director Identification Number (Third Amendment) Rules, 2011
18.	G.S.R. 514(E)	07.07.2011	Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011.
19.	G.S.R. 533(E)	14.07.2011	Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011
20.	G.S.R. 534(E)	14.07.2011	Amendment in Schedule XIII of the Companies Act, 1956
21.	G.S.R. 618(E)	11.08.2011	Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011
22.	G.S.R.(E) ----	22.09.2011	Companies (Amendment) Regulations,2011- Regulation 17 amended
23.	G.S.R.716(E)	23.09.2011	Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011
24.	G.S.R. 749(E)	05.10.2011	Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011
25.	S.O. 2569(E)	13.11.2011	Establishment of ROC-cum-OL offices
26.	G.S.R. 880(E).	14.12.2011	Amendment in Schedule XIV

S. No.	Notification Number	Date	Subject
27.	G.S.R. 879(E)	14.12.2011	Unlisted Public Companies (Preferential Allotment) Rules, 2011
28.	G.S.R. 887(E)	16.12.2011	Companies (Amendment) Regulations, 2011.
29.	G.S.R. 913(E)	29.12.2011	Companies (Accounting Standards) Amendment Rules, 2011
30.	G.S.R. 914(E)	29.12.2011	Insertion of Para 46A in Accounting Standard-11

3.2.3. In order to bring in greater clarity in the Administration of the Companies Act and in the interest of various stakeholders, the Ministry issued forty-seven General Circulars during the current year (up to 31.12.2011):

S. No.	Circular Number	Date	Subject
1.	11/2011	07.04.2011	Allotment of Director Identification Number (DIN) under Companies Act, 1956
2.	12/2011	07.04.2011	Clarification Regarding Easy Exit Scheme (EES)
3.	13/2011	08.04.2011	Notification of Companies (Amendment) Act
4.	14/2011	08.04.2011	Certification of e-forms under the Companies Act, 1956 by the Practicing professionals
5.	15/2011	11.04.2011	Appointment of Cost Auditor by Companies
6.	17/2011	21.04.2011	Green Initiatives in Corporate Sector -clarification regarding service of documents by e-mode instead of Under Postal Certificate (UPC)
7.	18/2011	29.04.2011	Green Initiative in Corporate Governance- Clarification regarding sending copies of Balance Sheets and Auditors Report etc., to the members of the company as required under section 219 of the Companies Act, 1956 through electronic mode.
8.	19/2011	02.05.2011	Marking a company as having management dispute by Registrar of Companies under MCA-21 system.
9.	20/2011	02.05.2011	E-Form No.32- Intimation to ROC regarding particulars of appointment of Directors etc and changes therein in the company pursuant to section 303(2) of the Companies Act, 1956- filing of conflicting return by contesting parties.
10.	21/2011	02.05.2011	Green Initiative in Corporate Governance- Approval of Ministry of Corporate Affairs for appointment of agency for providing electronic platform for electronic voting under the Companies Act, 1956.

S. No.	Circular Number	Date	Subject
11.	23/2011	03.05.2011	Clarification regarding effective date of Companies (Particulars of employees) Amendment Rules, 2011
12.	25/2011	12.05.2011	Corrigendum to Circular No. 9/2011 dated 31.03.2011
13.	26/2011	18.05.2011	Certification of e-Forms under the Companies Act, 1956 by practicing professionals
14.	27/2011	20.05.2011	Green Initiative in Corporate Governance - Participation by shareholders in general meetings under the Companies Act, 1956 through electronic mode.
15.	28/2011	20.05.2011	Green Initiative in Corporate Governance- Participation by directors in meetings of Board/ Committee of directors under the Companies Act, 1956 through electronic mode.
16.	29/2011	20.05.2011	Green Initiative in Corporate Governance-Issue of Certificate by Digital Signature.
17.	30A/2011	26.05.2011	Clarification regarding 'Body Corporate' for the purpose of section 226(3)(a) of the Companies Act, 1956.
18.	32/2011	31.05.2011	Allotment of Director Identification Number (DIN) under Companies Act, 1956
19.	33/2011	01.06.2011	Compliance of Provision of the Companies Act, 1956 and Rules made there under.
20.	34/2011	02.06.2011	Guidelines for declaring financial institution as Public Financial Institution under Section 4A.
21.	35/2011	06.06.2011	Green Initiatives in the Corporate Governance-Clarification regarding participation by shareholders or Directors in meetings under the Companies Act, 1956 through Electronic mode
22.	36/2011	07.06.2011	Guidelines for Fast Track Exit mode for defunct companies under section 560 of the Companies Act, 1956
23.	37/2011	07.06.2011	Filing of Balance Sheet & Profit & Loss Account in eXtensible Business Reporting Language (XBRL) mode
24.	38/2011	20.06.2011	Clarification on circular No. 33/2011 dated 01.06.2011 with regard to Compliance of provisions of the Companies Act, 1956 and Rules made there under
25.	39/2011	21.06.2011	Green Initiative in the Corporate Governance-Issue of Certificates by Digital Signature
26.	41/2011	06.07.2011	E-filing of Income Tax return in respect of companies under liquidation
27.	44/2011	08.07.2011	Integration of DIN issued under Companies Act, 1956 with DPIN issued under Limited Liability Partnership Act, 2008

S. No.	Circular Number	Date	Subject
28.	45/2011	08.07.2011	Name Availability Guidelines, 2011
29.	46/2011	14.07.2011	Waiver of approval of Central Government for payment of remuneration to professional managerial person by companies having no profits or inadequate profits
30.	47/2011	14.07.2011	Prosecution of Directors
31.	48/2011	22.07.2011	Name Availability Guidelines, 2011
32.	49/2011	23.07.2011	Online incorporation of companies within 24 hours
33.	50/2011	25.07.2011	Simplified procedure for obtaining confirmation of shifting of registered office from one state to another state under section 17 of the Companies Act, 1956
34.	51/2011	25.07.2011	Simplified procedure for rectification of register of charges under section 141 of the Companies Act, 1956
35.	52/2011	25.07.2011	Simplified procedure for obtaining online approval of Central Government under section 297 of the Companies Act, 1956
36.	59/2011	05.08.2011	Company Law Settlement Scheme, 2011
37.	60/2011	10.08.2011	Corrigendum to Company Law Settlement Scheme, 2011
38.	61/2011	05.09.2011	Online incorporation of companies within 24 hours
39.	62/2011	05.09.2011	Clarification on Notification No. S.O. 447 (E) dated 28.02.2011 on Revised Schedule VI (effective from 01.04.2011)
40.	63/2011	06.09.2011	Compliance of the provisions of Companies Act, 1956 and Rules made thereunder
41.	64/2011	20.09.2011	Compliance of the provisions of Companies Act, 1956 and Rules made thereunder (Corrigendum)
42.	65/2011	04.10.2011	Company Law Settlement Scheme, 2011
43.	66/2011	04.10.2011	Allotment of DIN under Companies Act, 1956
44.		10.10.2011	Registration of Companies and LLPs with objective to do business of Architect
45.	70/2011	15.12.2011	Allotment of DIN under Companies Act, 1956
46.	71/2011	15.12.2011	Company Law Settlement Scheme, 2011
47.	72/2011	27.12.2011	Green Initiatives in Corporate Governance - Further Clarification regarding participation by Shareholders or Directors in meetings under the companies Act, 1956 through electronic mode-authorization regarding e-voting.

3.2.4. Besides the above, the Ministry also issued Master Circular No. 1/2011 dated 29.07.2011 for the guidance of all concerned,

laying down the guidelines on Prosecution of Directors.

Review of Registrations and Liquidation of Companies

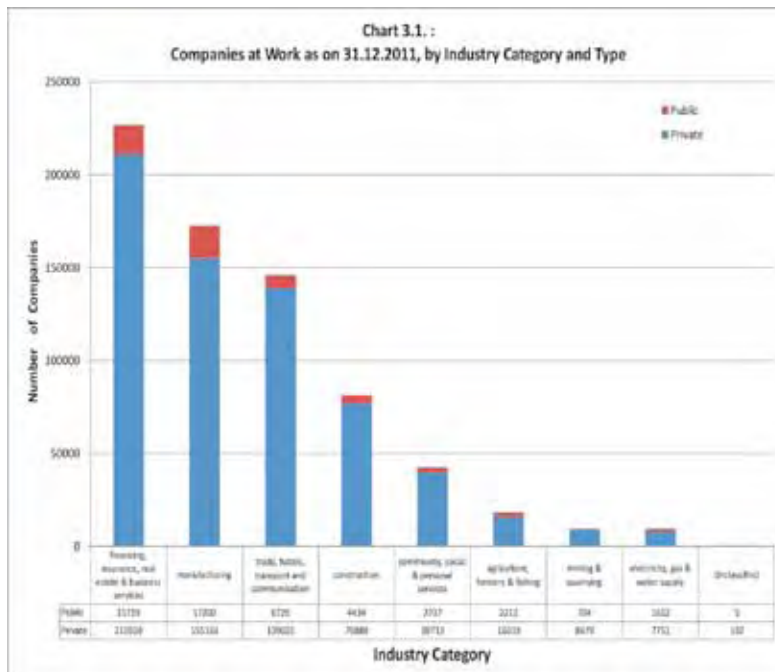
Companies at Work

3.3.1. As on 31.12.2011, there were 7,05,699 number of active companies, comprising of 6,54,338 private and 51,361 public companies, out of 10,66,102 companies on the Registry, (consisting of 9,68,560 private companies and

97,542 public companies). A huge majority of the companies at work (89%) were operating in four major sectors, namely, financing, insurance, real estate & business services (32%), manufacturing (24%), trade, hotels, transport and communication (21%), and construction (11.5%) sectors. The type-wise per cent distribution of the companies at work as on 31.12.2011 in the various industry-sectors is given in the table below:

Table 3.1

Type-wise and Industry Sector-wise per cent distribution of Companies at work (as on 31.12.2011)			
Industry	Private	Public	Total
(1)	(2)	(3)	(4)
Financing, Insurance, Real Estate & Business Services	29.9	2.2	32.1
Manufacturing	22.0	2.4	24.4
Trade, Hotels, Transport and Communication	19.7	1.0	20.7
Construction	10.9	0.6	11.5
Community, Social & Personal Services	5.6	0.4	6.0
Agriculture, Forestry & Fishing	2.3	0.3	2.6
Mining & Quarrying	1.2	0.1	1.3
Electricity, Gas & Water Supply	1.1	0.2	1.3

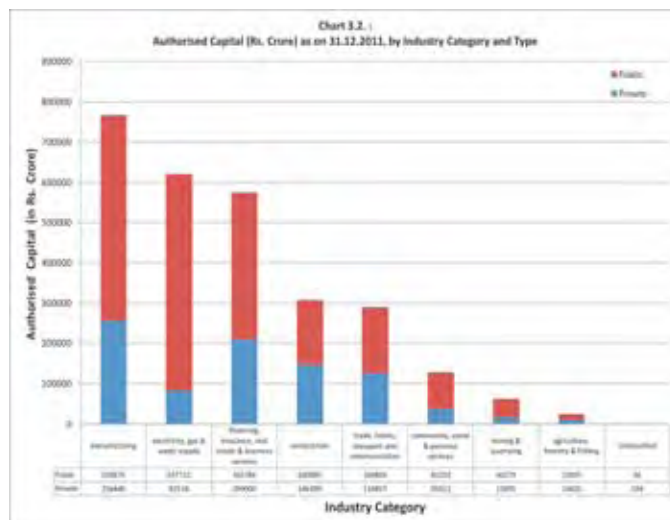


3.3.2. As on 31.12.2011, the total authorized capital of the companies limited by shares was Rs. 31,04,409 crore, out of which the private companies were authorized to raise up to Rs. 9,99,329 crore as their capital and public companies were authorized raise capital up to Rs. 21,05,080 crore. The authorized capital of active companies amounted to Rs. 27,72,622 crore. Out of this, Rs. 8,82,166 crore is the authorized capital of private companies, while authorized capital of public companies stood at Rs. 18,90,456 crore. Among the active companies,

a huge majority of 92% of the authorized capital correspond to companies operating in five major industrial sectors, namely, manufacturing (28%), electricity, gas & water supply (22%), financing, insurance, real estate & business services (21%), construction (11%), and trade, hotels, transport and communication (10%) sectors. The type-wise per cent distribution of the authorized capital of the companies to the total authorized capital of the active companies as on 31.12.2011 in the various industry-sectors is given in the table below :

Table 3.2

Type-wise and Industry Sector-wise per cent Distribution of Authorized capital of Companies at work			
(as on 31.12.2011)			
Industry	Private	Public	Total
(1)	(2)	(3)	(4)
Manufacturing	9.2	18.4	27.6
Electricity, Gas & Water Supply	3.0	19.4	22.4
Financing, Insurance, Real Estate & Business Services	7.5	13.2	20.7
Construction	5.3	5.8	11.1
Trade, Hotels, Transport and Communication	4.5	5.9	10.4
Community, Social & Personal Services	1.3	3.3	4.6
Mining & Quarrying	0.6	1.7	2.2
Agriculture, Forestry & Fishing	0.4	0.5	0.9



3.3.3. It may also be interesting to note that while the private limited companies accounted for 92.7% of the number of total companies as on 31.12.2011, their authorized capital was only 31.8%. With only 9363 companies operating (1.3%), the electricity, gas and water supply sector comes last in the list of number of companies, but occupies the second position in terms of authorized capital.

New Registration

3.3.4. 70,452 companies limited by shares with authorised capital of Rs. 22,516.94 crore were registered under the Companies Act, 1956 during the current year (up to 31.12.2011). Out of these, 37 were Government companies with authorized capital of Rs.4,294.07 crore and 70,415 were Non-Government companies with authorized capital of Rs.18,222.87 crore.

3.3.5. The Government companies limited by shares which were registered during the current year (up to 31.12.2011) comprised 30 public limited companies and 7 private limited companies with authorized capital of Rs. 4,243.70 crore and Rs. 50.37 crore respectively. The Non-Government companies limited by shares which were registered during the current year (up to 31.12.2011) comprised 2,517 public limited companies and 67,898 private limited companies with authorized capital of Rs. 3,249.22 crore and Rs. 14,973.65 crore respectively.

Liquidation

3.3.6. As on 31.12.2011, a total of 2,22,800 Non-Government Indian companies limited by shares with paid-up capital of Rs. 4,66,649.90

crore were to have been liquidated or struck off under Section 560 (5) of the Companies Act, 1956; of which 2,00,826 were private companies and 21,974 were public companies, having a paid-up capital of Rs. 41,142.04 crore and Rs. 5,507.86 crore, respectively. During the current year (up to 31.12.2011), a total of 21,073 Non-Government companies limited by shares with a paid-up capital of Rs. 1.42 crore were reported to have gone into liquidation or to have been struck off.

Foreign Companies

3.3.7. 3,127 foreign companies, as defined under Section 591 of the Companies Act, 1956 were in the country as on 31.03.2011. During the current year (up to 31.12.2011) another 178 foreign companies established their place of business in India and 127 foreign companies have ceased to have their principal place of business in India. Thus there were 3,178 foreign companies in India as on 31.12.2011.

Nidhi Companies

3.4.1. Under section 620-A of the Companies Act, 1956, certain special type of Non-Banking Financial Companies can be declared by the Central Government as “Nidhi companies” or “Mutual Benefit Societies”. Some specific provisions of the Companies Act, 1956, as notified in Notification GSR No. 555(E) dated 26.07.2001 and modified by GSR No. 881(E) dated 03.11.2010 would not apply or stand modified in respect of such companies. With the issue of Notification GSR No. 679(E) dated 14.09.2011 declaring fourteen more companies as Nidhi companies, the total number of Nidhi companies stands at 382 as on 31.12.2011.

3.4.2. During the current year (up to 31.12.2011), six applications were received and eight applications were brought forward from the previous year. Out of these fourteen applications, four applications were disposed of during the said period and ten applications were pending as on 31.12.2011.

Vanishing Companies

3.5.1. The Capital Market had witnessed a boom during the years 1992-93 to 1994-95 when many new companies tapped the capital market and collected funds from the public through public issue of shares/debentures. Some such companies that had come out with public issue and disappeared by way of (i) non-maintaining of their registered office; (ii) non-filing of statutory returns/listing requirements with the concerned Registrars of Companies (ROCs)/ Stock Exchange for a period of two years; and (iii) non-correspondence between the Exchange and a company for a long time were defined as “Vanishing Companies”. In other words, these companies defaulted in their commitments made to the public while mobilizing funds.

3.5.2. The Central Government set up a Central Coordination and Monitoring Committee co-chaired by the Secretary, Ministry of Corporate Affairs (the-then Department of Company Affairs) and the Chairman of Securities and Exchange Board of India (SEBI) to take stringent action against unscrupulous promoters who raised moneys from investors and misused them. A total of 229 listed companies were identified as ‘vanished’ by the SEBI initially, to which another 9 listed companies were added later on, taking the number of ‘Vanishing Companies’ to 238.

3.5.3. The Central Coordination and Monitoring Committee is assisted by Six Regional Task Forces. The main responsibility of these Regional Task Forces is to identify the companies which have disappeared, or which have misutilized the funds mobilized from the investors, lodging FIRs where directors are not traceable, filing of prosecution u/s 63/68 and 628 of the Companies Act, 1956 and to suggest appropriate action in terms of Companies Act or SEBI Act. Action has been taken against such companies for violation of the provisions of the Companies Act, 1956 by filing complaint u/s 159/ 220 of the Companies Act, 1956 apart from filing of prosecution u/s 63/ 68 and 628 of the Companies Act, 1956 and tried to enlist assistance of police authorities and general public to ascertain the whereabouts of such companies. Prosecutions originally have been filed for “technical defaults” such as non-filing of Balance Sheet/ Annual Returns. Model FIR has also been finalized in consultation with SEBI during the month of May, 2003 for filing complaints with the police authorities against the vanishing companies and their Promoters/ Directors for the offences punishable under Sections 420, 406, 403, 415, 418 & 424 of the Indian Penal Code.

3.5.4. With the continuous efforts of the Committee, 119 companies have been traced and have become regular in filing statutory returns, etc. These companies were put under the “watch list”. Out of the remaining 119 vanishing companies, 32 vanishing companies were identified to be under liquidation. Now, the total number of vanishing companies as on 31.12.2011 is 87 (eighty seven), against whom action is underway.

Invitation and Acceptance of Deposits

3.6.1. Invitation and acceptance of deposits by non-banking non-financial companies is regulated by Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. The rules prescribe the limits up to which, the manner in which and the conditions subject to which deposits may be invited or accepted by these companies either from the public or from their members.

3.6.2. These Rules require every company, at the time of inviting deposits, to publish an advertisement showing a summarized financial position of the company for the preceding financial years. The rules lay down the conditions governing the acceptance of deposits relating to the following aspects:

- (a) Ceiling limits of deposits with reference to the company's net worth.
- (b) Maximum period of 36 months for which the deposits can be accepted.
- (c) Maximum rate of brokerage, which can be paid by the company to brokers through whom the deposits are collected.
- (d) Maintenance of liquid assets to the extent of 15% of deposits maturing during the year to be invested in specified securities in order to safeguard the interests of depositors.
- (e) Maximum rate of interest payable on deposits.

3.6.3. The Central Government has been empowered to exempt a class of companies

from the restrictions imposed by the provisions of Section 58A and, considering just and sufficient reasons with a view to avoid undue hardships, to grant extension of time to comply with or exempt them from complying with the provisions. Exemptions can be granted only in consultation with the Reserve Bank of India. Non-Banking Companies, fulfilling the conditions laid down in the Notification GSR No. 1075(E) dated 29.12.1989, have been allowed to accept deposits by issuing "Commercial Papers". During the current year (up to 31.12.2011), twelve applications for granting exemption/ extension of time were received in addition to two applications brought forward from the previous year. One out of the fourteen applications was disposed of during the said period, and thirteen applications were pending for consideration as on 31.12.2011.

3.6.4. The Company Law Board has been empowered to take cognizance of any case of non-repayment of deposits on maturity and direct the company to make repayment of such deposits. Non-compliance of the orders of the Company Law Board may lead to imprisonment up to three years and monetary penalty.

Payment of Dividend out of Reserves

3.7.1. Where a Company, owing to inadequacy or absence of profits in any year, proposes to declare dividend out of the accumulated profits transferred to the Reserves and in cases where declaration of dividend is not in accordance with the rules, the company has to obtain prior approval from the Central Government under Section 205A (3) of the Companies Act, 1956.

3.7.2. During the current year (up to 31.12.2011) three applications were received under this Section, in addition to two application brought forward from the previous year. Of these five applications, three have been disposed of during the said period, and two applications were pending for consideration as on 31.12.2011.

Dividend to be Paid only out of Profits

3.7.3. During the year 2010-11 no application was received in this category Section 205(1) and no application is pending as on 31.03.2011.

Change in the Rate of Depreciation

3.7.4. As on 31.03.2011, eight applications seeking change in the rate of depreciation under Section 205(2)(c) were pending. During the current year (up to 31.12.2011), five applications were received. Out of the thirteen applications, seven applications were disposed of during the said period, and six applications are pending under consideration as on 31.12.2011.

Amalgamation/Merger/Arrangement between Government Companies

3.7.5. Five applications under Sections 391-394 of the Companies Act, 1956 were carried forward from the previous year 2010-2011. During the current year (up to 31.12.2011) one application was received. Out of the six applications, three applications received were approved. As on 31.12.2011, three applications are pending under consideration.

