



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

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**CS UPDATE**

**December 31, 2010**

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# PCS UPDATE

**COMPANY SECRETARIES IN PRACTICE****RELAXATION OF TIME TO COMPLETE REQUIRED PROGRAMME CREDIT HOURS FOR THE BLOCK OF THREE YEARS ENDING 31.12.2010**

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

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

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

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

# MCA UPDATE

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**ADDITIONAL FEES REVISED w.e.f 5<sup>TH</sup> DECEMBER, 2010.**

**Dear Corporates,**

It has been decided to revise the additional fees payable as per Section 611(2) of the Companies Act, 1956 (except for Form 5) as per below details with effect from 5th December 2010 :-

<b>Period of Delay</b>	<b>Fixed rate of additional fee</b>
Upto 30 days	Two times of normal filing fee
More than 30 days and upto 60 days	Four times of normal filing fee
More than 60 days and upto 90 days	Six times of normal filing fee
More than 90 days	Nine times of normal filing fee

In order to avoid payment of additional fees, please file within stipulated time.

**Source: [www.mca.gov.in](http://www.mca.gov.in)**

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**HOME**

## **Circular on Easy Exit Scheme, 2011**

**F. No. 2/7/2010-CL V**  
**Government of India**  
**Ministry of Corporate Affairs**

5<sup>th</sup> Floor, 'A' Wing, Shastri Bhavan,  
Dr. R.P. Road, New Delhi

Dated the 3<sup>rd</sup> December, 2010

To  
All Regional Director,  
All Registrar of Companies.

**Subject: Easy Exit Scheme, 2011**

Sir,

It has been observed that certain companies have been registered under the Companies Act, 1956, but due to various reasons some of them are inoperative since incorporation or commenced business but became inoperative later on and are not filing their due documents timely with the Registrar of Companies. These companies may be defunct and are desirous of getting their names strike off from the Register of Companies.

2. In order to give an opportunity to the defunct companies, for getting their names strike off from the Register of Companies, the Ministry had launched a Scheme namely, "Easy Exit Scheme, 2010" under Section 560 of the Companies Act, 1956 during May-Aug, 2010. A large number of companies availed this scheme. However, on huge demands from corporate sector, the Ministry has decided to re-launch the Scheme as, "Easy Exit Scheme, 2011" under Section 560 of the Companies Act, 1956. The details of the Scheme are as under: -

(i) The Scheme shall come into force on the 1<sup>st</sup> January, 2011 and shall remain in force up to 31<sup>st</sup> January, 2011.

(ii) **Definitions** - In this Scheme, unless the context otherwise requires, -

- (a) "company" means a company registered under the Companies Act, 1956;
- (b) "Collective Investment Management Company" means the company as defined in clause (h) of sub-regulation of 2 of Securities and Exchange Board of India (Collective Investment Companies) Regulations, 1999;

- (c) "defunct company" means a company registered under the Companies Act, 1956 which is not carrying over any business activity or operation on or after the 1<sup>st</sup> April, 2008 and includes a company which has not raised its paid up capital as provided in sub sections (3) and (4) of section 3 of the Companies Act, 1956;
- (d) "Non-Banking Financial Company" means a company as defined under clause (f) of section 45-I of the Reserve Bank of India Act, 1934;
- (e) **"Scheme" means the "Easy Exit Scheme, 2011" (EES, 2011), being specified through this Circular;**
- (f) "vanishing company" means a company, registered under the Companies Act, 1956 and listed with Stock Exchange which, has failed to file its returns with Registrar of Companies and Stock Exchange for a consecutive period of two years, and is not maintaining its registered office at the address notified with the Registrar of Companies or Stock Exchange and none of its Directors are traceable.

(iii) **Applicability: -**

- (a) Any "defunct company" which has active status on Ministry of Corporate Affairs portal may apply under EES, 2011 in accordance with the provisions of this Scheme for getting its name strike off from the Register of Companies;
- (b) Any defunct company which is a Government Company shall submit 'No Objection Certificate' issued by the concerned Administrative Ministry or Department or State Government along with the application under this Scheme;
- (c) The purpose of the Scheme is to allow eligible companies to avail of this opportunity to exit from the Register of Companies after fulfilling the requirements laid down herewith and the decision of the Registrar of Companies in respect of striking off the name of company shall be final.