Amalgamation of Government Companies

3.7.6. During the current year (up to 31.12.2011), two applications under Section 396 for amalgamation of Government Companies were received, and two applications were carried forward from the previous year. Out of the four applications, one was disposed of, and the remaining three applications are pending as on 31.12.2011.

Reduction of Share Capital

3.7.7. During the current year (up to 31.12.2011) one application under Section 101 for Reduction of Share Capital was received, and one application was carried forward from the previous year. Out of the two applications, one was disposed of, and one application is pending as on 31.12.2011.

Further Issue of Share Capital

3.7.8. During the current year (up to 31.12.2011) no application under Section 81(1) & (3) for Further Issue of Share Capital was received, nor was any application was carried forward from the previous year. Thus, no application is pending as on 31.12.2011.

Exemption from Disclosing Quantitative Details in Profit & Loss Account

3.7.9. As on 31.03.2011, three applications seeking Exemption from Disclosing the Quantitative Details in Profit & Loss Account under Section 211(4) were pending. During the current year (up to 31.12.2011), 134

applications were received. In the meanwhile, as the Ministry had issued S.O. No. 301(E) dated 08.02.2011, granting general exemption subject to certain conditions, all the 137 applications became infructuous and disposed of accordingly.

Exemption from Annexing Balance Sheet of the Subsidiary Companies

3.7.10. As on 31.03.2011, three applications seeking Exemption from Annexing Balance Sheet of the Subsidiary Companies under Section 212(8) were pending. During the current year (up to 31.12.2011), 190 applications were received. In the meanwhile, as the Ministry had issued Circular No. 8/2011 dated 08.02.2011, granting general exemption subject to certain conditions, all the 193 applications became infructuous and were disposed of accordingly.

Appointment of Sole Selling Agents

3.8.1. The Central Government is empowered under Section 294AA(1) of the Companies Act, 1956 to declare that no “Sole Selling Agent” to create a market shall be appointed by a company for the sale of such goods for which the demand is substantially in excess of the production or supply. Such a restriction is in effect for a period of three years from 16.07.2010 only in respect of ‘Bulk drugs, Drugs and Formulations’.

3.8.2. Under sub-sections (2) & (3) of Section 294AA of the Companies Act, 1956, in cases where the Sole Selling Agents or their relatives hold paid-up-capital of Rs. 5 lakhs or 5 per cent of the paid-up-capital of the company, whichever is less, and where the company has a paid-up capital of Rs. 50 lakhs or more, approval

of Central Government for appointment of Sole Selling Agents is necessary. During the current year (up to 31.12.2011), four applications were received, while two applications were brought forward from the previous year. Of these six applications, three applications were disposed of during the said period and three applications were pending as on 31.12.2011.

Loans to Directors, giving Guarantee or Providing Security etc.

3.9.1. Where a Public Limited Company or its subsidiary is desirous of advancing any loan to its Directors, their relatives or firms or private companies in which they are interested, or for giving any guarantee or security to enable them to obtain a loan, prior approval of the Central Government under Section 295 of the Companies Act, 1956 is mandatory.

3.9.2. During the current year (up to 31.12.2011), 109 applications were received and 26 applications were brought forward from the previous year. Out of these 135 applications, 49 applications were disposed of and 86 applications were pending as on 31.12.2011.

Restriction on Acquisition of Shares

3.10.1. Under section 108-A of the Companies Act, 1956, prior approval of the Central Government is required to be obtained for acquisition/transfer of shares by or to an individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management in relation to dominant undertaking provided there is any increase in dominance as a result of such an acquisition or transfer of shares.

3.10.2. During the current year (up to 31.12.2011), no applications were received. The sole application pending and brought forward from the previous year was disposed of, hence no application was pending as on 31.12.2011.

Appointment of Managerial Personnel

3.11.1. It is permissible for a Public Limited or Private Limited company, being a subsidiary of a Public Limited company to appoint its managerial personnel and to remunerate them, except in the following cases, when it has to seek the approval of the Central Government for the terms of such appointment:

- 1) In case there is loss/inadequacy of profits in the company and the proposed remuneration is in excess of the limit as prescribed under Schedule XIII.
- 2) In case of profit making company, the remuneration proposed to be paid is exceeding 5% of the net profit in case of single managerial appointment and 10% of the net profit in case of multiple appointments.
- 3) In case where the company has defaulted in making payment of its debts (including public deposits) and interest thereon.
- 4) Where the company does not have any remuneration committee.
- 5) Where the appointee is a NRI .
- 6) In case of non-executive Directors the remuneration proposed to be paid is in excess of 1% of the Net profit of the company where there is any managerial

personnel and 3% where there is no managerial personnel appointed by the company.

- 7) In case where the company has made any violation of the Act as specified in Part I of Schedule XIII of the Act and the proposed managerial personnel has been awarded any punishment or the authority concerned has imposed penalty for such violation.

3.11.2. Under sections 259, 268, 269, 198/309, 310 and 314 and Schedule XIII of the Companies Act, 1956, approval of the Central Government is required for the appointment of, and payment of remuneration to, Managing Directors, Whole Time Directors and Managers of Public Limited Companies and Private Limited Companies which are subsidiaries of Public Limited Companies.

3.11.3. During the current year (up to 31.12.2011), 799 applications were received and 451 applications were brought forward from the previous year. Out of these 1250 applications, 796 applications were disposed of during the said period and 454 applications were pending as on 31.12.2011.

3.11.4. In the interest of greater transparency, the process of submission of applications has been made online through the Website of the Ministry since September, 2006. The Companies can also track the status of their application on the Website of the Ministry. It is however observed that due to several deficiencies in the applications made, the process of approvals has become time-consuming, as it entails further communications.

Applications for Condonation of Delay under section 637B(b)

3.12.1. During the current year (up to 31.12.2011), 223 applications for Condonation of delay in filing documents etc. were received and 28 applications were brought forward from the previous year. Out of these 251 applications, 46 applications were disposed of during the said period and 205 applications, involving questions of policy, were pending as on 31.12.2011.

Change of Venue of Annual General Meeting under section 166

3.12.2. The Central Government has powers under section 166(2) of the Companies Act, 1956 to grant approval for change of venue of Annual General Meeting to a place other than where registered office is situated.

3.12.3. During the current year (up to 31.12.2011), 21 applications were received and there was no backlog from the previous year. All the 21 applications, being found to be in order, were agreed to and no application is pending as on 31.12.2011.

Accord of Approval for Granting Contracts under section 297(1)

3.13.1. Section 297(1) of the Companies Act, 1956, makes it obligatory for companies having paid-up share capital of not less than Rs. 1 crore to seek prior approval of the Central Government in respect of any contract to be entered into (a) for sale, purchase or supply of goods, material or service or (b) for underwriting the subscription of any share or debentures of the company with

a Director of the company or his relatives, with a firm in which such a Director or relative is a partner, with any other partner in such a firm or a private company of which a Director is a Member or Director. The powers of Central Government to accord approval under Section 297(1) of the Companies Act, 1956 have been delegated to Regional Directors with effect from 19.08.1993. This has been done with the twin purposes of decentralization and expeditious disposal.

3.13.2. During the year 2010-11, Regional Directors considered 2457 applications including 260 applications brought forward from the previous year. Out of these, 1941 applications have been decided leaving a balance of 516 applications under consideration with Regional Directors as on 31.3.2011.

Liquidation of Companies (Official Liquidators)

3.14.1. During the current year (up to 31.12.2011), 189 companies were ordered for liquidation and 5,918 companies under liquidation were brought forward from the previous year. Out of these 6,107 cases, 721 companies were finally wound up and 5386 companies were under liquidation as on 31.12.2011. Out of these 5,386 companies, 4604 are ordered to be wound up by Court. Number of companies under voluntary winding up by Members and Creditors were 706 and 76 respectively.

Inspection and Investigation

3.15.1. The Companies Act, 1956 besides providing for processes relating to

incorporation, governance and liquidation/winding up, empowers the Central Government to inspect the books of accounts of a company, to direct special audit, to order investigation into the affairs of a company and to launch prosecution for violation of the Companies Act, 1956. Books of accounts and other documents of the companies are inspected by the officers of the Directorate of Inspection & Investigation and the Registrar of Companies to find out whether they are resorting to illegal/ fraudulent practices which may adversely affect interest of shareholders, creditors, employees and others. Wherever inspection reports disclose any information that may be of interest to other Departments or agencies like the Ministry of Commerce and Industry, Central Board of Direct Taxes, Enforcement Directorate, State Government or Provident Fund Authorities, such information is shared with them. If an inspection discloses a prima facie case of fraud or cheating, action is initiated for investigation under provisions of the Companies Act, 1956.

Inspections

3.15.2. Section 209A of the Companies Act, 1956 empowers the Registrar of Companies or the Officers duly authorized by the Central Government, to undertake inspection of the books of accounts and other records of companies. Several officers of the Ministry have been authorized under this section from time to time to undertake inspections. Inspections are undertaken with a view to ascertain, inter alia, whether the company's funds have been siphoned off, applied or diverted in a manner violative of the provisions of the Act and whether the company management has misused its fiduciary position for any personal

advantage in violation of the Act, or whether there are acts of mismanagement or oppression which adversely affect the interest of company stakeholders, or which may adversely prejudice such interests, which may merit the company to be wound up on just and equitable grounds and to examine legal action if the company is in default of the provisions of the Act.

3.15.3. Inspections of the books of accounts of the company are generally ordered on the basis of complaints received in the Ministry or in its field offices about mismanagement in respect of maintenance of books of accounts, delay in transfer of shares/debentures, delay in payment of dividend, non-payment of deposits or interest thereon etc., upon noticing of violations/irregularities during scrutiny of documents including Auditors remarks filed in the office of the Registrar of Companies, and upon receipt of references from other Government Departments/ Agencies pointing out violations of the provisions of the Companies Act, 1956 or other irregularities.

3.15.4. A total of 190 inspections had been ordered during 2010-11, as against a corresponding figure of 204 for the previous year. During the current year (up to 31.12.2011), a total of 64 inspections have been ordered.

Investigations

3.15.5. The Central Government is empowered to order investigation into the affairs of a company if business of a company is being conducted with an intent to defraud its creditors, or for unlawful purposes, or in a manner oppressive to any of its members or that if the company was formed for any fraudulent

or unlawful purposes by appointing inspectors to conduct investigation and to act on report of investigation. The members of a company may also move the Company Law Board praying for such an investigation.

3.15.6. The Company Law Board and the Regional Directors have also been empowered to compound offences unless imprisonment is prescribed as punishment in relation to the offence complained of.

Prosecutions

3.16.1. During the current year (up to 31.12.2011), a total number of 67,040 prosecutions including 60,258 prosecutions brought forward from the previous year were launched and pursued in various courts under the Company Act, 1956. During this period, 14,839 prosecutions were disposed off. As on 31.12.2011, the number of pending cases stood at 52,201.

Serious Fraud Investigation Office

3.17.1. The Serious Fraud Investigation Office (SFIO) has been set up by the Central Government by a resolution dated 02.07.2003. The SFIO is a multi-disciplinary Investigating Agency, wherein experts from the fields of Banking, Capital Market, Company Law, Law, Forensic Audit, Taxation, Information Technology etc. work together to unravel a corporate fraud. The provisions of Sections 235 to 247 of the Companies Act, 1956 are being utilized by the SFIO.

3.17.2. During the financial year 2010-11, six cases were ordered for investigation under Section 235/237 of the Companies Act, 1956 by

the Central Government under separate orders. During the current year (up to 31.12.2011), seven cases were ordered for investigation. Besides these thirteen cases, one case ordered for investigation by Government during 2008-09 is also currently pending. In two cases, investigation has either been withdrawn or kept in abeyance.

3.17.3. Since its inception, 89 cases have been referred to SFIO for investigation. Out of these, SFIO has submitted investigation reports in 73 cases till 31.12.2011 [including thirteen submitted in 2010-11 and eleven during the current year (up to 31.12.2011)] and four cases have been either stayed or dismissed by Courts. As on 31.12.2011, twelve cases are under investigation by SFIO.

3.17.4. After submission of the reports by team of investigating officers, prosecutions are sanctioned by the Ministry and thereafter prosecutions are filed by SFIO in the competent courts.

3.17.5. Till 31.12.2011, 835 cases of prosecution (including 762 offences under the Company Law and 73 under the Indian Penal Code) have already been filed in the different Courts against the persons involved in fraudulent activities.

Types of Frauds Found

3.17.6. During the course of investigation by SFIO over the years, different types of frauds / fraudulent activities have been unearthed. Some major types of frauds are discussed below.

Fraud in Project Financing:

3.17.7. In one of the cases investigated by SFIO, it was noticed that an Indian company imported second hand plant and machinery from its parent company at a very high price. This over-valued plant and machinery was used to obtain higher term loans from funding institutions. The loan amount thus obtained was transferred to parent company as payment liability against such plant and machinery. It was also noticed that the Indian company had received different invoices for submission to different Government agencies for majority of its machinery. It was also observed in the above investigation that the company under investigation procured major parts of its raw material requirement at highly over inflated price from its overseas parent company and thereby siphoned off the working capital funding as well.

Frauds during operation :

3.17.8. In one of the cases investigated by SFIO, it was noticed that an Indian company raised bills showing trading of diamonds among its various group companies in circular manner viz company “A” selling to “B”, then “B” selling to “C” and again “C” selling back to “A”. Thus, in this process, no goods were transferred and only sale and purchase bills were raised. These bills were discounted with banks and the company received huge amount of money as advance from banks against such bills. Initially the company complied in repayment of amount specified in the discounted bills after prescribed period. However, after sometime, payment was stopped and main promoter of the company who was controlling all the affairs of the company fled the country

and the company stopped functioning resulting into huge amount of bank funds becoming NPA. In some cases investigated by SFIO, huge payments were shown to have been made to petty suppliers of steel items or to group companies during the period of construction of project by recording of supply of materials made by these entities. All these supplies were reflected in the books of account as work-in-progress, which was not verifiable, and during the course of investigation, these petty suppliers were found either nonexistent or not traceable. Group companies were also found to be either wound-up or non-operational with no director of those companies being traceable. Funds transferred to these entities showing supply of material were found to have been taken out in cash by rotating through certain accounts or showing payments for certain non-verifiable expenses.

Falsification of Financial Statements:

3.17.9. In some cases investigated by SFIO, it was found that, by following two accounting years, company was showing losses or very nominal profit in the Profit & Loss account filed to the Income tax department. However, huge profit was being shown in the Profit & Loss accounts filed with stock exchanges, ROC etc. The different amount of profits in the two sets of Profit & Loss Account for the same year was shown by resorting to valuation of stock at inflated value in the Profit & Loss Account that was filed with ROC, Stock exchanges following the accounting year other than financial year. In few cases, sales having heavy profit margin were recorded in those months, which were included in the accounting year followed for preparing the Profit & Loss Account filed with ROC and used for the purposes of investors or other stakeholders.

3.17.10. In one of the cases investigated by SFIO, it was observed that the company deferred capitalization of its fixed assets, despite starting the commercial production using the very same fixed assets, in order to achieve higher profitability and/or reducing the losses thereby, avoiding the clutches of BIFR and enjoying continued bank funding.

Fraud through Capital Market:

3.17.11. In one case investigated by SFIO, it was found that a company adopted a dubious method of creating equity capital by mere circulation of cheques through the bank accounts of its associate companies without having any funds in those accounts. In fact, there was no actual flow of funds to the accounts of the company. Whatever money was shown to have come in, equivalent amount of cheques were issued in favor of the companies from whom the cheques were received mostly on the same day or in a span of couple of days. The mere debit and credit entries in the bank accounts were utilized for creating equity capital. This company also adopted different accounting methods/systems for the purposes of Company Law and Income Tax law. Whenever returns of income were filed with Income Tax Authorities, accounts showed losses but the accounts filed with ROC always showed profit. These methods were adopted to project a misleading picture to the public while at the same time avoiding payment of tax to Income Tax department. The accounts filed with different authorities thus did not tally with each other.

3.17.12. Another method adopted for increasing the equity is to swap the same with some dummy/dormant company not having any significant

business but used just for the creation of equity without bringing any money to the company in real terms.

3.17.13. In one case investigated by SFIO, it was found that equity of nearly Rs. 7,000 crore was created by swapping equity shares of the company against preference shares of associate companies at exorbitant premium. These companies did not have backing of any assets or significant levels of performance, to justify such high premium.

3.17.14. In another case investigated by SFIO, two corporate entities created 10 crore equity shares each in their books by illegally allotting shares to each other in gross violation of provisions of the Companies Act and SEBI Act. One of the companies got these shares deceitfully dematerialized and sold these shares in the market without even obtaining the listing permission from the stock exchange. The same company also deceitfully allotted shares to the promoters and their controlled company in gross violation of provisions of Companies Act. These shares were also deceitfully dematerialized and sold in the market.

3.17.15. Based on manipulated financial performance, promoters often resort to selling their share holding in the company at manipulated prices to make illegal gain from share market and later, repurchase the same at reduced price by reversing the process in the subsequent period and thus continue to maintain their control on the company. In most of the cases investigated by SFIO, a large quantity of shares sold by promoters or entities controlled by them are found to have been allotted to them on preferential basis by adopting the method of circulation of cheques or swapping as discussed above.

Company Law Board

3.18.1. The Company Law Board (CLB) is an independent quasi-judicial body, exercising equitable jurisdiction. The Board has a sanctioned strength of nine Members, including the Chairman and Vice-Chairmen. As on 31.12.2011, the Board comprises of the following Members :

- (1) Shri Justice D. R. Deshmukh, Chairman, Company Law Board.
- (2) Smt. Vimla Yadav, Member, Company Law Board, New Delhi.

- (3) Shri Kanthi Narhari, Member, Company Law Board, Mumbai.
- (4) Smt. Lizamma Augustine, Member, Company Law Board, Chennai.
- (5) Shri B.S.V. Prakash Kumar, Member, Company Law Board, Kolkata.

3.18.2. The Board has its Principal Bench at New Delhi, and four Regional Benches located at New Delhi, Mumbai, Kolkata and Chennai. The territorial jurisdiction of the Regional benches of the Company Law Board are as follows :

S. No.	Regional Bench	Jurisdiction
1.	New Delhi	States of Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh, Uttaranchal and Union Territory of Chandigarh.
2.	Mumbai	States of Goa, Gujarat, Madhya Pradesh, Maharashtra, Chhattisgarh and Union Territories of Dadra and Nagar Haveli and Damman and Diu
3.	Chennai	States of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Union Territories of Pondicherry and Lakshadweep.
4.	Kolkata	States of Arunachal Pradesh, Assam, Bihar, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura, West Bengal, Jharkhand and Union Territories of Andaman and Nicobar Islands.

3.18.3. Matters falling under sections 247, 250, 269, 388B of the Companies Act, 1956 are being dealt with by the Principal Bench. Other matters falling under sections 17, 18, 19, 58AA, 79/80A, 111/111A, 113/113A, 117, 117C, 118, 141, 144, 163, 167, 186, 196, 219, 235, 237(b), 284, 304, 397/398, 408, 409, 614 and 621A of the Companies Act, 1956 and section 45QA of the Reserve Bank of India Act, 1934 are being dealt with by Regional Benches according to their territorial jurisdiction. The Company Law Board has powers to enforce its own orders.

Appeals against decisions or orders of the Company Law Board involving Question of Law may be made to the concerned High Court within sixty days.

3.18.4. During the current year (up to 31.12.2011), a total of 12,893 petitions/ applications were considered under various sections of the Companies Act, 1956 by Company Law Board, out of which 10,434 were disposed of by the Company Law Board. During the said period, filing fees received by

the CLB was Rs.47,70,080/- and compounding fees realized during the said period was Rs.2,53,65,900/-.

3.18.5. Taking into consideration the hardships being faced by the small and needy depositors who have deposited the amount in fixed deposits with the companies which have defaulted in refunding the same, the Company Law Board has constituted Hardship Committees. Meetings of the Hardship Committee are held in CLB, New Delhi to consider applications for refund of deposit on hardship grounds in respect of eight companies. During the current year (up to 31.12.2011), a sum of Rs. 1,10,90,255/- has been disbursed to 703 depositors.

Company Petitions before Company Law Board

3.18.6. A total of 2,664 applications/ petitions under various sections of the Companies Act, 1956 filed by companies were pending as on 31.03.2011, and during the current year (up to 31.12.2011), a total of 10,229 such applications/ petitions were received. Of the total 12,893 petitions/applications, a total of 10,434 applications/petitions have been disposed of, leaving a pendency of only 2,459 applications/ petitions.

Relief in Cases of Oppression and Mismanagement

3.18.7. Section 397/398 of the Companies Act, 1956 empowers the Company Law Board to grant relief in cases of complaints of oppression and mismanagement etc. in the affairs of a Company. Petitions in this behalf may be filed by the affected persons. The Central

Government is also entitled to approach the Board seeking disgorgement of assets against the Directors of the Company when they indulged in misappropriation/ misfeasance. As on 31.12.2011, three cases were pending in the Company Law Board, and another three were pending in the High Courts. One case was pending in the Supreme court, making a total of seven cases on this count.

Cost Audit

3.19.1. Cost Accounting Record Rules prescribes the manner in which cost records are to be maintained by companies. The cost records help the companies to have cost database for their own use for improving upon their performance and face competitive environment. These records are also used by various Government agencies like price-fixation authorities, regulatory bodies, WTO implementation and monitoring agencies, Competition Commission of India, revenue authorities, and other institutions. During 2011-12, in super-cession of all the existing 44 Cost Accounting Record Rules, the Central Government notified Companies (Cost Accounting Records) Rules, 2011 on 03.06.2011 and six industries specific revised Cost Accounting Records Rules on 07.12.2011.

3.19.2. The newly notified Rules apply to every Company engaged in the production, processing, manufacturing, or mining activities and wherein aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crore of rupees; or aggregate value of turnover from all products or activities during immediately preceding financial year exceeds twenty crore of rupees;

or the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India. These Rules do not apply to a body corporate governed by any special Act.

3.19.3. Cost Audit Report Rules prescribes the manner of submission and form of the Cost audit report to be submitted by companies. During the current year, Cost Audit Report Rules, 2001 were also repealed and Companies (Cost Audit Report) Rules, 2011 have been notified on 03.06.2011. These rules shall apply to those individual companies in respect of which Cost Audit Orders have been issued under section 233B (1) of the Act. Also, revised procedure for appointment of cost auditor was issued on 11.04.2011.

3.19.4. Cost Audit Orders have been issued on 02.05.2011 in respect of regulated industries to whom six industries-specific revised Cost Accounting Records Rules are applicable (viz. bulk drugs and formulations, sugar and industrial alcohol, fertilizers, petroleum products, electricity and telecommunications) to get their cost accounting records, in respect of each of its financial year commencing on or after 01.04.2011, audited by a cost auditor who shall be, either a cost accountant or a firm of cost accountants, holding valid certificate of practice under the provisions of Cost and Works Accountants Act, 1959.

3.19.5. Similar orders were issued on 03.05.2011 (later amended on 30.06.2011) and on 24.01.2012 directing all companies to which the Companies (Cost Accounting Records) Rules, 2011 apply, and which are engaged in the production, processing, manufacturing or

mining of the following products/activities including intermediate products and articles or allied products thereof.

- Cement, Tyres & Tubes, Steel, Paper, Insecticides, Glass, Paint & Varnishes and Aluminum – in respect of each of its financial year commencing on or after 01.04.2011.
- Jute, Cotton, Silk, Woolen or blended fibers/textiles, Edible Oil Seeds and Oils (incl. Vanaspati), Packaged Food Products, Organic & Inorganic Chemicals. Coal & Lignite, Mining & Metallurgy of Ferrous & non-Ferrous Metals, Tractors & other Motor Vehicles (incl. automotive components), Plantation Products, and Engineering Machinery (incl. Electrical & Electronic Products) – in respect of each of its financial year commencing on or after 01.04.2012.

3.19.6. The above Orders are applicable if the aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds hundred crore of rupees; or if the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India, to get their cost accounting records audited by a cost auditor.

3.19.7. In view of issue of industry specific cost audit orders, all company specific cost audit orders issued to the individual companies prior to 31.03.2011 directing them to get their cost records audited for the products/activities specified in such orders stand withdrawn with effect from the financial year commencing on

or after the 01.04.2012.

3.19.8. Companies under cost audit have applied for appointment of cost auditors through electronic mode from April, 2006. During the current year, 2,188 applications were received and have been disposed of by appointment of Cost Auditors. As many as 3,080 Cost Audit Reports have been received in electronic form during the said period. Online approval and filing of reports have resulted in reduction of processing time (including time consumed in communication of formal orders, queries etc.), and space for storage of paper-reports, benefiting the Government as well as the applicant companies significantly.

3.19.9. During the current year, 216 cost audit reports filed by the companies were shared with various user departments such as Anti-dumping Directorate of the Ministry of Commerce and Industry, Tariff Commission, National Pharmaceuticals Pricing Authority, Competition Commission of India, etc.

3.19.10. Exemption from cost audit orders is also granted, on year-to-year basis, in situations arising out of temporary closure of the company and/or its manufacturing facilities, negligible production/activity, etc. Similarly, withdrawal of cost audit orders is considered in case of permanent closure or sale or merger/amalgamation of production activities for the product under reference. During the year, 106 such cases of exemption/withdrawal were received and processed.

Companies Bill 2011- A Major Step

Towards Enlightened Regulation

3.20.1. Keeping in view the developments taking place nationally as well as internationally, to modernize the structure for corporate regulation in India and to promote the development of the Indian corporate section through enlightened regulation and good corporate governance practices, a decision was taken to revise the existing Companies Act, 1956 comprehensively. Various stakeholders viz. Industry Chambers, Professional Institutes, Government Departments, Legal Experts and Professionals etc. were consulted in the process and accordingly, the Companies Bill, 2009 was introduced in the Lok Sabha on 03.08.2009 and was referred to Parliamentary Standing Committee on Finance for examination and report, which submitted its report to the Parliament on 31.08.2010. Thereafter, incorporating the recommendations made by the Standing Committee and in consultation with various Government Ministries/ Departments etc., a revised Companies Bill, 2011 was prepared which was approved by the Cabinet on 24.11.2011. This Bill has been introduced in the Lok Sabha on 14.12.2011. The Bill is available on the Ministry's website : www.mca.gov.in. The Salient features of the Companies Bill, 2011 is given in the Box .

3.20.2. The Companies Bill, 2011 divided into 29 chapters, has 470 clauses and 7 schedules as against 658 Sections and 15 schedules in the existing Companies Act, 1956. New Chapters on Registered Valuers (ch.17); Government companies (ch. 23); Companies to furnish information or statistics (ch. 25); Nidhi companies (ch. 26); National Company Law Tribunal & Appellate Tribunal (ch. 27); and Special Courts (ch. 28) have been included.

Salient features of the Companies Bill, 2011

- (i) E-Governance: Maintenance and allowing inspection of documents by companies in electronic form allowed for the first time.
- (ii) Concept of Corporate Social Responsibility introduced.
- (iii) Enhanced Accountability on the part of Companies:
 - (a) In addition to the concept of Independent Directors (IDs) introduced, the provisions in respect of their tenure and liability, etc., have been provided. Code for IDs provided in a new Schedule to the Bill. Databank for IDs proposed to be maintained by a body/institute notified by the Central Government to facilitate appointment of IDs.
 - (b) Corporate Social Responsibility (CSR) Committee of the Board proposed in addition to other Committees of the Board viz., Audit Committee, Nomination and Remuneration and Stakeholders Relationship Committee. These committees shall have IDs/non-executive directors to bring more independence in Board functioning and for protection of interests of minority shareholders.
 - (c) Definition of “promoter” also included along with his liability in certain cases.
 - (d) Provisions in respect of vigil mechanism (whistle blowing) proposed to enable a company to evolve a process to encourage ethical corporate behaviour, while rewarding employees for their integrity and for providing valuable information to the management on deviant practices.
 - (e) The Central Government has been empowered to prescribe restrictions in respect of layers of subsidiaries for any class or classes of companies.
 - (f) New provisions suggested for allowing re-opening of accounts in certain cases with due safeguards.
- (iv) Additional Disclosure Norms:
 - (a) New disclosures like development and implementation of risk management policy, Corporate Social Responsibility Policy, manner of formal evaluation of performance of Board of directors and individual directors included in the Board report in addition to disclosures proposed in such report in the Companies Bill, 2009.
 - (b) Consolidation of accounts: Accounts of Foreign subsidiaries to be attached for filing them with the Registrar. Subsidiary to include “associate” and “joint venture” for the purpose of consolidation.

- (c) Every listed company required to file a return with the Registrar regarding change in the shareholding position of promoters and top ten shareholders of such company.
- (v) Facilitating raising of capital by companies:
- (a) Provisions for offer or invitation for subscription of securities on private placement basis revised to ensure more transparency and accountability.
 - (b) Companies allowed to issue equity shares with differential voting rights.
 - (c) Central Government empowered to prescribe, through rules, the requirements in connection with provision for money made by a company for allowing purchase of company's shares by its employees under a scheme for their benefit. Disclosure to be made in the Board's report in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates.
- (vi) Audit Accountability:
- (a) Rotation of auditors and audit firms provided for.
 - (b) Stricter and more accountable role for auditor retained. Provisions relating to prohibiting auditor from performing non-audit services revised to ensure independence and accountability of auditor. Subject to the maximum prescribed number of companies, the members of a company may resolve that the auditor or audit firm of such company shall not become auditor in companies beyond the number as may be specified in such resolution.
 - (c) National Advisory Committee on Accounting and Auditing Standards (NACAAS) proposed to be renamed as National Financial Reporting Authority (NFRA) with a mandate to ensure monitoring and compliance of accounting and auditing standards and to oversee quality of service of professionals associated with compliance. The Authority shall consider the International Financial Reporting Standards and other internationally accepted accounting and auditing policies and standards while making recommendations on such matters to the Central Government which will improve the competitiveness of our companies with other companies. The Authority is also proposed to be empowered with quasi judicial powers to ensure independent oversight over professionals.
 - (d) Cost Audit: Cost records to be mandated for companies engaged in production of such goods or rendering of such services as may be prescribed. The concept of "cost auditing standards" mandated.

(e) Secretariat Audit: Prescribed class of companies would need to attach with the Board's Report, a Secretarial Audit Report given by a company secretary in practice.

(vii) Managerial Remuneration:

(a) Provisions relating to limits on remuneration provided in the existing Act (11% of net profits) included.

(b) For companies with no profits or inadequate profits remuneration shall be payable in accordance with new Schedule of Remuneration annexed to the Bill and in case a company is not able to comply with such Schedule, approval of Central Government would be necessary. Individual limits for remuneration enhanced in the Bill vis-à-vis the existing limits. Concept of payment of periodic fees which shall include sitting fees to directors included in the Bill.

(c) Independent Directors (IDs) not to get stock option: IDs not to get stock option but may get payment of fees and profit linked commission subject to limits specified in the Bill/rules. Central Government may prescribe amount of fees under the rules.

(viii) Facilitating Mergers/ Acquisitions:

Simplified procedure (through confirmation by the Central Government), laid down for compromise or arrangement including for merger or amalgamation of holding companies and wholly owned subsidiary(ies), between two or more small companies and for such other class or classes of companies as may be prescribed. This would result into faster decisions on approvals for mergers and amalgamations resulting effective restructuring in companies and growth in the economy. For other companies, such matters would be approved by Tribunal.

(ix) Protection for Minority Shareholders:

(a) Exit option to shareholders in case of dissent to change in object for which public issue was made.

(b) Specific disclosure regarding effect of merger on creditors, key managerial personnel, promoters and non-promoter shareholders is provided. The Tribunal is empowered to provide for exit offer to dissenting shareholders in case of compromise or arrangement.

(c) The Board may have a director representing small shareholders who may be elected in such manner as may be prescribed by rules.

- (x) Investor Protection:
- (a) Acceptance of deposits from public subject to a more stringent regime.
 - (b) Central Government to have power to prescribe class or classes of companies which shall not be permitted to allow use of proxies. The Bill also to have provisions to provide that a person shall have proxies for such number of members /such shares as may be prescribed.
 - (c) Provisions for Class Action Suits revised to provide minimum number of persons who may apply for such suits. Safeguards against misuse of these provisions also included.
- (xi) Serious Fraud Investigation Office (SFIO): Statutory status to SFIO proposed. Investigation report of SFIO filed with the Court for framing of charges shall be treated as a report filed by a Police Officer. SFIO shall have power to arrest in respect of certain offences of the Bill which attract the punishment for fraud. Those offences shall be cognizable and the person accused of any such offence shall be released on bail subject to certain conditions provided in the relevant clause of the Bill. Definition of 'Fraud' provided. Stringent penalty provided for fraud related offences.
- (xii) Woman Director: At least one woman director made mandatory in the prescribed class or classes of companies.
- (xiii) National Company Law Tribunal (Tribunal): Keeping in view the Supreme Court's judgment, on the 11.05.2010 on the composition and constitution of the Tribunal, modifications relating to qualification and experience, etc., of the members of the Tribunal have been made. Appeals from Tribunal shall lie to National Company Law Appellate Tribunal.
- (xiv) Mediation and Conciliation Panel: It is proposed to create and maintain as "Mediation and Conciliation Panel" for facilitating mediation and conciliation between parties during any proceeding under the proposed Legislation before the Central Government or Tribunal.
- (xv) Central Government to have power to exempt/modify provisions of the Act for a class or classes of companies in public interest. Relevant notification shall be required to be laid in draft form in Parliament for a period of thirty days.

CHAPTER – IV

THE COMPETITION ACT, 2002 – POLICY, PROVISIONS AND PERFORMANCE

4.1.1. The Competition Act, 2002, was passed by the Parliament in the Winter Session of 2002 and received the assent of the President of India in January, 2003. The Act seeks to shift the focus from *curbing monopolies* to *promotion of competition*. The Competition Act, 2002 has since been twice amended in 2007 and 2009. Consequent upon a challenge to certain provisions of the Act and the observations of the Hon'ble Supreme Court of India thereon, it was first amended by the Competition (Amendment) Act, 2007, providing for setting up of the Competition Commission of India (CCI), comprising of a Chairperson and a minimum of two and maximum of six Members. In addition, it also provides for establishment of the Competition Appellate Tribunal (COMPAT) to hear and dispose of appeals against the orders of the Competition Commission of India and also to adjudicate on the claims of compensation that may arise from the findings of the Commission.

4.1.2. In accordance with the provisions of the Competition Act, the Competition Commission of India and the Competition Appellate Tribunal have been established. The provisions of the Act relating to anti-competitive agreements and abuse of dominant position have been brought into force w.e.f. 20.05.2009 and the Commission has started dealing with cases under these provisions.

4.1.3. The Competition Act essentially has four components:

- Prohibits anti-competitive agreements like cartels, which restrict freedom of trade and cause consumer harm by way of limiting production and distribution of goods and services and fixing prices higher than normal;
- Prohibits abusive behaviour of a dominant firm, who through its position of dominance may restrict markets and set unfair and discriminatory conditions;
- Regulates mergers and acquisitions of large corporations in order to safeguard competitive markets; and
- Mandates competition advocacy.

4.1.4. All the four components are interrelated and form an integrated whole. The first three essentially relate to the enforcement of the Act while the last one mandates for promoting competition enshrined in section 49 of the Act.

4.1.5. The Competition Commission of India has the power to regulate mergers or combination and to reverse mergers or combinations if it is of the opinion that a merger or combination has or is likely to have an 'Appreciable Adverse Effect' on competition in India. All the provisions of the Competition Act, 2002 have been notified. The latest

Notification relates to provisions on regulation of Combinations requiring CCI's pre-clearance which came into effect from 01.06.2011. The Competition (Amendment) Act, 2007 has mandated pre-merger clearances from CCI to ascertain whether a 'Combination' has an 'Appreciable Adverse Effect' on competition within India.

4.1.6. The triggering thresholds for combinations, given under section 5 of the Act, are in terms of joint asset base of Rs. 1500 crore or turnover of Rs. 4500 crore in India; or assets of US\$750 million (including assets of at least Rs. 750 crore in India) or turnover of US\$2250 million (including turnover of Rs. 2250 crore in India). In case the combined entity belongs to any group, an asset base of Rs. 6000 crore or turnover of Rs. 18000 crore in India; or assets of US\$ 3 billion in India or outside India (including assets of at least Rs. 750 crore in India) or turnover of US\$ 9 billion in India or outside India (including turnover of at least Rs. 2250 crore in India) shall be the triggering threshold. Vide notification dated 04.03.2011 and 27.05.2011, the Government of India has also exempted an enterprise whose control, shares, voting rights or assets are being acquired and having turnover less than Rs. 750 crore in India or having assets less than Rs. 250 crore in India from pre-filing requirements for a period of five years.

4.1.7. For executing the mandate given under the Act, the enabling regulations of combinations were notified by the Commission on 11.05.2011. These regulations are called as "The Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011".

The Competition Commission of India

4.2.1. The Competition Commission of India (CCI) was established under the Competition Act, 2002 and was duly constituted in March 2009 for the administration, implementation and enforcement of the Act. The following are the objectives of the Commission:-

- a) To prevent practices having adverse effect on Competition;
- b) To promote and sustain Competition in markets;
- c) To protect the interests of consumers; and
- d) To ensure freedom of trade.

4.2.2. The main objective of the Commission is to promote and sustain competition in the market and to make markets more responsive to consumer preferences. To achieve its objective, the Competition Commission of India endeavors to do the following:-

- Make the markets work for the benefit and welfare of consumers;
- Ensure fair and healthy competition in economic activities in the country for faster and inclusive growth and development of economy;
- Implement competition policies with an aim to effectuate the most efficient utilization of economic resources;
- Develop and nurture effective relations and interactions with sectoral regulators laws in tandem with the competition law; and
- Effectively carry out competition advocacy

and spread the information on benefits of competition among all stakeholders to establish and nurture competition culture in Indian economy.

4.2.3. The Commission consists of one Chairperson and six Members as per the Competition Act and has become functional with effect from 01.03.2009. During the year 2011-12, Shri Ashok Chawla joined as Chairperson on 20.10.2011. Justice (Retd.) Shri S.N. Dhingra also joined as Member on 18.10.2011, and the present composition of the Commission is as under:

Shri Ashok Chawla - Chairperson
Shri H.C. Gupta - Member

Shri R. Prasad - Member
Smt. Geeta Gauri - Member
Shri Anurag Goel - Member
Shri M.L. Tyal - Member
Shri S.N. Dhingra - Member

4.2.4. Various activities undertaken by the Commission during the period 01.04.2010 to 31.03.2011 and from 01.04.2011 to 31.12.2011 are elaborated hereunder:

(A) Enforcement Activities

(a) Table 4.1 gives an analysis of the cases before the Commission during the period from 20.05.2009 to 31.12.2011.

Table 4.1
Position of the cases received in CCI from 20.05.2009 to 31.12.2011
(Position as on 31.12.2011)

Sl. No.	Cases received/ initiated	No. of Cases	Ref. to DG u/s 26(1)	DG's investigation report received	DG report awaited	No. of Closed/ Disposed of Cases		Total No. of Closed/ Disposed of Cases	No. of Pending Cases
						Closed/ Disposed of Cases after DG report	Closed u/s 26(2)		
1.	Suo-Moto	05	05	05	-	02	-	02	03
2.	u/s 19(1)(a)	173	87	66	21	35	71	106	46
3.	u/s 19(1)(b)	05	02	01	01	01	03	04	-
4.	u/s 21	01	-	-	-	-	01	01	-
5.	Cases from MRTPC on transfer u/s 66	50	29	29	-	20	21	41	09
	Total	234	123	101	22	58	96	154	58

- b) Enforcement in cases before the Commission relating to Combinations.

In addition to (a) above, 20 cases of combination were received by the Commission under section 6 (2) of the Act out of which the Commission has disposed off 15 cases as on 31.12.2011. No case is pending beyond prescribed time limit of 30 days.

(B) Framing of Regulations:

During 2010-11 and the current year (up to 31.12.2011), the following regulations were framed after due consultation with various stakeholders.

S. No.	Regulations	Date of issue
1.	The Competition Commission of India (General) Amendment Regulations, 2010.	20.10.2010
2.	The Competition Commission of India (Manner of Recovery of Monetary Penalty) Regulation, 2011	08.02.2011
3.	The Competition Commission of India (Procedure in regard to the transaction of Business relating to Combination) Regulation, 2011	11.05.2011
4.	The Competition Commission of India (General) Amendment Regulation, 2011	08.11.2011

(C) Economic Division - 'Think Tank' group

With a view to have an in-depth understanding of the complex issues like functioning of markets and enabling competition, etc, a Think Tank group has been constituted comprising eminent experts from academic and government by the Economic Division of CCI. Three meetings have been conducted so far since its inception and issues like role of trade associations in anti-competitive practices, definition of relevant market under competition law, data bank requirement for analyzing cases and conducting studies in CCI, contract theory, loyalty discounts, etc have been discussed to prepare a concept paper and to lay down the road map for further action.

(D) Competition Advocacy

Section 49(3) of the Competition Act lays responsibility on the Commission to take suitable measures for the promotion of competition advocacy, creating awareness and imparting training about competition issues. Under this mandate the commission organizes interactive meetings, workshops and seminars etc. with different PSUs, Industry Associations, Regulatory Bodies, Government Officials, Trade Organizations, Consumer Associations, Students and public at large. During the Financial Year 2010-11 and the current year (up to 31.12.2011), following programs were organized/participated by the Commission:-

- Round Table on "Competition Policy Governing the IT Sector in India" at School of International Studies, JNU, New Delhi.