(iv) **Scheme not applicable to certain companies: -** The Scheme does not cover the following companies namely: -

- (a) listed companies;
- (b) companies that have been de-listed,
- (c) companies registered under section 25 of the Companies Act, 1956;
- (d) vanishing companies;

- (e) companies where inspection or investigation is ordered and being carried out or yet to be taken up or where completed prosecutions arising out of such inspection or investigation are pending in the court;
- (f) companies where order under section 234 of the Companies Act, 1956 has been issued by the Registrar and reply thereto is pending or where prosecution if any, is pending in the court;
- (g) companies against which prosecution for a non-compoundable offence is pending in court;
- (h) companies accepted public deposits which are either outstanding or the company is in default in repayment of the same;
- (i) company having secured loan ;
- (j) company having management dispute;
- (k) company in respect of which filing of documents have been stayed by court or Company Law Board (CLB) or Central Government or any other competent authority;
- (l) company having dues towards income tax or sales tax or central excise or banks and financial institutions or any other Central Government or State Government Departments or authorities or any local authorities.

**(v) Procedure for making an application:-**

- (a) Any defunct company desirous of getting its name strike off the Register under Section 560 of the Companies Act, 1956 shall make an application in the Form EES, 2011, annexed;
- (b) The Form EES, 2011, should be filed electronically on the Ministry of Corporate Affairs portal namely [www.mca.gov.in](http://www.mca.gov.in) accompanied by filing fee of Rs. 3,000/-;
- (c) In case, the application in Form EES, 2011, is not being digitally signed by any of the director or Manager or Secretary, a physical copy of the Form duly filled in, shall be signed manually by a director authorised by the Board of Directors of the company and shall be attached with the application Form at the time of its filing electronically;
- (d) In all cases, the Form EES, 2011, shall be certified by a Chartered Accountant in whole time practice or Company Secretary in whole time practice or Cost Accountant in whole time practice;
- (e) The company shall disclose pending litigations if any, involving the company while applying under this Scheme;

(f) The Form shall be accompanied by an affidavit annexed at Annexure- A of Form EES, 2011, which should be sworn by each of the existing director(s) of the company before a First Class Judicial Magistrate or Executive Magistrate or Oath Commissioner or Notary, to the effect that the company has not carried on any business since incorporation or that the company did some business for a period up to a date (which should be specified) and then discontinued its operations and has not carried on any business after the 1<sup>st</sup> April, 2008, as the case may be;

(g) The Form EES, 2011 shall further be accompanied by an Indemnity Bond, duly notarized, as annexed at Annexure B of Form EES, 2011, to be given by every director individually or collectively, to the effect that any losses, claim and liabilities on the company, will be met in full by every director individually or collectively, even after the name of the company is struck off the register of Companies;

(h) The Company shall also file a Statement of Account annexed at Annexure C, prepared as on date not prior to more than one month preceding the date of filing of application in Form EES, 2011, duly certified by a statutory auditor or Chartered Accountant in whole time practice, as the case may be.

(i) In the case of 100% Government companies, if no Board is in existence, an officer not below the rank of Deputy Secretary of the concerned administrative Ministry may be authorized to enter his name and other details in Form EES, 2011 and in Annexure A, B and C in place of name and other details of the directors and also to sign the said documents before filing.

**(vi) Simplified procedure for Registrar of Companies for removal of name of defunct companies:-**

(a) The Registrar of Companies, on receipt of the application, shall examine the same and if found in order, shall give a notice to the company under section 560(3) of the Companies Act, 1956 by e-mail on its e-mail address intimated in the Form, giving thirty days time, stating that unless cause is shown to the contrary, its name be struck off from the Register and the company will be dissolved;

(b) The Registrar of companies shall put the name of applicant(s) and date of making the application(s) under EES, 2011, on daily basis, on the MCA portal [www.mca.gov.in](http://www.mca.gov.in), giving thirty days time for raising objection, if any, by the stakeholders to the concerned Registrar;

(c) In case of company(s) like Non-Banking Financial Company(s), Collective Investment Management Company(s) which are regulated by other Regulator(s) namely RBI, SEBI, the Registrar of Companies, at the end of every week, after the Scheme commences, shall send intimation of such companies availing EES, 2011, during that period to the concerned Regulator(s) and also an intimation in respect of all companies availing EES, 2011, during that period to the office of the Income Tax Department giving thirty days time for their objection, if any;

(d) The Registrar of Companies immediately after passing of time given in sub-paras (a) to (c) of this Para and on being satisfied that the case is otherwise in order, shall strike its name off the Register and shall send notice under sub-section (5) of section 560 of the Companies Act, 1956 for publication in the Official Gazette and the applicant company under this Scheme shall stand dissolved from the date of publication of the notice in the Official Gazette.