- Seminar on “Professional Opportunities in Competition” at Institute of Chartered Accountants of India, Mumbai.
 - Workshop on “Competition Law & Policy” at Bengal Chamber of Commerce & Industry, Kolkata.
 - Seminar on “Competition Law Enforcement” at Shri Babul Reddy Foundation, Hyderabad.
 - Conference on “Public Procurement Achieving Value through Competition” at SCOPE Complex, Lodhi Road, New Delhi.
 - Lecture on “Issues relating to Competition Law-Emerging trends” on at Federation of Andhra Pradesh Chamber of Commerce & Industry, Hyderabad.
 - Lecture on “Competition Law-an Overview” at Vishakhapatnam Chamber of Commerce & Industry, Vishakhapatnam.
 - Lecture on “Indian Competition Law and Policy-an Overview” at All India Importers’ & Exporters’ Association, Mumbai.
 - Lecture on “Competition Law in India” at Federation of Gujarat Industries, Vadodara.
 - Lecture on “Indian Competition Law and Policy-an Overview” at FICCI Auditorium, New Delhi.
 - Interactive Meeting on “Draft Combination Regulations” at Mumbai.
 - Interactive Meeting on “Draft Combination Regulations” at FAPCCI, Hyderabad.
 - Interactive Meeting on “Draft Combination Regulations” at Hotel Le Meridien, Bangalore.
 - A Lecture at Petroleum Planning & Analysis Cell at New Delhi.
 - Interactive Meeting with Industry at Ahmedabad.
 - Lecture on “Competition Law” RBI, New Delhi.
 - Conference on “Consumers and Competition Law” at Rajkot, Gujarat.
 - Lecture on “CCI’s Experience in Enforcing Section 3” at National Law University, Jodhpur.
 - Lecture on “Competition Law and Anti-Competitive Agreements” at National Law Institute University, Bhopal.
 - Lecture on “Anti-Competitive Agreements” at Nirma University, Ahmedabad.
 - Lecture on “Benefits of Competition for Consumers” at Annual Convention Consumer Coordination Council, Chandigarh.
 - Lecture on “Competition law & Governance: New Vistas for Civil Servants” at Lal Bahadur Shastri National Academy of Administration, Musoorie.
 - Workshop on “Procurement in PSE and Labour Management” at Hotel Royal Plaza, New Delhi.
 - National Conference on “Competition Regime: Benefiting the Consumer” at India Habitat Centre, New Delhi.
- In addition to this Members/ Senior Officers of the Commission also addressed various

seminars/ workshops held on competition issues for various stakeholders.

(E) Internship

As part of its capacity building programme amongst the student community, Commission provides internship facility to them. 25 students (during 2010-11) and 29 students (Upto 31.12.2011) have undergone internship with the commission on various competition related issues

(F) Capacity Building

(I) For the period from 01.04.2010 to 31.03.2011

a) Induction Training Program: Two In-house Induction Training programs were organized from May 24-28, 2010 and August 9-11, 2010 for the direct recruits and officers on deputation, attended by 44 officers.

b) The following workshops/seminars were organized at CCI:

- “The Process of Merger Review: A Practical Guide”
- “Abuse of Dominance Investigation: Planning & Conducting”
- “Horizontal Restraints Investigation: Planning & Conducting”
- “Merger Investigation: Planning & Conducting”
- “Competition Law: Principles, Problems & Lessons Learnt”

c) CCI officers participated in the following foreign training program:

- Advance professional program on “Cartels” organized by European Commission in Brussels.
- Workshop on “Price related Abuse of Dominance” organized by OECD – Korea Policy Center.
- Workshop on “Cartel” organized by International Competition Network (ICN).
- Workshop on “Competition Law in Banking sector” organized by OECD – Korea Policy Center.
- Workshop on “Mergers” organized by ICN & Italian Competition Authority in Rome.
- Workshop on “Unilateral Conduct” organized by ICN in Brussels.
- Seminar on “Cartel enforcement & international cooperation” organized by Taiwan Fair Trade Commission in Jakarta.
- Workshop on “Investigation techniques” organized by OECD in Busan (South Korea).
- One officer from CCI was sent to Competition Authority of Ireland in Dublin for internship for three months to have hands on knowledge and working of live merger cases from 20.09.2010–03.12.2010.
- Workshop organized by US–India Business Council in Washington, USA.

(II) For the period from 01.04.2011 to 31.12.2011

- a) Induction Training Program :In-house Induction training program organized from September 26-30, 2011 attended by eight officers and three experts.
- b) Workshops/seminars on following subjects/themes were organized at CCI:
- Workshop in collaboration with United States Federal Trade Commission (USFTC) on “Inferring Agreement”.
 - Workshop in collaboration with USFTC on “Conducting Merger Review”.
 - Workshop in collaboration with USFTC on “Merger: Preliminary Investigation Process”.
 - Conference on Public Private Partnership in National Highways at Vigyan Bhawan organized by Ministry of Road Transport & Highways and Planning Commission.
 - Training in collaboration with USFTC on “Practical skills for investigating an alleged Abuse of Dominance” from September 19-21, 2011 attended by eight officers and three experts.
- c) CCI officers participated in the following foreign training events of OECD & OECD-Korea Policy Center:
- Workshop on “Competition Law and Merger Fundamentals”.
 - Workshop on “Competition Issues in the Telecom Sector”.
 - Workshop on “Legitimate Business Practices or Cartels in Disguise”.
 - Workshop on “Competition Assessment and Competition Advocacy”.
 - Workshop on “Abuse of Dominance fundamentals”.
 - Two officers had short term attachment with US FTC and US DoJ for practical exposure on “Merger Control” USA.
 - Regional Seminar on “The Role of Competition Authority in this Era of High Inflation” organized by Taiwan Fair Trade Commission from August 30-31, 2011 in Ho-Chi-Minh-City, Vietnam attended by two officers.
 - “5th International Workshop on Competition”, organized by Korea Fair Trade Commission from July 7-8, 2011 in Seoul, Korea attended by one officer.
- d) CCI participated in the following Conferences/Meetings of International Co-operation:
- Annual Conference of International Competition Network (ICN) in The Hague, Netherlands.
 - Competition Meeting (Competition Committee & Working Parties) organized by OECD.

- Workshop organized by UNCTAD for Malaysian Competition Authority in Kuala Lumpur.
- Inter Governmental Group of Experts on Competition Law & Policy (11th Session) organized by UNCTAD at Geneva.
- Competition Day and associated events organized by Federal Antimonopoly Service, Russia.
- 2nd BRICS International Competition Conference in Beijing.
- CCI signed a MOU with Federal Antimonopoly Service, The Russia Federation in Moscow on 16.12.2011 during Prime Minister's visit to Russia.

(G) Recruitment

During the year 2010-11, 25 Professional, 18 support staff and 4 Experts were appointed/engaged on direct recruitment/deputation basis in the Competition Commission of India. In addition 7 Professional and 6 support staff were also appointed on deputation basis in the Office of the Director General, CCI.

During the current year (up to 31.12.2011), 7 Officers in the professional category, 7 officers in the support category and 13 experts have been recruited/engaged in the strength of this Commission.

In the office of the Director General, CCI,

4 professional staff and 3 experts have been recruited.

The recruitment process has again been initiated by the Commission to fill up the remaining vacancies on direct recruitment and deputation basis, as per the quota i.e. 35 vacancies of different grades/posts on deputation basis; and 33 vacancies also in different grades/posts on direct recruitment basis.

It is also mentioned that 4 officers are likely to join the Office of the Director General, CCI; and the remaining 20 vacancies for filling up on deputation basis of the Office of the Director General have also been circulated.

(H) Funds allocated to the Commission

In terms of Section 51 (1) of the Competition Act, 2002, Competition Commission of India (Commission Fund) Account, has been set up wherein all the Grants received from Government of India. Fees and Interest is credited. Expenditure is being incurred out of this fund with the approval of Fund Administering Committee (FAC), comprising two Members of the Commission. The accounts of the Commission for the year 2010-11 were prepared as per 'The Competition Commission of India (Form of Annual Statement of Accounts) Rules, 2009 and have been certified by C&AG of India.

The Budget and actual expenditure of CCI for the year 2010-11 and 2011-12 (up to 31.12.2011) are as per following Table:-

Table 4.2
Budget and actual expenditure of CCI

(Rs. in crore)

Year	Budget Estimate	Revised Estimate	Grants released by the Ministry	Actual Expenditure	Carry forward balance
(1)	(2)	(3)	(4)	(5)	(6)
2010-11	44.03	33.06	33.06	30.59	2.47
2011-12	37.92		26.32	26.25 (up to Dec 2011)	

Office of the Director General

The Office of the Director General, CCI is mandated to assist the Commission in investigating into any contravention of the provisions of the Competition Act, 2002. The performance based on the investigation reports submitted to the Commission is highlighted in the table as under:

Table 4.3
No. of cases received, disposed and pending during 2010-11 and 2011-12 (upto 31.12.2011)

Sl. No.	Particulars	2010-11	2011-12 (upto 31.12.2011)
1.	Cases pending at the beginning of the year	05	29
2.	Cases received during the year	90	35
3.	Total number of cases	95	64
4.	Cases disposed	66	40
5.	Cases pending at the end of the year	29	24

The major achievement has been the submission of quality investigation reports in 66 cases during 2010-11 and in 40 cases during 2011-12 (upto 31.12.2011) with the disposal rate of 69.47% and 64.51% respectively.

Further, the DG had submitted comprehensive investigation reports containing detailed economic and financial analysis and corroborative evidences in important cases which have been endorsed by the Commission and necessary remedial orders have been issued in following cases:

- i) Paper Traders Association– order for cease and desist.
- ii) National Stock Exchange– order for cease and desist with a penalty of Rs. 55 crores.
- iii) Film Producer Association– order for cease and desist with penalty.
- iv) DLF Ltd.– order for cease and desist with penalty of Rs. 630 crores.

The Office of the Director General was also engaged in creating awareness of competition issues at different forums in India. During 2010-11 and 2011-12, DG has addressed and

delivered lectures in a number of Seminars/ Workshops/Conferences on competition and related issues organized in India as well as abroad.

Competition Appellate Tribunal

4.3.1. The Competition Appellate Tribunal is chaired by Hon'ble Dr. Justice Arijit Pasayat, former Judge of the Supreme Court of India and the two members of the Tribunal are Shri Rahul Sarin, former Secretary to Government of India and Smt. Pravin Tripathi, former Deputy Comptroller and Accounts General.

The Competition Appellate Tribunal (COMPAT) is vested with powers:

- To hear and dispose of appeals filed against any direction issued or decision made or order passed by the Competition Commission of India established under the Competition Act, 2002.
- To adjudicate on claim for compensation that may arise from the findings of the Commission or the orders of the Appellate Tribunal in an appeal against any finding of the Commission and pass orders for the recovery of compensation under the Act.

4.3.2. After the dissolution of the erstwhile MRTP Commission, the Government of India vide Ordinance dated 14.10.2009 vested the COMPAT with powers to hear and dispose of pending cases, being dealt with by the then MRTP Commission. About 1825 pending cases were transferred to this Tribunal, out of which, this Tribunal has disposed of 1,391 cases till 31.12.2011. Thus, the total number of backlog of cases which are under pipeline for

adjudication and hearing are 434.

4.3.3. Since the inception of this Tribunal, it has received 48 appeals against the decision of Competition Commission of India. Out of which, 32 appeals have been disposed of and 16 appeals are pending for adjudication.

4.3.4. An additional charge of Airports Economic Regulatory Authority Appellate Tribunal has also been given to this Tribunal on 01.06.2010 by Ministry of Civil Aviation, Government of India to hear and dispose of appeals being filed against the decision of Airports Economic Regulatory Authority (AERA). The Airports Economic Regulatory Appellate Tribunal is established under Section 17 of the Airports Authority of India Act, 1994 (55 of 1994). Till 31.12.2011, 19 appeals have been filed against the decision of Airport Economic Regulatory Authority, out of which 11 appeals have been finally disposed of. Thus 8 appeals are pending adjudication.

National Competition Policy

4.4.1. The Ministry of Corporate Affairs constituted a Committee under the Chairmanship of Shri Dhanendra Kumar, Former Chairperson of Competition Commission of India, for framing of National Competition Policy and related matters. Other Members of the Committee included Shri Sudhir Mital, Additional Secretary, MCA, Shri Pradeep Mehta, CUTS, Smt. Pallavi Shroff, Advocate. Shri Manas Kumar Chowdhary, Shri Amitabh Kumar, Shri G.R. Bhatia, Shri Anand Pathak are part of the Committee as experts. Shri Navneet Sharma, Director CIRC is also assisting the Committee as technical expert.

4.4.2. The Committee was constituted with a view to achieving highest sustainable levels of economic growth, entrepreneurship, employment, higher standards of living for citizens, protect economic rights for just, equitable, inclusive and sustainable economic and social development, promote economic democracy and support good governance by restricting rent seeking practices.

4.4.3. The Competition Act, 2002 provides that while formulating a Competition Policy, the Government may make a reference to the Commission under section 49 (1) of the Act, for its opinion on possible effect of such policy on competition, and may thereafter take further action as it deems fit. Also, the

Government made a commitment before the Parliamentary Standing Committee on Finance to bring out a National Competition Policy. The Committee had submitted a draft Policy to the Government. The Ministry placed the draft on its website seeking public comments, and also made a reference to the CCI. The Ministry forwarded all the comments, including those of CCI, received by it to the Committee for its consideration while submitting a final report. The Committee has given its report. Suggestions invited from the stakeholders including the State Government, on the recommendations of the Committee, are awaited.

4.4.4. The salient features of the policy proposed by the Committee are given in the Box.

SALIENT FEATURES OF THE PROPOSED NATIONAL COMPETITION POLICY

- To aim at creation of a framework of policies and regulations that will inform other policies to facilitate competitive outcomes in the market, with a view to promoting efficiency in economy, protecting consumers' interests and maximising social welfare, help in reducing inflationary pressures, accelerate inclusive growth, development of entrepreneurs and new employment opportunities and strengthen infrastructure;
- To review all existing and new Acts/ regulations/ policies to correct where anti-competitive outcomes are noticed, and to proactively promote competition principles;
- To provide for Institutional separation between policy making, operations and regulatory wings of the Government;
- To provide for fair Market regulation procedures, whether by public authorities, regulatory bodies or through self-regulatory mechanisms;
- To provide for 'Competitive neutrality', in order to establish a 'level playing field';
- To provide for Fair pricing and inclusionary behaviour, particularly of public utilities;
- To provide for Third party access to 'essential facilities', which require dominant infrastructure and intellectual property right owners to grant access to third parties to their essential infrastructure and platforms on agreed, reasonable and non-discriminatory terms and conditions aligned with competition principles;
- To provide for Public policies and programmes to work towards promotion of competition in the market place;
- To promote for National, regional and international co-operation in the field of competition policy enforcement and advocacy;
- Establishment of a National Competition Policy Council for the oversight mechanism.

CHAPTER – V

THE LIMITED LIABILITY PARTNERSHIP ACT, 2008 AND ITS PERFORMANCE

5.1. With the growth of the Indian economy, the role played by its entrepreneurs as well as its technical and professional manpower has been acknowledged internationally. It is felt opportune that entrepreneurship, knowledge and risk capital combine to provide a further impetus to India's economic growth.

5.2. In India about 95% of the industrial units are small and medium enterprises (SMEs). As per the survey conducted by the Ministry of Micro, Small and Medium enterprises (MSME), over 90% of these SMEs are registered as Proprietorships, about 2% to 3% as Partnerships and less than 2% as Companies. The corporate form does not appear to be widely prevalent amongst SMEs. On an assessment of the data collected by the Ministry of MSME, it was found that the high compliance cost under the Companies Act, 1956 deterred the SMEs from adopting the corporate form. But, the functioning of a proprietorship or a partnership firm is too opaque, making assessment of credit-worthiness for bankers difficult, and therefore, the SME sector is at a comparative disadvantage vis-à-vis corporate bodies in accessing loan/credit facilities from banks and other financial institutions.

5.3. In this background, a need has been felt for a new corporate form that would provide an alternative to the traditional partnership with unlimited personal liability on the one hand,

and the statute-based governance structure of the limited liability company on the other, in order to enable professional expertise and entrepreneurial initiative to combine, organize and operate in a flexible, innovative and efficient manner. Internationally, Limited Liability Partnerships (LLPs) are the preferred vehicle of business particularly for service industry or for activities involving professionals, especially in countries like the United Kingdom, United States of America, Australia, Singapore etc.

5.4. The Government has therefore permitted the Limited Liability Partnership form of business organization in India with a view to create a facilitating environment for entrepreneurs, service providers and professionals to meet the global competition. Parliament enacted the Limited Liability Partnership Act, 2008, which was notified on 09.01.2009, and came to effect on 31.03.2009. The enabling rules were notified on 01.04.2009 and the first LLP was registered on 02.04.2009.

5.5. LLP is an alternative corporate business vehicle that enables professional expertise and entrepreneurial initiative to combine and operate in flexible, innovative and efficient manner, providing benefits of limited liability while allowing its members the flexibility for organizing their internal structure as a partnership based on an agreement. It is a form

of business entity, which allows individual partners to be protected from the joint and several liabilities of partners in a partnership firm. The Liability of the partners incurred in the normal course of business does not extend to the personal assets of the partners. It is capable of entering into contracts and holding property in its own name. An LLP would be able to fulfill the compliance norms with much greater ease, coupled with limitation of liability. The corporate structure of LLP and the statutory disclosure requirements would enable higher access to credit in the market. Only LLPs with turnover exceeding Rs. 40 Lakh and contribution exceeding Rs. 25 Lakh have to get their accounts audited, providing for much greater flexibility. The introduction of LLP form of business is expected to promote entrepreneurship, particularly in relation to the knowledge based industries such as the information technology and biotechnology sectors and other service providers and professionals.

5.6. Under the Limited Liability Partnership Act, 2008, any two or more persons, by subscribing their names to the incorporating document and after filing it with the Registrar can form an LLP. Natural persons and body corporates, Indian or foreign, can be partners in an LLP. At least two of them have to be “Designated Partners”, of which at least one should be resident in India. A body corporate can also be a designated partner, and in such a case an individual authorized by the body corporate will function as the designated partner. An LLP enjoys the status of a body corporate and shall have a separate legal entity distinct from that of its members and have a

perpetual succession. The LLP can continue its existence irrespective of changes in partners. The LLP is liable to the full extent of its assets, the liability of the partners would be limited to their agreed contribution in the LLP. No partner would be liable on account of the independent or unauthorized actions of other partners.

5.7. The mutual rights and duties of partners of an LLP inter se and those of the LLP and its partners shall be governed by an agreement between partners or between the LLP and the partners subject to the provisions of the LLP Act 2008. An LLP does not have shareholders or directors and is taxed like a partnership firm.

5.8. A partner’s economic rights (i.e. rights of a partner to a share of the profits and losses of the LLP and to receive distribution at the time of winding up) in the LLP is transferable. However, such transfer shall not entitle the transferee or assignee to participate in the management or conduct of the LLP’s activities. Therefore, the transferee would not be deemed to be a ‘partner’ of the LLP just because a partner has transferred him the ‘economic rights’.

5.9. As the partners can organize and operate in an innovative and efficient manner, this form of business is expected to give the strength of an organization to the professionals like Company Secretaries, Chartered Accountants, Cost Accountants and Advocates for effectively competing in the global market. Professionals may also form multi-disciplinary LLPs to meet the changing economic environment. Further, Indian Partnership Act, 1932 shall not be applicable to the LLP and unlike traditional partnerships where maximum number of

partners cannot exceed twenty, there is no upper limit in case of LLP. LLPs are required to maintain Book of Accounts, Annual Financial Statement and Statement of Solvency to be filed with the Registrar every year. An LLP can be wound up either voluntarily or by an order of National Company Law Tribunal.

5.10. In order to infuse a culture of transparency, the documents/information such as Incorporation document, Names of partners and Changes, if any, made therein, Statement of Account and Solvency and Annual Return are open for inspection by any person on payment of prescribed fee. The Central Government has powers to investigate the affairs of an LLP, if required, by appointing an Inspector.

5.11. A firm, private company or an unlisted public company is allowed to be converted into an LLP in accordance with the provisions of the Act. Provisions have also been made for corporate actions like mergers, amalgamations etc.

5.12. The LLP Act 2008 allows Foreign Nationals including Foreign Companies & LLPs to incorporate a LLP in India provided at least one designated partner is resident of India, complying with Foreign Exchange Laws/ Rules/ Regulations/ Guidelines. Partner's contribution may consist of both tangible and/or intangible property and any other benefit to the LLP. The monetary value of contribution of each partner shall be accounted for and disclosed in the accounts of the Limited Liability Partnership.

5.13. Since May 2011, the Government has permitted Foreign Direct Investment (FDI) in Limited Liability Partnerships in a calibrated

manner, starting with the 'open' sectors through the Government route, i.e., Foreign Investment Promotion Board (FIPB) and only by cash inflow (i.e., through Non-Resident (External) Rupee Account Scheme [NRE] and Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B)] with authorized dealer/bank). FDI in LLPs will be allowed, through the Government approval route, in those sectors/activities where 100% FDI is allowed for companies, through the automatic route and there are no FDI-linked performance related conditions.

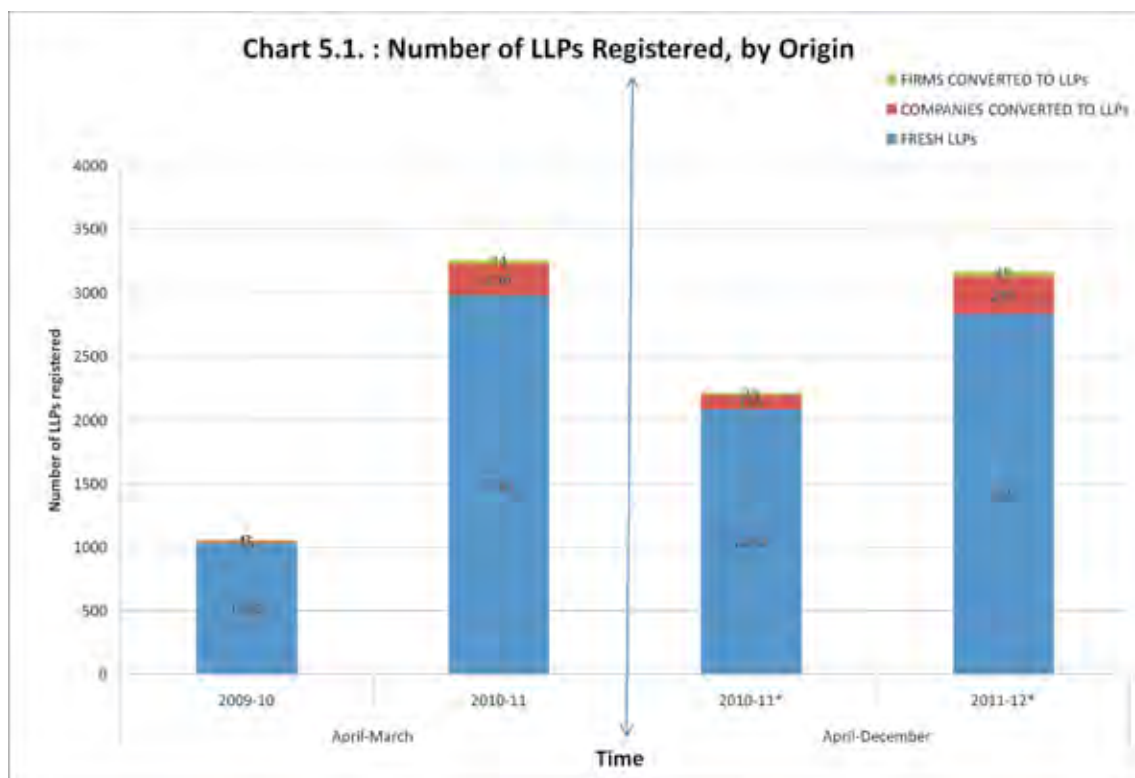
5.14. However, LLPs with FDI will not be allowed to operate in agricultural/ plantation activity, print media or real estate business. LLPs with FDI will also not be eligible to make any downstream investments. In addition, Foreign Institutional Investors (FIIs) and Foreign Venture Capital Investors (FVCIs) will not be permitted to invest in LLPs. Further, LLPs will also not be permitted to avail External Commercial Borrowings (ECBs).

5.15. The Registrar of Limited Liability Partnership, a Central Registry located at Delhi, is discharging the functions of Registrar under LLP Act. The governance of LLPs is in the electronic mode based on the model of the present Ministry of Corporate Affairs Portal.

5.16. A total of 7487 LLPs were at work in the country as on 31.12.2011. These comprised of 6843 fresh entities registered as LLPs, 556 companies, and 88 partnership firms that have been converted into LLPs. During the period from 01.04.2011 to 31.12.2011, 3172 LLPs have been registered, including a total of 295 companies, and 45 partnership firms

have been converted into LLPs. Chart 5.1 depicts the distribution of LLPs registered by nature of incorporation (whether fresh entity is

registered as LLP or whether it is a conversion from an existing company or a partnership/ proprietorship firm) for 2009-10, 2010-11 and 2011-12 (April-December, 2011).

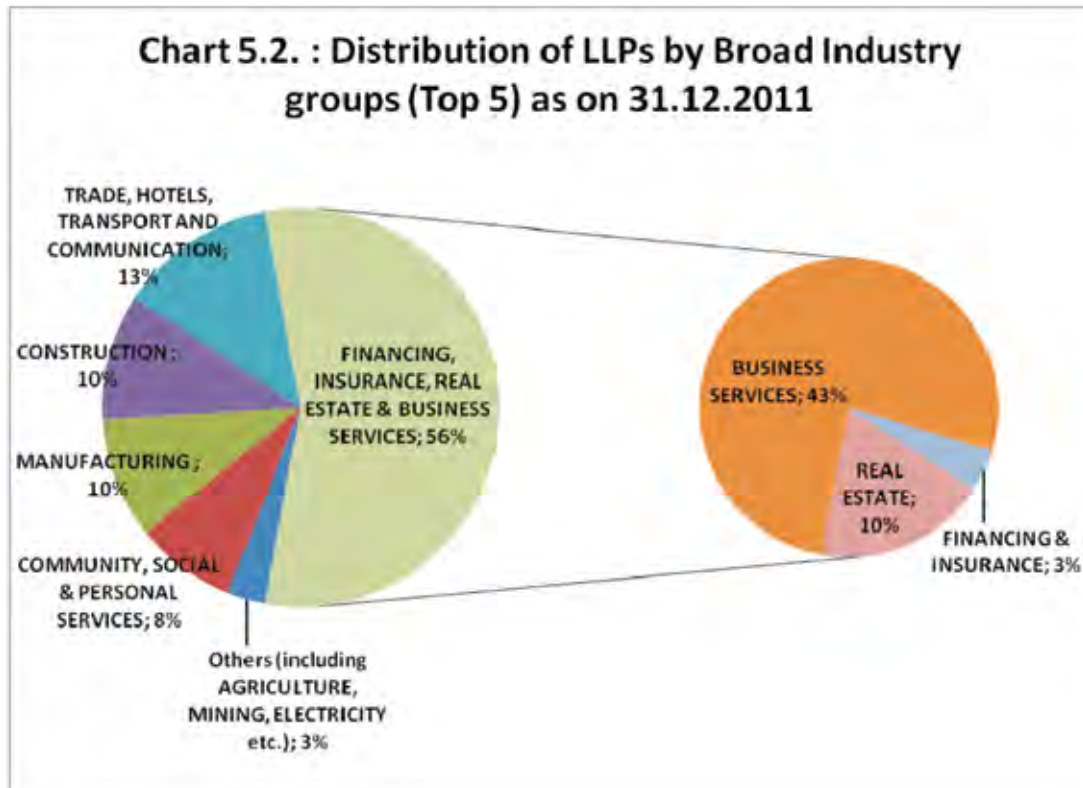


5.17. Charts 5.2 depicts economic activity-wise distribution of LLPs as on 31.12.2011 by major industry groups. It has been observed that 56% of LLPs have been registered in the Financing, Insurance, Real Estate & Business Services sector, including, only 2.6% of the LLPs in Financing and Insurance. LLPs in Business Services alone (including legal and professional services, research and development etc.) accounted for over 43%. This was expected owing to the suitability of business structure of LLP for such activities. Interestingly, Real Estates accounted for 10% of the LLPs.

5.18. LLPs in other major groups accounted

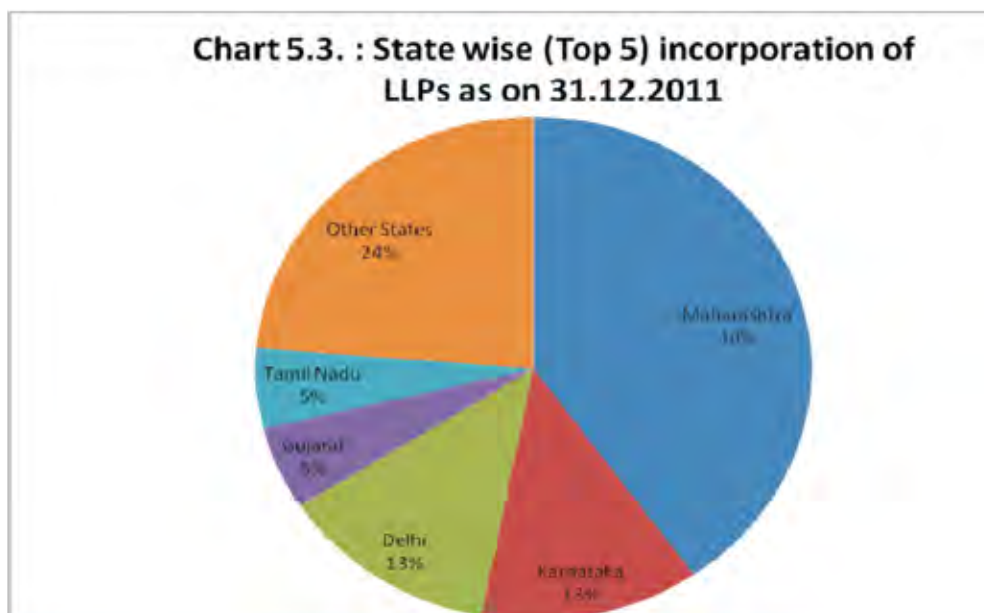
for about 37%. These are Trade, Hotels, Transport and Communication (13%), Manufacturing (10%), Construction (10%), and Community, Social & Personal Services (8%). In the remaining Industry Groups, namely, Electricity, Gas & Water Supply, Agriculture, Forestry & Fishing and Mining & Quarrying, only 3% LLPs were registered, implying that LLPs do not seem to be an attractive form of business for these industry groups.

5.19. A short analysis of state-wise distribution of LLPs shows that the top five States accounted for 76%. The States are



Maharashtra (40%), Karnataka (13%), Delhi (13%), Gujarat (5%) and Tamil Nadu (5%). Chart 5.3 shows the distribution of LLPs across these States.

5.20. Year-wise and State-wise distribution of LLPs incorporated during the years 2009-10, 2010-11 and 2011-12 (up to 31.12.2011) is given in Statement 5.1.



Statement 5.1 : Number of LLPs registered, State-wise

States	As on 31.12.2011	During the year 2010-11	During the period 01.04.2011-31.12.2011
(1)	(2)	(3)	(4)
Andaman & Nicobar Islands	2	2	0
Andhra Pradesh	299	121	122
Assam	39	26	11
Bihar	46	23	19
Chandigarh	22	7	10
Chattisgarh	53	26	19
Daman and Diu	1	1	0
Delhi	961	346	421
Goa	36	23	11
Gujarat	398	204	147
Haryana	220	93	91
Himachal Pradesh	13	4	8
Jammu & Kashmir	5	4	1
Jharkhand	21	12	4
Karnataka	961	376	392
Kerala	273	128	108
Madhya Pradesh	41	13	20
Maharashtra	3010	1395	1341
Manipur	4	0	2
Meghalaya	4	4	0
Mizoram	1	1	0
Orissa	26	8	13
Puducherry	5	0	4
Punjab	45	22	20
Rajasthan	121	48	48
Tamil Nadu	385	182	123
Tripura	2	2	0
Uttar Pradesh	180	63	90
Uttaranchal	16	6	6
West Bengal	297	121	141
Total	7487	3261	3172

CHAPTER – VI

ALLIED LEGISLATIONS

The Chartered Accountants Act, 1949

6.1.1. The Chartered Accountants Act was enacted in 1949 to regulate the profession of Chartered Accountants and, for that purpose, to establish an institute. The Institute of Chartered Accountants of India (ICAI) was accordingly established in July, 1949, in terms of the provisions of the Act.

6.1.2. The main objectives of the Institute of Chartered Accountants of India are to prescribe qualifications for membership holding examination and arranging practical training of candidates for enrolment, maintenance & publication of Register of Members qualified to practice the profession, carrying on activities for development of the profession and regulation & maintenance of status and standard of professional qualification of the Members. The Institute conducts examinations all over the country, provides postal/oral coaching and arranges practical training, enabling students to qualify for the profession.

6.1.3. The affairs of the Institute are managed by its Council which also discharges the functions assigned to it under the Chartered Accountants Act. The Council is composed of not more than 24 persons elected by the members of the Institute and six persons nominated by the Central Government.

The Cost and Works Accountants Act, 1959

6.2.1. The Cost and Works Accountants Act was enacted in 1959 to regulate the profession of Cost and Works Accountants and for that purpose to establish the Institute of Cost and Works Accountants. The Institute of Cost and Works Accountants of India (ICWAI) was accordingly established in May, 1959, in terms of the provisions of the Act.

6.2.2. Under Cost and Works Accountants Act, 1959, the duties of carrying out the provisions of the Act are vested with the Council of the Institute of Cost and Works Accountants of India which is constituted under Section 9 of the Act. The Council is composed of not more than 12 persons elected by the members of the Institute and not more than 4 persons nominated by the Central Government. Accordingly, the Central Government has nominated 4 persons on the Council of the Institute.

The Company Secretaries Act, 1980

6.3.1. The Company Secretaries Act was enacted in 1980 to regulate and develop the profession of the Company Secretaries and for that purpose to establish the Institute of Company Secretaries of India (ICSI). The Institute of Company Secretaries of India was established in January, 1981.

6.3.2. Under the Company Secretaries Act, 1980, the duties of carrying out the provisions of the Act are vested with the Council of the Institute of Company Secretaries of India, which is constituted under Section 9 of the Act. The Council is composed of not less than 12 persons elected by the Members of the Institute and not more than 4 persons nominated by the Central Government.

Professional Services

6.4.1. The Professional Services are provided by the members of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost and Works Accounts of India (ICWAI) and the Institute of Company Secretaries of India (ICSI). To ensure that in this changing economic scenario, the professionals do their job with due diligence and are able to exploit new opportunities becoming available, the Parliament passed the Chartered Accountants (Amendment) Act, 2006, the Cost and Works Accountants (Amendment) Act, 2006.

6.4.2. In accordance with the Provision of the Chartered Accountants Act, Cost and Works Accountants Act and Company Secretaries Act the Regulations of the three Institutes are proposed to be amended and presently are under consideration of the Ministry of Law and Justice. The Disciplinary mechanism of the Institute of Chartered Accountants of India is also being reviewed and a Committee has been constituted for this purpose.

6.4.3. The Chartered Accountants (Amendments) Bill, 2011, the Cost and Works Accountants (Amendment) Bill 2011, and the Company Secretaries (Amendment) Bill,

2011 proposing changes to enable members of the three institutes to form Limited Liability Partnership (LLP) firms in accordance with LLP Act, 2008 and change of name of the *Institute of Cost and Works Accountants of India* to the *Institute of Cost Accountants of India* have been passed by both the houses of Parliament in the Winter Session and has been notified in the Gazette of India after receiving assent of the President. The Amendment Acts come into effect on 01.02.2012.

The Societies Registration Act, 1860

6.5.1. The Societies Registration Act, enacted in 1860, provides for the registration of Literary, Scientific and Charitable Societies, so as to improve the legal status of such societies. The Act required that societies established for promotion of literature, science or fine arts, or in the diffusion of useful knowledge or for charitable purpose, register themselves by filing their Memorandum of Association with Officers specified in the Act. Most of the States have enacted amendments to the Societies Registration Act. The amendments also include registration of societies in the respective states by the Registrar of Societies or by other officers appointed by the State Government for the purpose.

Indian Partnership Act, 1932

6.6.1. The Indian Partnership Act was enacted in 1932 with a view to define and amend the law relating to partnership apart from providing the nature of partnership relating to partners with one another and with third parties. The Act also provides for registration of the firms with the Registrars appointed by the State Governments

for the purpose. The Act makes separate provisions for registration of firms with the income tax officers concerned for the purpose of the Income Tax Act.

The Companies (Donation to National Funds) Act, 1951

6.7.1. The Companies (Donations to National Funds) Act was enacted in 1951. The Act enables any company, notwithstanding anything

contained in the Companies Act or any other law, and also notwithstanding the contents of the Memorandum and Articles of Association of any Company, to make donations to any fund established for a charitable purpose as approved by the Central Government. The Gandhi National Memorial Fund and the Sardar Vallabhbhai Patel National Memorial Fund as have been approved by the Central Government, making them eligible to receive donations.

CHAPTER – VII

TOWARDS INTERACTIVE AND RESPONSIVE ADMINISTRATION

7.1.1. In its pursuit towards a more responsive, transparent and dynamic environment in the Headquarters and in the field offices, the Ministry has undertaken several measures and mechanisms, yielding speedy delivery of services.

Ministry's Web Site

7.1.2. The portal www.mca.gov.in of the Ministry has been thoroughly revised during the current year. The portal serves as a virtual window for authentic information pertaining to activities and program of the Ministry. Besides being informative, it serves as virtual front office for availing all registry related MCA services. The screen-shot of the website is given below, with appropriate observations:

7.1.3. After accessing MCA21 portal, one can select the services required such as Digital Signature, e-filing, DIN etc. The right side of MCA21 portal gives facility of downloading e-form, tracking transaction/payment status, accessing public documents, investor grievances, regulatory services etc.

7.1.4. Some of the major contents of the website are as follows:

- Information relating to the Ministry's officers and its field operations is given in the section titled 'About Us'.
- Acts, Bills, Rules, Circulars, Notification,

Guidelines etc. are detailed under the Section 'Acts, Bills & Rules'.

- Under the Section 'Information', Concept paper, IEPF, Nidhi companies, Press release and details of Vanishing and defaulting companies are given as drop-down.
- The Ministry's present and past Annual Report, Statement of Receipts & Disbursement, Statement of Scheme-wise expenditure are provided under the Section 'Reports & Statistics'.
- Details of Corporate under categories such as 'Nidhi Companies', 'Section 25 Companies etc. are provided in a Drop Box under the section "Information & Reports"'.
● Information regarding Investors' services is provided at two places – firstly, in the Drop Box under 'Information & Reports' under the heading 'IEPF' and secondly, on the top right hand corner of the website under corner of the website under the icon 'IEPF'. This icon is a link to the website "www.iepf.gov.in".
- As per DAR&PG's guidelines, a link to Centralized grievance portal www.pgportal.gov.in is given on MCA home page under the heading "Public Grievances".
- The Ministry's vision is given on the left side of the home page of the website.

Ministry of Corporate Affairs

Government of India

Empowering Business, Protecting Investors

Regulator • Integrator • Facilitator • Educator

Home

Affiliated Offices


Acts, Bills & Rules

Investor Services


Information & Reports

Right to Information


FAQs




Ministry of Corporate Affairs
Government of India
एन.डी.ए. म.सी.डी.




MCA21
Service Transformation
Company



Limited Liability Partnership
Limited Liability Partnership




iepf
Investor Education and Protection Fund
IEPF Website



MCA Initiatives


Ministry's Vision

"To facilitate corporate growth with enlightened regulation."




Union Minister
Dr. M. Veerappa Moily has taken charge as the Minister of Corporate Affairs on 12 July 2011.

[Read More...](#)




Sh. R. P. N. Singh has taken charge as Minister of State for Corporate Affairs from 21st January 2011.

[Profile](#)



INDIA
REGIS TRACK OF COMPANIES
FACILITATION CENTERS

Speech by Honorable Prime Minister Shri Manmohan Singh at inaugural function of India Corporate Week 2010 (Dec 14, 2010 at Vigyan Bhawan)



It gives me immense pleasure to participate in the inaugural function of India Corporate Week 2010. This is a commendable effort which brings together the government, the corporate sector and professionals to deliberate upon issues of great importance. The first India Corporate Week was celebrated last December on the theme "Corporate Sector and Inclusive Growth". I note with satisfaction that the Ministry of Corporate Affairs has taken many important initiatives in the year that has since gone by. [View Complete Speech | Video](#)

Speech by Minister, MCA | [Video](#)

The Companies Bill 2011 as presented to the Parliament


- [Download Companies Bill 2011 as presented to the Parliament](#)
- [Download Corrigenda to the Companies Bill 2011 as presented to the Parliament](#)

Notice


In order to provide enhanced services to its stakeholders, MCA in a joined up service with the Trademark department has provided a facility for searching the trademark

Stakeholders' Corner


- [News & Events](#)
- [Quotations & Tenders](#)
- [Press Release](#)
- [Prerequisite Software for e-filing](#)
- [Application form for deputation in MCA for the posts of JTS, JAG ; and Company Prosecutors \(group B\) officers](#)
- [RFD](#)
- [RSS Feeds](#)



X3RL Website



Company Liquidators



Employees' Corner

- [Annual Property Return for the year 2010](#)
- [ICLS Recruitment Rules](#)
- [Seniority / Eligibility list](#)
- [New Appointments / recruitments](#)



Notice

Public Inspection of Physical records at the Office of the Registrar of Companies, west Bengal shall be discontinued from 28th December, 2011 to 30th April, 2012 due to Renovation of Record rooms/office. The inspection of records shall be resuming from 1st May 2012.

संप्रदाय की इसी परकी "कारपोरेट प्रशासिका" के लिये बिना-त प्रस्ताव

Comments Invited

By January 31, 2012 , On the proposed XBRL Taxonomy for Cost Audit Report and Compliance Report developed by IC30(A). [View](#)

[Archive...](#)

Important Links

- Updating of Income Tax PAN details in MCA21 DIN DATA [View](#)
- Carve Outs provided in Ind AS
- Notice on Regulation of Companies.
- Eligibility conditions and other details for the post of Junior Time Scale(JTS), Junior Administrative Grade(JAG) and Company Prosecutor in MCA on deputation basis.
- IICA Calendar for Workshops/Seminar/Forum, 2011-2012 [View](#)
- 35 Indian Accounting Standards
- Revised Schedule VI (shall be effective from 01.04.2011)
- Notifications
- Registration of Voluntary Organizations and NGOs
- Public Grievances [View](#)

Photo Galleries

Links Archive

- Guidelines for 'Fast Track Exit' (FTE) mode
- India Investor Week 2010
- Name availability guidelines for Companies

[More...](#)

ICA21 portal. The Stake-holders may c

List of registered Certified

Filing Centres

MCA Guidelines 2011

National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business, 2011

[Archive...](#)

Unique Visitor Count

0034244317

Important Web Links



This site is owned by MINISTRY OF CORPORATE AFFAIRS

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7.1.5. A map of India, with locations of Registrar of Companies is given on the left side of the home page, below the vision. By pointing cursor at the desired location, one can immediately see details of ROC such as address, phone numbers, fax and email IDs.