Yours faithfully,

(Monika Gupta)  
Assistant Director

**NOTE:** To view Form EES, 2011 and the proforma of various attachments required to be send along with it, kindly visit the website of Ministry of Corporate Affairs i.e. [www.mca.gov.in](http://www.mca.gov.in)

# SEBI UPDATE

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December 31, 2010

**Circular on Establishment of Connectivity with both depositories NSDL and CDSL –Companies eligible for shifting from Trade for Trade Settlement (TFTS) to normal Rolling Settlement**

CIR/MRD/DP/ 38 /2010

December 28, 2010

To,  
All Stock Exchanges

Dear Sir / Madam,

**Sub: Establishment of Connectivity with both depositories NSDL and CDSL –Companies eligible for shifting from Trade for Trade Settlement (TFTS) to normal Rolling Settlement**

1. It is observed from the information provided by the depositories that the companies listed in Annexure 'A' have established connectivity with both the depositories during the month of September and October 2010.
2. The stock exchanges may consider shifting the trading in these securities to normal Rolling Settlement subject to the following:
  - a) At least 50% of other than promoter holdings as per clause 35 of Listing Agreement are in dematerialized mode before shifting the trading in the securities of the company from TFTS to normal Rolling Settlement. For this purpose, the listed companies shall obtain a certificate from its Registrar and Transfer Agent (RTA) and submit the same to the stock exchange/s. However, if an issuer-company does not have a separate RTA, it may obtain a certificate in this regard from a practicing company Secretary/Chartered Accountant and submit the same to the stock exchange/s.
  - b) There are no other grounds/reasons for continuation of the trading in TFTS.
3. The Stock Exchanges are advised to report to SEBI, the action taken in this regard in the Monthly/Quarterly Development Report.

Yours faithfully,

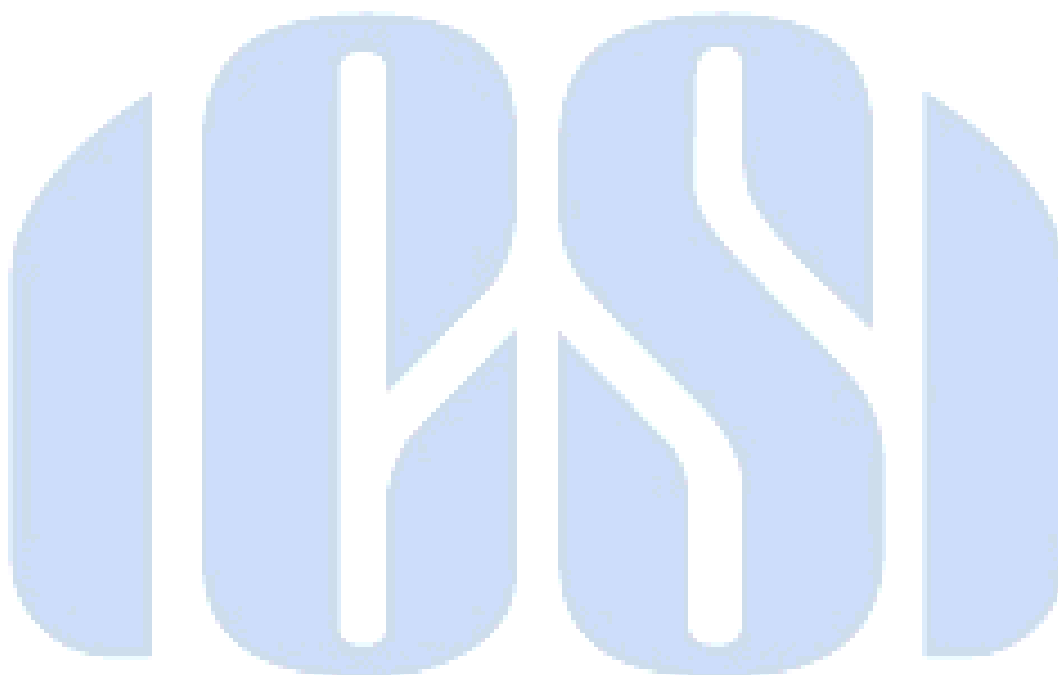
**Harini Balaji**  
**Deputy General Manager**  
**022-26449372**  
email: [harinib@sebi.gov.in](mailto:harinib@sebi.gov.in)

**Annexure A**

<b>Sr. No.</b>	<b>Name of the Company</b>	<b>ISIN No.</b>
1	Santowin Polyesters Limited	INE386L01012
2	Stanrose Mafatlal Investments & Fin Ltd.	INE441L01015
3	Mahamaya Steel Industries Limited	INE451L01014
4	Adhunik Industries Limited	INE452L01012
5	Tulive Developers Limited	INE637D01015