7.1.6. Important links such as e-stamp, authorized banks, certified filing centers, facilitation centers, software for e-filing etc. are given on the right side of the portal, below login & New User Registration.

7.1.7. Details of Affiliated offices are available as a drop down menu on homepage under the heading ‘Affiliated offices’. This list includes Serious Fraud Investigation Organisation (SFIO), Competition Commission of India (CCI), Company Law Board (CLB), Office Liquidator (OL) and Cost and Audit Branch (CAB).

7.1.8. The Ministry’s present and past Annual Reports, as well as Annual Report on working and administration of Companies Act, 1956 are available on home page under the heading ‘Information & Reports’ by clicking ‘Annual Reports’ in the drop down menu.

7.1.9. Other reports such as Statement of Receipts & Disbursement, Statements of scheme-wise expenditure are provided under ‘Information & Reports’ under the drop down menu item ‘other reports’.

7.1.10. A special section on ‘Right to Information’ has been included in the website of the Ministry, providing the directory details of Central Public Information Officer and the First Appellate Authority in the Ministry for the purpose of RTI Act. Landmark orders of the

Ministry and Central Information Commission (CIC) under RTI Act, 2005 pertaining to the Ministry are also available under this section.

7.1.11. Important links pertaining to Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI), Institute of Cost and Works Accountants of India (ICWAI), Serious Fraud Investigation Organisation (SFIO), Competition Commission of India (CCI), Indian Institute of Corporate Affairs (IICA), National Foundation for Corporate Governance (NFCG), Watch out Investors, Investor Helpline etc. are given on the bottom of the homepage of the Website.

E-Governance

7.2.1. The Ministry implemented MCA21 e-Governance project. It is one of the Mission Mode Project of the Government of India under National e-Governance Plan, The Project envisages easy and secure online access to all registry related services provided by the MCA, including registration and filing of documents throughout the country for all the corporates and other stakeholders at any time and in a manner that best suits them. The programme is outcome based and focuses on improving the quality of services to various stakeholders concerned with the corporate sector in the country.

7.2.2. Implemented as a Mission Mode Project of the Government of India under National e-Governance Plan (NeGP), MCA21 e-Governance Project focuses on prompt and efficient delivery of services. The project is fully operational from all its Registry locations. During the year 2009, E-stamping has been introduced in

MCA21 portal. This has enabled the stakeholders to make payment of stamp duty on MCA21 portal itself. The revenue collected by way of stamp duty is remitted to RBI at the end of the week and the RBI remit the same to the respective State Government within a day's time.

7.2.3. In the continuous process of further enhancements and system improvements in the MCA21 system, the following important measures have been initiated during the year.

- Integration with PAN Database has been established for online verification of identity details in the MCA 21 system.
- The process of Director identification Number (DIN) is made online with the verification and digital signature of practising professionals (Company Secretary/Chartered Accountant/Cost & Works Accountant).
- With a view to improve the service delivery time, electronic mode of payments has been made mandatory up to Rs. 50,000. For the payments of value above Rs. 50,000, stakeholders have the option to either make the payment in electronic mode, or paper challan.
- E-Stamping for MCA services has been extended to 3 more States, Jammu & Kashmir, Goa and Nagaland and 2 more UTs Daman & Diu and Dadar & Nagar Haveli. With these additions, companies registered in all States and UTs in the Union of India have the facility of availing online e-stamping for MCA services.
- A Reversal and Refund process has been introduced during the month. The Refund process is designed to deal with the cases

of multiple, incorrect and excess payments made due to unexpected snag occurred in the electronic system.

- An additional payment option i.e. payments through RBI guided NEFT is being introduced.
- XBRL filing for select 30,000 (approx.) companies have been mandated for Financial Year ending 31.03.2011. The system has been put in place for XBRL filing with effect from 06.10.2011 and more than 21,000 companies have already filed their annual return using XBRL document till 31.12.2011.
- **Opening of Corporate Bank A/c** As an added facility under MCA21, opening of Corporate Bank A/c has been enabled for companies registered with ROCs. This has been introduced from 16.10.2011.

International Cooperation

7.3.1. Indian business environment is getting increasingly integrated with the global business environment. To understand the developments taking place in the world and also to showcase the initiatives of the Ministry in the areas of corporate governance, corporate social responsibility and the development of the accounting profession, interactions were undertaken by the Ministry with International Organizations like Corporate Registers Forum (CRF), Accounting and Corporate Regulatory Authority (ACRA), US Business Leaders from American Chambers of Commerce in Singapore, Global Reporting Initiatives (GRI), International Association of Insolvency Regulators (IAIR), Organization for Economic

Co-operation and Development (OECD), Federal Trade Commission, USA, Department of Justice, USA, State Administration for Industry & Commerce (SAIC) of Japan. Ministry of Corporate Affairs is the nodal Ministry for ensuring convergence of Indian Accountancy Standards with International Financial Reporting Standards (IFRS) etc.

7.3.2. A delegation led by Joint Secretary of this Ministry also participated in Corporate Registers Forum (CRF) annual Conference at Singapore organized by Accounting and Corporate Regulatory Authority (ACRA), Singapore and studied the legal reform in corporate policies, process of investigations into corporate frauds, the implementation of e-Courts systems, Financial & Audit oversight Info services, & e-buz, Registry service etc. The latest developments in Corporate Business Registers and experiences and information on the present and future operation of Corporate Business Registration Systems were exchanged.

7.3.3. Ministry of Corporate Affairs of India has inked an agreement with the Ministry of Economic Affairs of the Netherlands in the area of Corporate Governance and Corporate Social Responsibility. A Working Group in the areas of Corporate Governance, Corporate Social Responsibility and other aspects of Corporate Affairs has been constituted by the Ministry with Additional Secretary, MCA as the Chairman, with representatives from ICAI, Tata Services Ltd. NTPC Ltd. and three other Institutes.

7.3.4. A delegation from the MCA visited Jersey (UK) and attended the International Association of Insolvency Regulators (IAIR)'s Annual General Meeting and Conference.

7.3.5. Ministry has participated in the Second BRICS (Brazil, Russia, India, China and South Africa) Conference hosted by State Administration for Industry & Commerce (SAIC), People's Republic of China (PRC) Beijing (China) on the theme "Competition Enforcement under Economic Globalization". The Conference was attended by officials from the Ministry and Competition of India. There is also a proposal for hosting **3rd BRICS International Competition Conference in New Delhi** in 2013.

7.3.6. An Indian Delegation led by Dr. M. Veerappa Moily, Hon'ble Minister for Corporate Affairs visited Washington (USA) and discussed the National Competition Policy and cooperation between the Ministry of Corporate Affairs, Government of India; Competition Commission of India and Federal Trade Commission, USA, Department of Justice, USA.

7.3.7. Joint Secretary, of the Ministry had participated in the 7th Global Reporting during November 23-24, 2011.

7.3.8. India has got the Presidentship of the Executive Committee of the Conference of the Corporate Registers Forum (CRF) from 25.07.2011 onwards for one year. Ministry of Corporate Affairs has decided to host the 2012 International Annual Conference during February 13-16, 2012 in India.

Improvement in Office Infrastructure

7.4.1. Infrastructure Section has been playing a vital role towards providing better infrastructure to various offices of the Ministry by acquiring land, constructing buildings on

the purchased land, purchasing built up office space and renovating and furnishing of these built up office space to give face lift. During the current year (up to 31.12.2011), the following goals have been achieved:

- (i) The Corporate Bhavan at Cuttack has become ready and the offices of ROC and OL, Odisha have started functioning from the new building.
- (ii) The work of renovation of B-1, wing, 1st Floor, Paryavaran Bhavan, New Delhi, has been completed and the newly renovated space has been handed over to SFIO.
- (iii) R&A Division and Cost Audit Branch have been shifted to B-1, Wing, 2nd Floor, Paryavaran Bhavan, New Delhi and NBCC has been engaged to renovate the space as per requirement of these Divisions.
- (iv) NBCC has identified the agency for construction of Corporate Bhavan at Hyderabad and the construction work has commenced.
- (v) The Ministry has got office space measuring 23,000 sq. ft. allotted by Directorate of Estates under General Pool Office Accommodation at Lok Nayak Bhavan, New Delhi. CPWD has been engaged to renovate the space. As soon as the renovation work is completed at Lok Nayak Bhavan, New Delhi, the office of Official Liquidator would be shifted to the newly renovated space.
- (vi) The Ministry is in the process of construction of additional floors on the

ROC Bhavan at Goa for accommodating the proposed NCLT Bench.

Settlement of Grievances of Officers and Staff

7.5.1. Keeping in view the need for settlement of grievances of officers and staff, a Staff Council is in place in the Ministry, which is an elected body. The Staff Council is headed by the Joint Secretary incharge of Administration. It meets at least once in 2 months and all the grievances and problems are discussed and solved in this fora itself. It has proved to be a very effective mechanism in creating a healthy atmosphere in the Ministry.

Vigilance

7.6.1. The Vigilance Wing in the Ministry is headed by a Chief Vigilance Officer (CVO) of the rank of Joint Secretary and he is assisted by one Deputy Secretary, one Under Secretary and other supporting staff. The Vigilance Wing handles the following activities:-

- (a) Complaints received from individuals and/or referred by other Organisations like CBI/CVC/PMO etc. are examined by obtaining a factual report from the concerned administrative divisions/organisations. Preliminary inquiries may also be ordered, in a given case, having regard to the nature of allegations. If a prima facie case of any substance is made out, then a regular departmental action is initiated.
- (b) Review and streamlining of procedures, where there is a scope of corruption. It may be mentioned that MCA21 project

is a major initiative that has reduced the public interface and brought in transparency, thereby reducing possibilities of corruption.

- (c) Furnishing of CVC's monthly report on vigilance activities to the CVC.
- (d) Consideration of requests for Grant of permissions envisaged under the Central Civil Services (Conduct) Rules, 1964, Issue of Vigilance Clearances, Processing of Property Returns and matters relating to Annual Performance Appraisal Reports of all Officers in the Ministry (Headquarters).

7.6.2. During the current year (up to 31.12.2011), eight departmental inquiries are pending at various stages. In one case, a major penalty has been imposed in consultation with the Union Public Service Commission. In one case under the Prevention of Corruption Act, sanction for prosecution was issued in addition to initiation of regular Departmental Action. Of the six complaints registered during the period, two complaints were disposed off.

7.6.3. During the said period, Vigilance Awareness Week was observed during 31.10.2011 to 05.11.2011 to create awareness amongst officers and staff.

Gender Issues

7.7.1. As work is allocated on the basis of designation, no cases of gender discrimination have been encountered nor have any complaints/references been received in this regard during the period of this report.

Indian Corporate Law Service

7.8.1. The erstwhile Indian Company Law Service has been rechristened in November, 2008 as the Indian Corporate Law Service with a view to meet the challenges of the tremendous growth of the companies in the country. ICLS is intended to provide expert infrastructure involved in corporate law making, to efficiently enforce corporate law including incorporation, regulation, investor protection and corporate social responsibility, and to implement corporate governance in the country. The ICLS is envisaged to be an important watchdog on the working of private sector in today's globalised era. It is intended to provide organizational efficiency and improved delivery of service.

7.8.2. A Comprehensive cadre review was undertaken and cadre strength was increased from 231 to 291 by merging the Accounts and Legal Branches and creating 60 new posts at various levels, including one post Director General (Corporate Affairs) at the Higher Administrative Grade level and four posts at Senior Administrative Grade level. The Recruitment Rules have been revised and notified to provide for recruitment only at Junior Time Scale level through the Civil Service Examination to be conducted by the Union Public Service Commission, and all lateral entry to the ICLS has been done away with. The officers will be trained in subjects like management, law, accounting, business finance and economics by the Indian Institute of Corporate Affairs, which is now responsible for both induction training of new recruits and in-service training of existing members of the Service.

7.8.3. Director General (Corporate Affairs) will function as a link between the Ministry of Corporate Affairs and the Field Offices and will, in addition to supervising the functioning of the Offices of Registrars of Companies for improved delivery of service and Official Liquidators for efficient completion of process of liquidation, be also responsible for incorporation, enforcement, and other matters relating to implementation of the Companies Act, 1956 and LLP Act, 2008. The offices of the Regional Directors and Registrar of Companies are being upgraded and modernized, so as to ensure not only a congenial atmosphere for the officers and staff manning the office but also a friendly atmosphere for persons of the corporate sector.

Progressive use of Hindi

7.9.1. The Ministry of Corporate Affairs is poised to achieve its targets set by the Department of Official Language to promote the use of Hindi in the official work. Some of the major activities undertaken during the year are as under:-

- (i) The Hindi Advisory Committee of Ministry of Corporate Affairs has been reconstituted on 09.11.2010 and a Meeting of the committee is scheduled to be held on 31.01.2012.
- (ii) The First Sub-Committee of the Parliamentary Committee on Official Language inspected offices of the ROC, Coimbatore, ROC, Hyderabad, ROC, Kolkata and ROC, Delhi on 15.05.2011, 28.09.2011, 15.11.2011 & 24.01.2012 respectively. The committee is also scheduled to inspect ROC, Chandigarh on 08.02.2012.

- (iii) The correspondence under section 3(3) of the Official Language Act, 1963 is being done bilingually, and it has been ensured that all letters received in Hindi are replied to in Hindi only, as per rule 5 of the Official Language rule, 1976.
- (iv) A workshop was held on 10.06.2011 in the Ministry to impart training for progressive use of Hindi. 26 officials of the Ministry took part in the workshop.
- (v) Fifteen field offices were inspected by the Ministry during April, 2011 to January, 2012.

7.9.2. Hindi fortnight was celebrated in the Ministry from 14.09.2011 to 30.09.2011. During the fortnight, many competitions were organized viz Essay Writing, Extempore Speech, Noting-Drafting, Poem recitation etc. The Hon'ble Minister of Corporate Affairs awarded prizes to the winners of various competitions of the Hindi Fortnight in a function on 30.09.2011. The field offices of the Ministry also organized similar activities in their respective offices.

Publications

7.10.1. The Ministry's has published the following Reports/Publications during the current year (up to 31.12.2011):-

- (a) Annual Report on the Working and Administration of the Companies Act, 1956 is required to be laid before both Houses of Parliament in pursuance of the provisions of Section 638 of the Act. The 54th Annual Report as on 31.03.2010 was laid on the Tables of both Houses of Parliament in 2011.

- (b) Second Annual Report of the Competition Commission of India (CCI) for the year 2010-11 was laid on the Tables of both Houses of Parliament in 2011, under sub-section (2) and (3) of section 53 of the Competition Act, 2002.

Representation of Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs)

7.11.1. The Representation of Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs) in the Ministry, excluding field offices in respect of Group 'C' staff are shown in the following Table.

Table – 7.1
Statement showing the total number of Government servants and number of SCs, STs and OBCs amongst them (as on 31.12.2011)

Group	Total No. of employees	No. of employees out of total employees		
		SCs	STs	OBCs
Group A	278	37	23	32
Group B	448	49	22	23
Group C*	66	19	-	-
Total	792	105	45	55

* Excluding field offices

Revenue Receipts & Expenditure

and Expenditure (Plan & Non Plan) of the Ministry of Corporate Affairs is given below

7.12.1. The details of the Revenue Receipts (Tables 7.2 and 7.3).

Table – 7.2
Revenue Receipts

(Rs. in Crore)

2008-09	2009-10	2010-11	2011-12
(1)	(2)	(3)	(4)
1231.78	1235.83	1494.05	1041.17

Table – 7.3
Expenditure (Plan & Non Plan)

(Rs. in Crore)

	Actual Expenditure 2010-11	2010-11			Budget Estimates 2012-13
		Budget Estimates 2011-12	Revised Estimates 2011-12	Actual Expenditure 2011-12 (up to Dec. 2011)	
(1)	(2)	(3)	(4)	(5)	(6)
Non-Plan	183.09	210.94	210.94	144.41	213.50
Plan	86.72	28.00	28.00	16.03	32.00
Total	269.81	238.94	238.94	160.44	245.50



ANNEXURES

ANNEXURE - I

Directory of the Ministry of Corporate Affairs

Name	Designation	Office phone/fax	Residential phone
Office of the Corporate Affairs Minister			
Dr. M. Veerappa Moily	Corporate Affairs Minister (CAM)	23073804 23073805 23073806 (Fax)	23016764 23013758 23018347 (Fax)
Shri Rakesh Singh	Private Secretary	-do -	24634290
Shri M. Ramakrishna Reddy	Addl. PS	-do -	24121040
Shri S. Twickly	Addl. PS	-	22619496
Shri C. P. Sood	Asstt. PS	-	0129-2220226
Shri G. Robert	Addl. PS		9968994464
Office of the Minister of State for Corporate Affairs			
Shri R.P.N. Singh	Minister of State for Corporate Affairs	23385823 23384082	24632653
Shri Asit Singh	Private Secretary	-do -	24355600
Shri Tirthankar Das	Officer on Special Duty	-do -	R-25099651 M-9868920252
Secretary			
Shri Naved Masood	Secretary	23382324 23384017 23384257 (Fax)	23384252
Shri V. S. Manian	Sr. PPS	-do-	23221762
Shri S.P.S. Rawat	P.S.	-do-	24621782
Additional Secretary			
Shri Sudhir Mital	Additional Secretary	23381226 23389088 (Fax)	23073327
Shri E. Natarajan	PPS	-do-	-
Shri S. M. Das	P.S.	-do-	
Shri Sanjay Sood	P.S.	-do-	
Shri Rajan Katoch	AS&FA	23063215	23383891
Shri P.K.Sarkar	PS	-do-	

Name	Designation	Office phone/fax	Residential phone
Joint Secretaries			
Shri A.K. Srivastava	Joint Secretary	23383180	24105445
Shri S. Bhattacharya	PS	-do-	24644256
Ms. Renuka Kumar	Joint Secretary	23074056/ 23384380	-
Ms. Shailaja Pillai	PPS	-do-	26181662
Shri Manoj Kumar	Joint Secretary	23383345	
Shri S.C. Puri	PS	-do-	
Director of Inspection & Investigation (DII)			
Shri Dhan Raj	DII	23389602	22183294
Shri H. Srivastav	P.S.	23389602	-
Sh. U. C. Nahta	DII	23384502	-
Shri N.S. Bisht	P.S.	23384502	-
Economic Adviser			
Ms. Sibani Swain	Economic Adviser	23385010	26898225
Ms. Baby K. M	PS	-do-	
Directors			
Shri Jaikant Singh	Director	23389227	26890808
Shri Deepak Kumar	PA		
Mrs. Nirupama Kotru	Director	23384470	26257232
Mrs. Santosh	PA	-do-	-
Shri Alok Kumar	Director	23382386	9868110201
Ms. Urvashi Kumar	PA	-do-	
Shri Anil Kumar Bhardwaj	Director	23070954	-
Ms. Namita Bakshi	PS	-do-	-
Deputy Secretaries			
Shri K.K.Nath	Deputy Secretary	23381288	-
Shri Nand Kisore	PPS	23381288	
Shri B.K.Malhotra	Deputy Secretary	23389403	25088170
Shri O.P. Sharma	PA	-do-	9958267854
Shri K. Gurumurthy	Deputy Secretary	23389204	9868207962
Shri Mohan Das M.	PA		
Joint Directors			
Shri B.K.L. Srivastava	Joint Director (Legal)	23070728	0123-2255308
Mrs. Sushma Sikri	PA	-do-	25490095
Shri R.K. Meena	Joint Director	23073230	

Name	Designation	Office phone/fax	Residential phone
Shri Alok Samantrai	Joint Director	23385285	
Smt. Durgesh Nandni	PA	-do-	
Shri J. N. Tikku	Joint Director	23384657	01232255388
Shri S.C. Arora	PA	-do-	
Deputy Directors			
Shri Vinod Sharma	Deputy Director	23385382	
Shri Sanjay Shorey	Deputy Director	23389622	
Shri Shyam Sunder	Deputy Director	23384657	
Shri N.K. Dua	Deputy Director	23387263	
Under Secretaries			
Shri J.S Gupta	Under Secretary	23389782	25226814
Shri R.C. Tully	Under Secretary	23073734	
Shri J.B.Kaushish	Under Secretary	23387939	95124-2333763
Shri. L.K.Trivedi	Under Secretary	23389782	
Shri Rajinder Singh	Under Secretary	23389298	
Shri B.P.Bimal	Under Secretary	23073017	
Smt. Rita Dogra	Under Secretary	23386065	
Shri R.K.Pandey	Under Secretary	23383507	
Shri G.P.Sarkar	Under Secretary	23381349	
Shri Anil Kumar	Under Secretary	23381243	9350356209
Assistant Directors			
Shri Puneet Kr. Duggal	Asstt. Director	23389745	
Shri Parvinder Singh	Asstt. Director	23385382	
Shri Alok Tandon	Asstt. Director	23385382	
Ms. Monika Gupta	Asstt. Director	23387263	
Ms. Seema Rath	Asstt. Director	23387263	
Ms. Reeta Sood	Asstt. Director (OL)	23388512	
Shri Arvind Kumar Bunker	Asstt. Director	23389745	
Shri R.K.Bakshi	Asstt. Director	23073230	
Shri Iqbal Hussain Ansari	Asstt. Director	23073230	
Shri V.M .Prasanth	Asstt. Director	23384660	
Shri Manjit Singh	Asstt. Director	23384479	
Ms. Anshu Tandon	Asstt. Director	23389298	

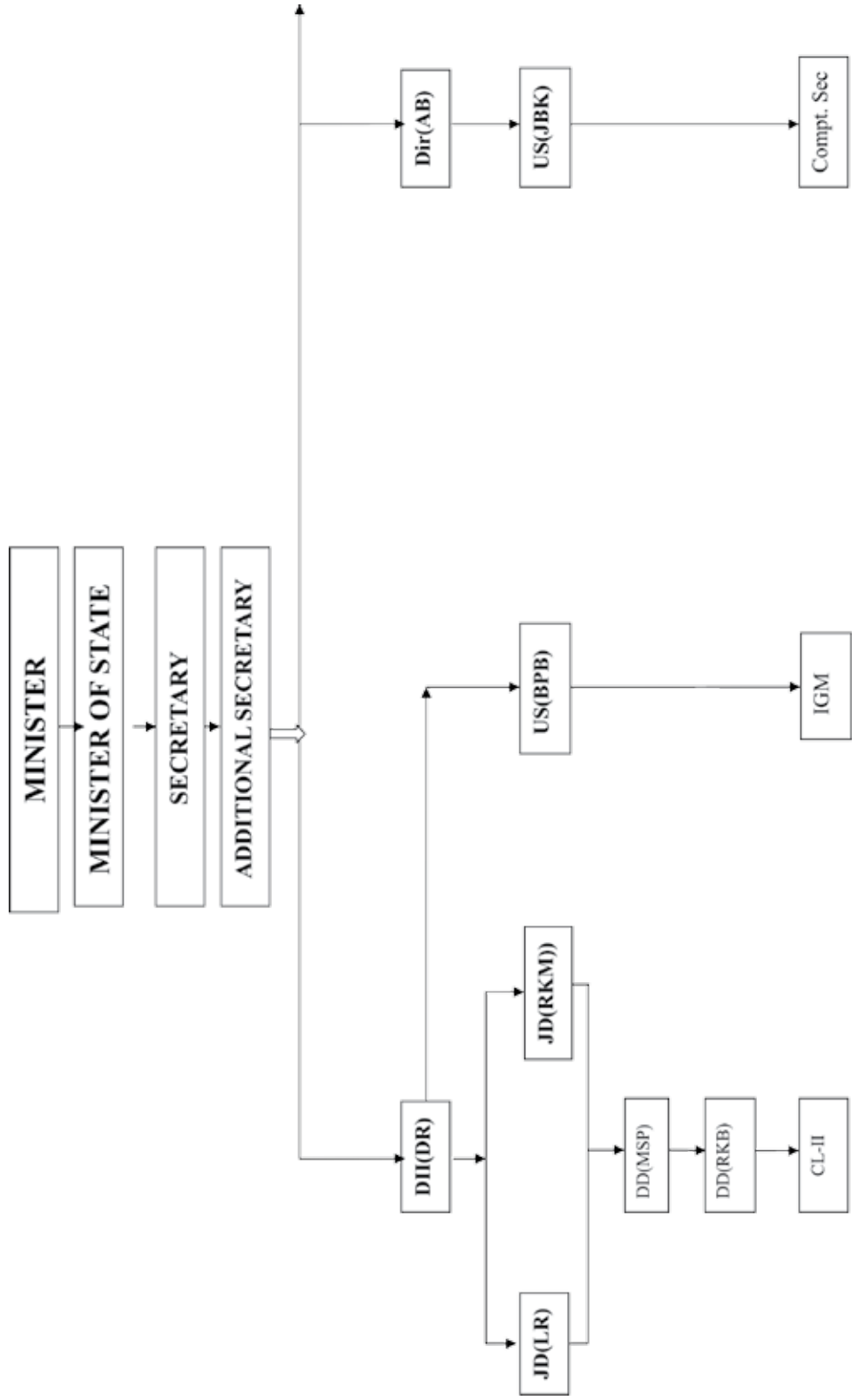
Name	Designation	Office phone/fax	Residential phone
Cost Audit Branch B-1, Wing, 2nd Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Dlehi-110003			
Shri B.B. Goyal	Advisor (Cost)	24366284, 24366686, 24366005	
Shri Surinder Kumar	PPS	-do-	-
Sh. V.K. Aggarwal	Director	24366686	
Ms. Ravinder Brara	PA	-do-	
Ms. Bharti Sahai	Asstt. Director	24366438	
Shri Nipun Gupta	Asstt. Director	24366348	
Shri Rakesh Pandey	Asstt. Director	24366348	
Research and Analysis Division B-1, Wing, 2nd Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi-110003.			
Shri Radhey Shayam	Director	24368972 (Tele/Fax)	
Shri Rajender Kumar	PPS	24368970	22117476
Shri E. Nagachandran	Dy. Director	24368971	
Shri Harbans Singh	Asstt. Director	24368973	
Serious Fraud Investigation Office Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi EPABX No. : 0091 11 2436 9242 / 2436 9244 / 2436 9245 / 2436 9246 FAX- 24365809			
Shri Rajesh Sharma	Addl. Director & In-Charge	24369243	-
Shri J.K. Golay	PPS	24365787/ 24365809	
Shri N.K. Bhola	Addl. Director	24369592	-
Shri B.K. Gupta	Addl.Dir.(Tax-I)	24369774	
Dr. Jagannath Dass	Addl. Dir.(IT)	24369247	
Dr. Baljit Singh	Addl.Dir.(Inv.)	24369254	
Shri P.R. Lakra	Addl.Dir.(C&CE)	24369251	
Shri J.K. Teotia	Addl. Dir.(FA-II)	24365471	
Shri Vinod Kumae Sharma	Addl. Dir.(Inv.))	24369505	95120-2773364
Shri Devi Sharan Singh	Addl. Dir.(Tax-II)	24369247	-
Smt. Richa Kukreja	Joint Dir.(CL)	24369247	-

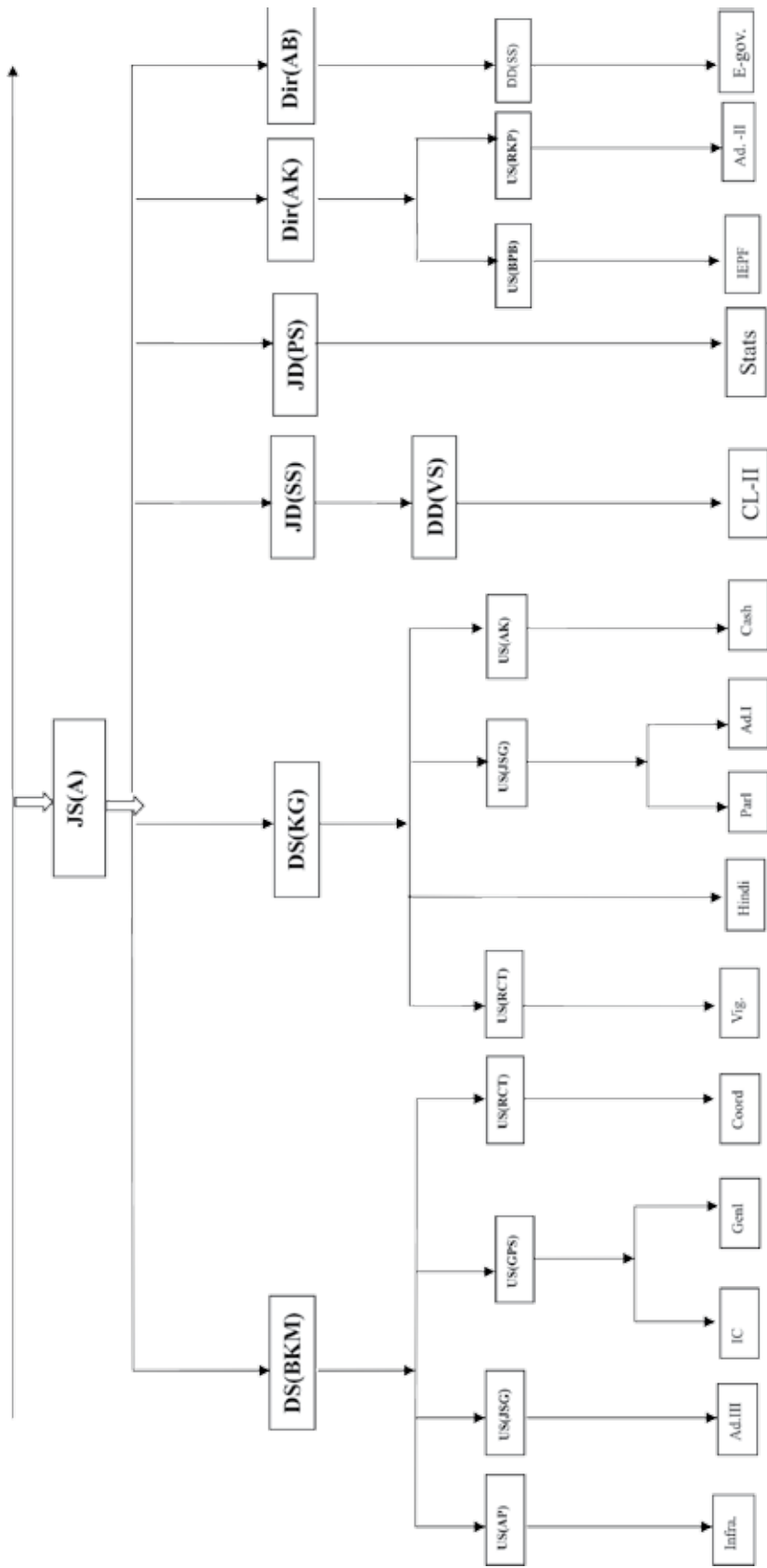
Name	Designation	Office phone/fax	Residential phone
Shri Dharmvir Singh	Deputy Director	24369248	-
Shri S.K. Saxena	Deputy Director	24369773	-
Serious Fraud Investigation Office, Mumbai NTC House, 4th Floor Ballard Estate, Mumbai			
Shri Sanjay Rai	Addl. Director	022-22022240 22022241 (Fax)	
Smt. Sunita Langstieh,	Sr. Asstt. Director	022-22022240 22022241 (Fax)	
Competition Commission of India H.T.House, 18-20, K.G. Marg, New Delhi-110001			
Shri Ashok Chawla	Chairman	23704647 23704649/ 23704605(Fax)	-
Shri H.C. Gupta	Hon'ble Member	23704630 23704631(Fax)	-
Shri R. Prasad	Hon'ble Member	23704633 23704632(Fax)	-
Dr. Geeta Gouri	Hon'ble Member	23704634 23704635(Fax)	-
Shri S.N. Dhingra	Hon'ble Member	23704638 23704639(Fax)	-
Shri Anurag Goel	Hon'ble Member	23704641 23704642(Fax)	-
Shri M.L. Tayal	Hon'ble Member	23704643 23704644 (Fax)	-
Shri S.L. Bunker	Secretary	23704651 23704652(Fax)	-
Competition Appellate Tribunal Kota House Annexe,1, Shahjahan Road, New Delhi-110011			
Hon'ble Dr. Justice Arjit Pasayat	Hon'ble Chairman	23385974 23701060 24105684(Fax)	24105683
Shri Rahul Sarin	Hon'ble Member	23385301 23701061 23388928(Fax)	26844173

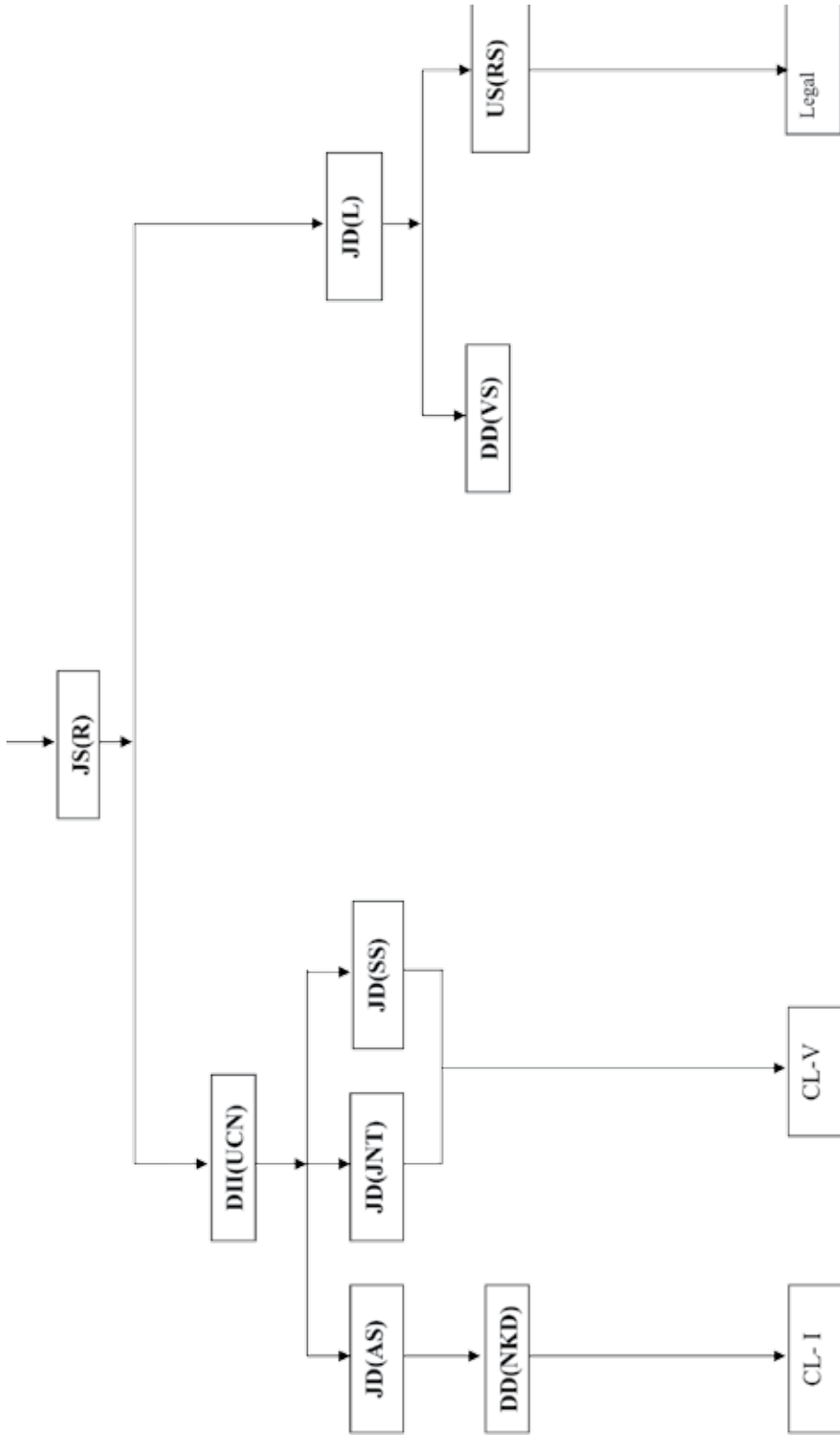
Name	Designation	Office phone/fax	Residential phone
Smt. Pravin Tripathi	Hon'ble Member	23385311 23701063 23386471 (Fax)	29531510
Shri Ashok Menon	Registrar	23385977 23701065	23073704
Company Law Board (Principal Bench) Paryavaran Bhawan, B-Block,CGO Complex, Lodhi Road, New Delhi			
Hon'ble Shri Justice Dilip Raosaheb Deshmukh	Hon'ble Chairman	24363667	-
Smt. Vimla Yadav	Hon'ble Member	24366124	23384121
Mrs. Vidya Shastri	PA	24363667	-
Shri P.K.Malhotra	Secretary (CLB)	-	-
Shri G.V. Subbaiah	Under Secretary	24363667	-
Company Law Board (Chennai Bench) 2nd Floor, NTC House, 15, N.M.Marg, Ballard Estate, Mumbai-400038			
Shri Kanthi Narhari	Member, CLB	22619636	-
Smt. S.A.Patil	Sr. PS	22619636	-
Company Law Board (Southern Region Bench) Shastri Bhawan, Block-8, Haddows Road, Chennai-600006			
Ms. Lizama Augustine	Member	25262791	-
Mrs. Mukuntan	PS	-	-
Company Law Board (Eastern Region Bench) 9, Old Post Office Street, 6th Floor, Kolkata-700001			
Shri B.S.V.Prakash Kumar	Member	22486330	-
Shri Tapas Kumar Mandal	PS	-	-
Limited Liability Partnership 3rd Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi-110003			
Shri Santosh Kumar	LLP Registrar	24362189	-
Shri B. Srikumar	Asstt. Registrar	-	-
Principal Accounts Officer, 3rd Floor, Lok Nayak Bhawan, Khan Market, New Delhi			
Shri Vilas R. Ghodeswar	Chief Controller of Accounts	24698646 24693229(Fax)	24652479
Shri B.M. Punni	Principal Accounts Officer	24610148	42156411

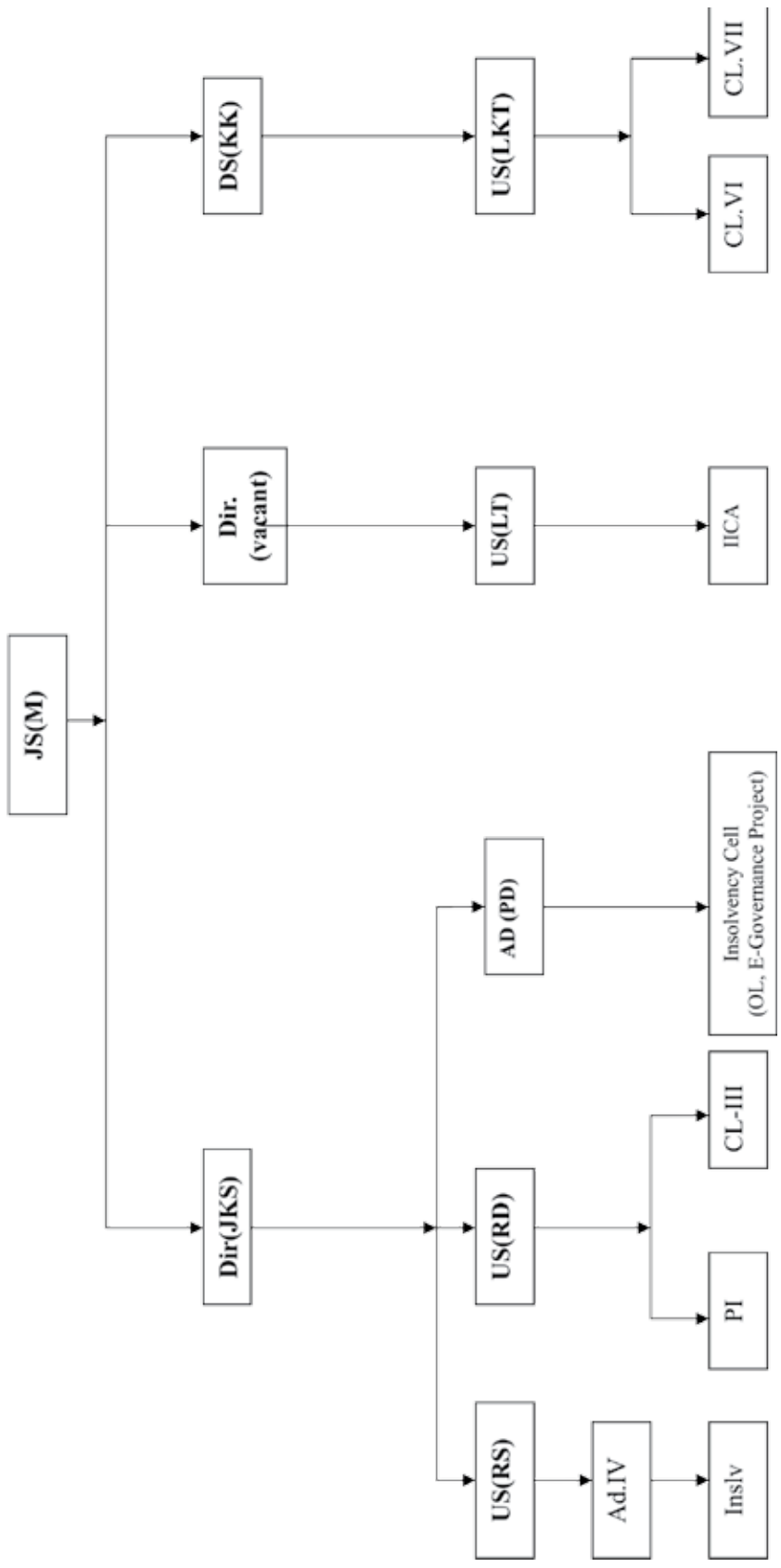
Name	Designation	Office phone/fax	Residential phone
Office of Pay & Accounts Officer Paryavaran Bhawan, B-Block,CGO Complex, Lodhi Road, New Delhi			
Shri Sant Ram Yadav	Pay & Accounts Officer	24360660, 24361569(Fax)	9810244741(M)
Office of Pay & Accounts Officer, Kolkata 4th Floor, 15, R.N.Mukherjee Road, Kolkata-700001			
Shri U.S.Chakraborty	Pay & Accounts Officer	033-2425076 (Tele- fax)	9051867951 (M)
Shri Bikas Das	Asstt. Accounts Officer	033-22425076	9433030489 (M)
Office of Pay & Accounts Officer, Mumbai Exchange Building, Southern Wing, S.S. RamgulamMarg, Ballard Estate, Mumbai-400001			
Smt. Sheela Krishnan	Pay & Accounts Officer	022-22670862 022-22656362	022-24102567
Office of Pay & Accounts Officer, Chennai 5th Floor, Shastri Bhawan,26,Haddows Road, Chennai-600006			
Shri C. Sanjeevi Ramnan	Pay & Accounts Officer	044-28270399 28235949 (Fax)	044-22474138
Institute of Company Secretaries of India ICSI House, 22, Institutional Area, Lodhi Road, New Delhi-110003			
Shri N.K. Jain	Secretary	24368031, 24617321	95120-4263965
Institute of Chartered Accountants of India Indraprastha Estate, New Delhi-110002			
Shri T. Karthikeyan	Secretary	23310195, 23721334	
Institute of Cost and Works Accountants of India Institutional Area, Lodhi Road Complex, New Delhi			
Shri A.P. Kar	Director	24622156, 24631538	
Sh. S.C. Gupta	Deputy Director	24631532, 24697148 24522158(Fax)	24641602
Indian Institute of Corporate Affairs B-1, Wing, 2nd Floor, Paryavaran Bhawan, CGO, Complex, New Delhi.			
Shri Bhaskar Chatterjee	Director-General and Chief Executive Officer	24369794, 24362282 24362263 (Fax)	
Shri Rakesh Chandra	Director	0124-2290400 0124-2291036	
Mr. Gautam Kumar	Chief Information Officer	0124-2290400 0124-2291036	9868813888