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6	Synthiko Foils Limited	INE363L01011
7	Kirti Investments Limited	INE507L01013
8	Southern Fuel Limited	INE261K01019
9	Krishna Ventures Limited	INE537L01010
10	Venmax Drugs And Pharmaceuticals Limited	INE154G01022
11	Remidicherla Infra & Power Limited	INE331L01018
12	Ceeta Industries Limited	INE760J01012
13	Banas Finance Limited	INE521L01014
14	Parth Alluminium Limited	INE501L01016



# RBI UPDATE

December 31, 2010

**Section 24 of the Banking Regulation Act, 1949 - Maintenance of Statutory Liquidity Ratio (SLR)**

RBI/ 2010-11/332

RPCD.CO.RRB. BC. No. 43 / 03.05.28(B)/ 2010-11

December 27, 2010

All Regional Rural Banks

Dear Sir,

**Section 24 of the Banking Regulation Act, 1949 - Maintenance of Statutory Liquidity Ratio (SLR).**

Please refer to our circular RPCD. CO. RRB. BC. No. 38 / 03.05.28(B)/ 2009-10 (RBI/ 2009-10/ 201) dated October 29, 2009, on the captioned subject.

2. As announced in the Mid-Quarter Review of Monetary Policy released on December 16, 2010, it has been decided to reduce the Statutory Liquidity Ratio (SLR) for Regional Rural Banks from 25 per cent of their Net Demand and Time Liabilities (NDTL) to 24 per cent with effect from December 18, 2010.

3. A copy of the relative notification RPCD. CO. RRB. No. 42 / 03.05.28(B) / 2010-11 dated December 27, 2010 is enclosed

4. Please acknowledge receipt.

Yours faithfully,

**(B.P. Vijayendra)****Chief General Manager**

Encl.: As above

RPCD.CO.RRB. No.42 / 03.05.28(B)/ 2010-11

December 27, 2010

**NOTIFICATION**

In exercise of the powers conferred by sub-section (2A) of Section 24 of the Banking Regulation Act, 1949 (10 of 1949) as amended from time to time and, in partial modification of the Notification RPCD. CO. RRB. No. 37/03.05.28(B)/ 2009-10 dated October 29, 2009, the Reserve Bank of India hereby specifies that with effect from December 18, 2010, every Regional Rural Bank shall maintain in India assets as detailed in notification RPCD. CO. RRB. No. 35/ 03.05.28(B)/ 2009-10 dated October 29, 2009, the value of which shall not at the close of business of any day be less than 24 per cent of the total net demand and time liabilities in India as on the last Friday of the second preceding fortnight.

**(V.K.Sharma)**  
**Executive Director**

**Circular on Issuance of Non-Convertible Debentures (NCDs)**

**RBI/2010-11/333**

**IDMD.PCD.25 /14.03.03/ 2010-11**

**December 27, 2010**

All Market Participants

**Dear Sirs,**

**Issuance of Non-Convertible Debentures (NCDs)**

A reference is invited to the Issuance of Non-Convertible Debentures (Reserve Bank) (Amendment) Directions, 2010 dated December 06, 2010 issued vide circular IDMD.PCD.24/14.03.03/ 2010-11 of same date covering the regulation of NCDs of maturity up to one year.

2. In this regard, it is clarified that where the issuer is:

- a. maintaining banking facilities with multiple banks/FIs, the issuer may, in compliance with section 3 (iii) of the said Directions, obtain a certificate from any one of its banks on the quality of the asset and also give an undertaking that its accounts maintained with the other banks/FIs are classified as Standard Assets by the banks/FIs. Accordingly, the auditor verifying the eligibility conditions set forth in the Directions (in terms of section 8.2 of the Directions) must also ensure that such an undertaking is available on record; and
- b. raising funds through issuance of NCDs in multiple tranches based on a single valid rating for the consolidated amount, each tranche need not be separately certified by the auditor (in compliance with section 8.2 of the NCD Directions). However, where the issuer obtains a separate/fresh rating for an issuance, such issuance must be backed by an auditor's certificate confirming the issuer's compliance with the eligibility criteria for issuance.

**Yours faithfully,**

**(K K Vohra)**

**Chief General Manager**

**Circular on Operation of bank accounts & money mules****RBI / 2010-11/ 334****RPCD.CO.RCB.AML.BC. No.39/07.40.00/ 2010-11****December 27, 2010**

The Chief Executives of  
all State and Central Co-operative Banks

Dear Sir,

**Operation of bank accounts & money mules**

With a view to preventing State and Central Co-operative Banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities Reserve Bank of India has issued guidelines on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT) vide, inter alia, circulars RPCD.AML.BC.No.80/07.40.00/2004-05 dated February 18, 2005 and RPCD.CO.RF.AML.BC.No.51/07.40.00/2007-08 dated February 28, 2008

2. It has been brought to our notice that "Money mules" can be used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties to act as "money mules." In some cases these third parties may be innocent while in others they may be having complicity with the criminals.