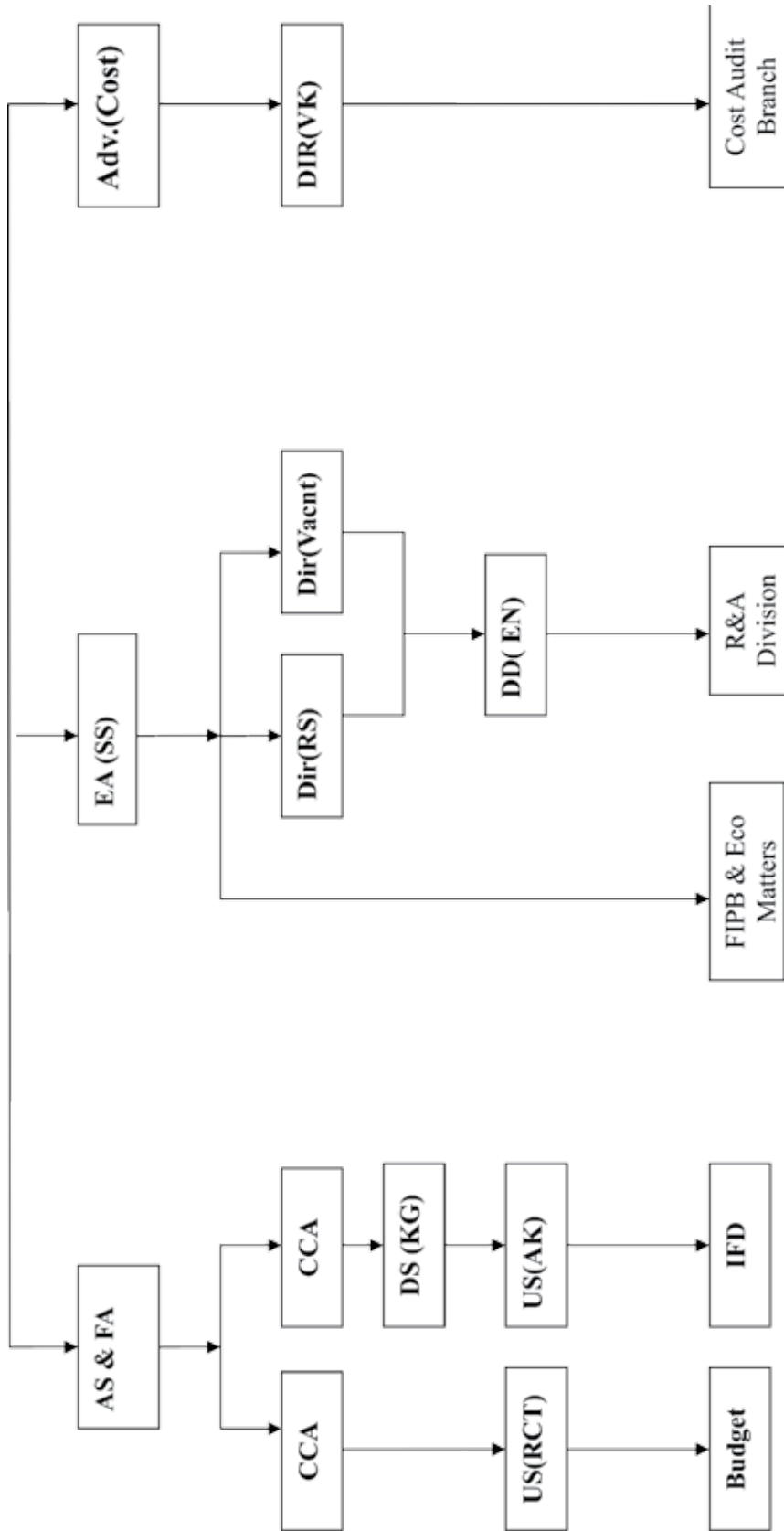
Organisational Chart of the Ministry of Corporate Affairs











Major Functionaries of the Ministry of Corporate Affairs

Dr. M. Veerappa Moily Minister Sh. R.P.N. Singh Minister of State Sh. Naved Masood Secretary Sh. Sudhir Mital Addl. Secretary					
Addl. Secretary Sudhir Mital	JS(A) A.K. Srivastava	JS(R) Renuka Kumar	JS(M) Manoj Kumar	EA (SS) Sibani Swain	Advisor(Cost) B.B. Goyal
Dir(DR) Dhanraj	Dir(AB) Anil Bhardwaj	Dir(UCN) U.C. Nahta	Dir(JKS) Jai Kant Singh	Dir(RS) Radhey Shyam	Dir(VK) V.K. Aggarwal
Dir(AB) Anil Bhardwaj	Dir(AK) Alok Kumar	D(AS) A. Samanta Rai	Director Vacant	Director Vacant	AD(BS) Bharti Sahai
JD(LR) L.R. Meena	DS(BKM) B.K. Malhotra	JD(L) BKL Srivastava	DS(KK) K.K.Nath	DD(EN) E. Nagachandran	AD(RP) Rakesh Pandey
JD(RKM) R.K. Meena	DS(KG) K.Gurumurthy	JD(JNT) JN Tikku	US(RS) Rajinder Singh	AD(HS) Harbans Singh	AD(NG) Nipun Gupta
US(BK) J.B.Kaushish	JD(SS) Sanjay Shorey	JD(SS) Sanjay Shorey	US(RD) Rita Dogra		
US(BPB) B.P Bimal	JD(PS) Pankaj Srivastava	DD(NKD) N. K. Dua	US(LKT) L.K. Trivedi		
DD(MSP) M. S. Pachourri	DD(VS) Vinod Sharma	DD(VS) Vinod Sharma	US(LT) Lakhn Thakkar		
AD(RKB) RK Bakshi	DD(SS) Sanjay Sood	AD(SR) Seema Rath	AD(Insolv.) P.K. Duggal		
AD(PS) Parminder Singh	DD(SS) Shyam Sunder	AD(MG) Monika Gupta	AD(AT) Anshu Tandon		
AD(AT) Alok Tandon	US(USG) J.S.Gupta	AD(KS) Kamna Sharma			
AD(IH) I.H.Ansari	US(RCT) R.C. Tully	AD(SW) Surinder Wadhwa			
	US(BPB) B.P. Bimal				
	US(GPS) G.P.Sarkar				
	US(RKP) R.K. Pandey				
	US(AK) Anil Kumar				
	US(AP) Anil Parasher				
	AD(OL) Rita Sood				
		Chief Vigilance Officer : A. K. Srivastava, JS			
		Web Master : Anil Bhardwaj, Dir.			
		Welfare Officer : L.K. Trivedi			
					Budget Section
					: Vineta Barwa
					: R.C. Tully
					: S.L. Meghwal
Integrated Finance & Accounts Wing AS&FA : Dr. Rajan Katoch CCA : Vineta Barwa DS (IFD) : K. Gurumurthy US (IFD) : Anil Kumar SO (IFD) : Kanti Prasad					

ANNEXURE - IV

Names and Addresses of Regional Directors, Registrars of Companies, Official Liquidators and Registrar of Companies–cum–Official Liquidators

REGIONAL DIRECTORS

Name & E-mail Address	Telephone	Fax
Regional Director (Eastern Region + North Eastern Region) Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, Acharya J.C. Bose Road, Kolkata-700020		
Dr. Navrang Saini rd.east@mca.gov.in	033-2287-0383(D)	033-2287-0958
Regional Director (Northern Region) A-14, Sector-I, PDIL Bhawan, Noida, UP		
Sh. B.K.Bansal rd.north@mca.gov.in	0120-2445342 (D)	0120-2445341 0120-2425924
Regional Director (Southern Region) Shastri Bhawan, Block-I, 5th Floor, 'A' Wing, 26, Haddows Road, Chennai-600006		
Sh. K. Pandian rd.south@mca.gov.in	044-28271737 (D) 044-28276682	044-28280436
Regional Director (Western Region) 100, Everest Building, Ground Floor, Netaji Subhash Marg, Marine Drive, Mumbai-400002		
Sh. S.M. Ameerul Millath rd.west@mca.gov.in	022-22872347 (D) 022-22817259	022-22812389
Regional Director (North Western Region) ROC Bhavan, Opp. Rupal Park, Near Ankur Bus Stand, Naranpura, Ahmedabad-380013		
Shri K.L. Kamboj rd.northwest@mca.gov.in	079-27498725 (D) 079-27498726-27	079-27438371
Regional Director, South-East Region, 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500095		
Sh. E. Selvaraj rd.ser@mca.gov.in	040-24657937(D) 040-24740070	040-24652807

REGISTRARS OF COMPANIES

Name & E-mail Address	Telephone	Fax
Registrar of Companies, Shillong, Morello Building, Ground Floor, Kachari Road, Shillong-793001		
Sh. Gulab Chand Yadav roc.shillong@mca.gov.in	0364-2223665 (Dir)	0364-2211091
Registrar of Companies, Coimbatore Stock Exchange Building, 2nd Floor, 683, Trichy Road, Singanallur, Coimbatore-641005		
Dr. M. Manuneethi Cholan roc.coimbatore@mca.gov.in	0422-2318170 0422-2319640	0422-2318089
Registrar of Companies, Kolkata “Nizam Place”, 2nd MSO Building, 2nd Floor, 234/4, Acharya J.C. Bose Road, Kolkata-700020		
Sh. Debashis Bandopadhyay roc.kolkata@mca.gov.in	033-2280-0409	033-2290-3795
Registrar of Companies, Delhi and Haryana IFCI Towar, 4th Floor, Nehru Place, New Delhi-110019		
Sh. Man Mohan Juneja roc.delhi@mca.gov.in	011-26235704	011-26235702
Registrar of Companies, Bengaluru Kendriya Sadan, E-Wing, 2nd Floor, Koramangala, Bangalore-560034		
Sh. B.N. Harish roc.bengaluru@mca.gov.in	080-25633105 (Dir) 080-25597449	080-25538531
Registrar of Companies, Hyderabad 3-5-398, Kendriya Sadan, 2nd Floor, Sultan Bazar, Koli, Hyderabad-500095		
Sh. M.V. Chakranarayana roc.hyderabad@mca.gov.in	040-24657937 (D) 040-24656114	040-24652807
Registrar of Companies, Ernakulam 1st Floor, Company law Bhawan, BMC Road, Thrikkakara P O, Kochi-692021		
Sh. K.G. Joseph Jackson roc.ernakulam@mca.gov.in	0484-2423749 (D) 0484-2421489 0484-2421626 0484-2421310	0484-2422327

Name & E-mail Address	Telephone	Fax
Registrar of Companies, Puducherry No.35, Elango Nagar, 1st Floor, III Cross, Puducherry-605011		
Sh. V. Swamidason roc.puducherry@mca.gov.in	0413-2244277 (D) 0413-2240129	0413-2244274
Registrar of Companies, Mumbai 100, Everest, Marine Drive, Mumbai-400002		
Sh. M.R. Bhat roc.mumbai@mca.gov.in	022-22812639	022-22811977
Registrar of Companies, Ahmedabad ROC Bhawan, OPP. Rupal Park, Near Ankur Bus Stand Naranpura, Ahmedabad-380013		
Sh. R.K.Dalmia roc.ahmedabad@mca.gov.in	079-27437597 (D) 079-27473867 079-27438531	079-27438371
Registrar of Companies, Pune PMT Commercial Building, 3rd Floor, Deccan Gymkhana, Pune-411004		
Sh. V.P.Katkar roc.pune@mca.gov.in	020-25530042(D)	020-25530042
Registrar of Companies, Chennai Shastri Bhavan, 2nd floor, 26, Haddows Road, Chennai-600006		
Sh. V.C. Davey roc.chennai@mca.gov.in	044-28277182 (D) 044-28276381 (D)	044-28234298
Registrar of Companies, Gwalior Post Box No.2, A-Block, 3rd Floor, Sanjay Complex, Jayendra Ganj, Gwalior-474009		
Sh. S.K.Agarwal roc.gwalior@mca.gov.in	0751-2321907(D)	0751-2631853
Registrar of Companies, Chandigarh Corporate Bhawan, Plot No.4, 2nd Floor, Sector-27B, Madhya Marg, Chandigarh-160019		
Dr. Raj Singh roc.chandigarh@mca.gov.in	0172-2639415 0172-2637301	0172-2639416
Registrar of Companies, Kanpur (10/499-B, Allen Ganj, Khalasi Lines, Kanpur-208002		
Sh. S.P. Kumar roc.kanpur@mca.gov.in	0512-2550688 0512-2540423	

OFFICIAL LIQUIDATORS		
Name & E-mail Address	Telephone	Fax
Official Liquidator (attached to High Court of Kolkata) 9, Old Post Office Street, 5th Floor, Kolkata-700001		
Sh. K. Ananda Rao ol-kolkata-mca@nic.in	033-22486501 22486067 22435073 22420708 9874264647 (M)	033-22482483
Official Liquidator (attached to High Court of Guwahati) Registrar of Companies, N.E. Region Morello Building, Ground Floor, Shillong-793001		
Sh. D.N.Chowdhury ol-shillong-mca@nic.in	0364-2223665(D)	0364-2211091
Official Liquidator (attached to High Court of Andhra Pradesh) 5-4-400, 2nd Floor, East Wing, Gagan Vihar, Nampally, Hyderabad-500095		
Sh. D. Vijay Bhaskar ol-hyderabad-mca@nic.in	040-24736883(D) 040-24656780 040-24746363	040-24610514
Official Liquidator (attached to High Court of Madras) “Corporate Bhawan”, 2nd Floor, No.29, Rajaji Salai, Chennai-600001		
Sh. Arvind Shkula ol-chennai-mca@nic.in	044-25271150 (D) 044-25271151 044-25271148	044-255271152
Official Liquidator (attached to High Court of Karnataka) Kendriya Sadan, D&F Wing, 4th Floor, Koramangala, Bangalore-5600034		
Sh. S. Ramakantha ol-bangalore-mca@nic.in	080-25598671 080-25598672 080-25598673	080-25598674
Official Liquidator (attached to High Court of Mumbai) Bank of India Bldg., 5th Floor, M.G. Road, Mumbai-400023		
Sh. P.Rama Rao ol-mumbai-mca@nic.in	022-22671851 (Dir)	022-22692307
Official Liquidator (attached to High Court of Gujarat) Jivabhai Chamber, Ashram Road, Behind Post Office, Ashram Road, Navrangpura, Ahmedabad-380009		
Sh. A.K.Chaturvedi ol-ahmedabad-mca@nic.in	079-26581903(D) 079-26581912	079-26587837

Name & E-mail Address	Telephone	Fax
Official Liquidator (attached to High Court of M.P & Chhattisgarh) 1st Floor, Old CIA Bldg., Opp. GPO, Residency Area, Indore-452001		
Sh. P. K. Batta ol-indore-mca@nic.in	0731-2710051(D)	0731-2710568
Official Liquidator (attached to High Court of Mumbai at Nagpur) 2nd Floor, East Wing, New Secretariat Building, Civil Lines, Nagpur-440001		
Sh. R.K.Tiwari ol-nagpur-mca@nic.in	0712-2527512	0712-2522934
Official Liquidator (attached to High Court of Delhi) A2, W-2, Curzon Road Barracks, K.G. Marg, New Delhi-110001		
Sh..B.Gautam officialliquidatordelhi@yahoo.com	011-23389996 011-23073392	011-23388405
Official Liquidator (attached to High Court of Punjab, Haryana & H.P.) SCO No.9, 2nd Floor, Sector-26, Chandigarh-160019		
Sh. D.P.Ojha officialliquidatorchd@gmail.com	0172-2659874 0172-2659876	0172-2659875
Official Liquidator (attached to High Court of UP & Uttarakhand) 33, Tashkant Marg, Civil Lines, Allahabad-211001		
Sh. H.R.Patole olup.alld@yahoo.com.in	0532-2560312 0532-2560314	0532-2560162
Official Liquidator (attached to High Court of Kerala) Company Law Bhawan, 3rd Floor, B.M.C. Road, Thrikkakara, P.O. Kochi-682021		
Sh. N. Krishnamurthy ol-cochin-mca@nic.in	0484-2422889	0484-2423172

REGISTRAR OF COMPANIES–CUM–OFFICIAL LIQUIDATORS		
Name & E-mail Address	Telephone	Fax
Registrar of Companies–Cum–Official Liquidator, Jammu & Kashmir		
Jammu : Hall No. 405 to 408, Bahu Plaza, 4th Floor, South Block, Rail Head Complex, Jammu-180012		
Srinagar : SDA Office Complex, Ground Floor, Bemina Bye-Pass, Srinagar -190018		
Sh. M. K. Bagri manoj.bagri@mca.gov.in Ol-jammu-mca@nic.in	Jammu Office : 0191-2470306 (Dir) 0191-2472504	0191-2470306
	Srinagar Office : 0194-2494995	0194-2494995
Registrar of Companies–Cum–Official Liquidator, Patna		
Mauryalok Complex, 4th Floor, A-Block, Dak Bungalow Road, Patna-800001		
Sh. S.K. Baberji ol-patna-mca@nic.in Roc.Patna@mca.gov.in	0612-2222172 0612-2233990	0612-2222172 0612-2233990
Registrar of Companies–Cum–Official Liquidator, Goa		
Corporate Bhawan, EDC Complex, Plot No.21, Patto, Panaji, Goa-403001		
S.K. Gupta roc.goa@mca.gov.in sanjayl.gupta@mca.gov.in	0832-2438617 0832-2438618	0832-2438617
Registrar of Companies–Cum–Official Liquidator, Bilaspur		
Post Box No.2, A-Block, Sanjay Complex, 3rd Floor, Jayendra Ganj, Gwalior-474009		
Sh. S.K. Agarwal Sk.agarwal@mca.gov.in	0751-2321907(Dir) 0751-2430012	0751-2631853
Registrar of Companies–Cum–Official Liquidator, Shimla		
SCO No.9, 2nd Floor, Sector-26, Chandigarh-160019		
Sh. D.P. Ojha roc.himachal@mca.gov.in	0172-2639415 0172-2637301	
Registrar of Companies–Cum–Official Liquidator, Nainital		
10/499-B, Allenganj, Khalasi Lines, Kanpur-208002		
Sh. M.P. Saha roc.kanpur@mca.gov.in	0512-2550688 0512-2540383	0512-2540423

Name & E-mail Address	Telephone	Fax
Registrar of Companies–Cum–Official Liquidator, Cuttack Corporate Bhawan, 2nd & 3rd Floor, Sector – 1, CDA, Cuttack-753014		
Sh. Bibekananda Mohanty roc.cuttack@mca.gov.in ol-cuttack-mca@nic.in	0671-2365361 0671-2364959	
Registrar of Companies–Cum–Official Liquidator, Ranchi H.No.239, Road No-4, Magistrate Colony, Doranda, Ranchi, Jharkhand-834002		
Sh. Benudhar Mishra ol-ranchi-mca@nic.in	0651-2482811	
Registrar of Companies–Cum–Official Liquidator, Jaipur G/6-7, Corporate Bhawan, Residency Area, Civil Area, Jaipur - 302001		
Shri S.P. Kumar roc.jaipur@mca.gov.in	0141-2222464 (D) 0141-2222466 0141-2222422	

ANNEXURE - V

Audit Observations and Action Taken Report

Year	Para No.	Audit Paras	Action Taken Report
2006-07	5 & 6	Twenty sixth Report on Action Taken by the Government on the Observations/ Recommendations of the Public Accounts Committee contained in their 80th Report (14th Lok Sabha) on Excess over Voted Grants and Charged Appropriation (2006-2007)	Final reply sent to the Lok Sabha Sectt. (vide O.M. No. 10/02/08-IFD dated 17.06.2011).
2007-08	-	No audit para	
2008-09	-	No audit para	
2009-10	-	No audit para	

N.B:- No audit para is pending in the Ministry as on date.



MINISTRY OF CORPORATE AFFAIRS

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