3. In a money mule transaction, an individual with a bank account is recruited to receive cheque deposits or wire transfers and then transfer these funds to accounts held on behalf of another person or to other individuals, minus a certain commission payment. Money mules may be recruited by a variety of methods, including spam e-mails, advertisements on genuine recruitment web sites, social networking sites, instant messaging and advertisements in newspapers. When caught, these money mules often have their bank accounts suspended, causing inconvenience and potential financial loss, apart from facing likely legal action for being part of a fraud. Many a times the address and contact details of such mules are found to be fake or not up to date, making it difficult for enforcement agencies to locate the account holder.

4. The operations of such mule accounts can be minimised if banks follow the guidelines contained in various RBI Circulars on Know Your Customer (KYC) norms /Anti-Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002. State and central Co-operative Banks are, therefore, advised to strictly adhere to the guidelines on KYC/AML/CFT issued from time to time and to those relating to periodical updation of customer identification data after the account is opened and also to monitoring of transactions in order to protect themselves and their customers from misuse by such fraudsters.

Yours faithfully,  
(B.P.Vijayendra)  
Chief General Manager

December 31, 2010

**Circular on Asian Clearing Union (ACU) Mechanism – Indo - Iran trade****RBI/2010-11/ 335  
A.P. (DIR Series) Circular No. 31****December 27, 2010**

To

All Authorised Dealer Category - I Banks

Madam / Sir,

**Asian Clearing Union (ACU) Mechanism – Indo - Iran trade**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Regulations 3 and 5 of Notification No.FEMA.14/2000-RB dated May 3, 2000 read with items 7(b) and 7(e) of the Memorandum of Procedure for channelling transactions through Asian Clearing Union (ACU) in terms of which all eligible current account transactions as defined by the Articles of Agreement of the International Monetary Fund and export / import transactions between ACU member countries on deferred payment terms respectively are to be routed through the ACU mechanism.

2. In view of the difficulties being experienced by importers / exporters in payments to /receipts from Iran, the extant provisions have been reviewed and it has been decided that all eligible current account transactions including trade transactions with Iran should be settled in any permitted currency outside the ACU mechanism until further notice.

3. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 are being issued separately.

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

5. The directions contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(Salim Gangadharan)****Chief General Manager-in-Charge**

# INDIRECT TAX UPDATE

**Notification on Conditional exemption from the whole of service tax for packaged or canned software****Notification No. 53/2010 - Service Tax**New Delhi, the 21<sup>st</sup> December, 2010

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service referred to in item (v) of sub-clause (zzzze) of clause (105) of section 65 of the said Finance Act (hereinafter referred to as 'such service'), for packaged or canned software (hereinafter referred to as 'said goods') from the whole of service tax, subject to the condition that-

- (i) the value of the said goods domestically produced or imported, for the purposes of levy of the duty of Central Excise or the additional duty of customs leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), if imported, as the case may be, has been determined under section 4A of the Central Excise Act 1944 (1 of 1944) (hereinafter referred to as 'such value'); and
- (ii) (a) the appropriate duties of excise on such value have been paid by the manufacturer, duplicator or the person holding the copyright to such software, as the case may be, in respect of software manufactured in India; or  
(b) the appropriate duties of customs including the additional duty of customs on such value, have been paid by the importer in respect of software which has been imported into India;
- (iii) a declaration made by the service provider on the invoice relating to such service that no amount in excess of the retail sale price declared on the said goods has been recovered from the customer.

Explanations.- For the purpose of this notification, the expression,-

- (i) "appropriate duties of excise" shall mean the duties of excise leviable under section 3 of the Central Excise Act, 1944 (1 of 1944) and a notification, for the time being in force, issued in accordance with the provision of sub-section (1) of section 5A of the said Central Excise Act; and
- (ii) "appropriate duties of customs" shall mean the duties of customs leviable under section 12 of the Customs Act, 1962 (52 of 1962) and any of the provisions of the Customs Tariff Act, 1975 (51 of 1975) and a notification, for the time being in force, issued in accordance with the provision of sub-section (1) of section 25 of the said Customs Act.

[F. No. 354/189/2010-TRU]

(VIKAS)

Under Secretary to the Government of India