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CS Update August 3, 2011

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CS Update
August 3, 2011

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SIMPLIFIED PROCEDURE FOR RECTIFICATION OF REGISTER OF CHARGES UNDER SECTION 141 OF THE COMPANIES ACT, 1956 (General Circular: 51 dated 25.07.2011)

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RBI UPDATE

MISUSE OF BANKING CHANNELS - ISSUE AND PAYMENT OF DEMAND DRAFTS FOR RS. 50,000/- AND ABOVE (RBI dated 01.08.2011)

SEBI UPDATE

ALLOCATION OF GOVERNMENT DEBT LONG TERM LIMITS TO FIIS (SEBI dated 29.07.2011)

INDICATIVE PORTFOLIO OR YIELD IN CLOSE ENDED DEBT ORIENTED MUTUAL FUND SCHEMES (SEBI dated 01.08.2011)

SMS AND E-MAIL ALERTS TO INVESTORS BY STOCK EXCHANGE (SEBI dated 02.08.2011)

TAX LAW UPDATE

MAKING E-PAYMENT OF CUSTOMS DUTY MANDATORY (CBEC dated 29.07.2011)

***************************

PREVIOUS ISSUES of CS UPDATE ARE AVAILABLE AT THE FOLLOWING LINK:

http://www.icsi.edu/Member/CSUpdate/tabid/1635/Default.aspx

Disclaimer: - Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.
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FROM ICSI
39th National Convention of Company Secretaries

Dates
October 13-14-15, 2011

Venue
Jaypee Palace Hotel & Convention Centre, Agra

THEME
Corporate Dynamism and Innovative Professionalism

Sub Themes
- Dynamic Business Environment, Innovation and Risk Management
- Regulatory Convergence, Technology and Innovative Professionalism
- From Compliance to Creative Solutions – Vision 2020 challenges
- Leveraging Globalisation for Trade in Professional Services
- Harmonisation of Companies Bill, 2009 vis-à-vis other Corporate Laws

Further details of the Convention and delegate registration form available at the link:
http://www.icsi.edu/WebModules/LinksOfWeeks/39NC-Brochure.pdf
August 2, 2011

Company Secretaries to verify Company Information in Winding up Cases

Dear Professional Colleagues,

The Ministry of Corporate Affairs under General Circular no. 54/2011 dated 26th July 2011 had, as a pro-active action in case of winding up petitions provided that in each case of winding up process the Official Liquidator will file an application praying to the Court to direct the management of the company to submit prescribed information duly verified by a chartered accountant.

A representation was made by the Institute to authorise Company Secretary in Practice to verify information prescribed in that circular.

We are pleased to inform that the Ministry of Corporate Affairs vide its General Circular No. 58/2011 dated 01.08.2011 has now modified clause (c) of General Circular no. 54/2011 dated 26.07.2011 providing that in each case the Official Liquidator will file an application praying to the Court to direct the management of the company to submit following information duly verified by a Company Secretary in Practice besides other professionals:

- Current addresses of the Directors, Company Secretary and Statutory Auditor of the company;
- Location and physical details of each immovable asset of the company along with its current valuation;
- Details of all the debtors and creditors with their complete addresses and occupations;
- Details of each movable asset of the company along with value;
- Details of workmen/employees and any amount outstanding to them;
- Details of all movable and immovable assets held in the personal names of director by providing its location, value, dates of acquisition and nature of right, title and interest therein;
- Copies of last three years audited balance sheet of the company;
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Details of location of the registered office of the company.

A copy of the MCA Circular No. 58/2011 dated 01.08.2011 may be downloaded at the link:


Regards,

CS N K Jain
Secretary & CEO
RECOGNITION OF COMPANY SECRETARY QUALIFICATION FOR DIRECT RECRUITMENT TO THE FOLLOWING CLASS I POSTS IN THE GOVERNMENT OF GUJARAT

The Government of Gujarat has recognized the Company Secretary Qualification for direct recruitment to the following posts:


*************
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PCH – 4

Program on

NEW (PROPOSED) TAKEOVER REGULATIONS

| Background | The Takeover Regulations Advisory Committee (TRAC) under the Chairmanship of Mr. C. Achuthan, Former Presiding Officer, Securities Appellate Tribunal had given their recommendations for the new Takeover Regulations. The Board of SEBI at its meeting held on 28th July 2011 considered the Report of the Takeover Regulations Advisory Committee (TRAC) and has accepted most of the recommendations of TRAC. In the light of the same, ICSI-CCGRT is organising this program with a view to provide a platform for experts to provide in-depth analysis and practical insights to the members on the new (proposed) Takeover Regulations. |
| Day, Date and Time | Saturday, August 06, 2011 from 09.30 a.m to 02.30 p.m with lunch and background material |
| Venue | ICSI – CCGRT Conference Hall, Plot No. 101, Sector 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614 |
| Focus of Proposed Coverage | New (proposed) takeover regulations. |

Speakers include

Shri Santosh Kumar Sharma
General Manager
Securities and Exchange Board of India (SEBI) has kindly agreed to inaugurate the program and initiate the discussions.

Ms. Shalashri Bhaskar
Practising Company Secretary & former Deputy General Manager
Securities and Exchange Board of India (SEBI)

Ms. Shashikala Rao
Practising Company Secretary & Former Vice President – Corporate Secretarial
Reliance Industries Ltd.

Fees:

<table>
<thead>
<tr>
<th>Category</th>
<th>Fee</th>
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<tbody>
<tr>
<td>General</td>
<td>Rs. 1200/- per participant</td>
</tr>
<tr>
<td>Members of ICSI, ICAI, ICWAI &amp; Faculty Members (25% Discount)</td>
<td>Rs. 900/- per participant</td>
</tr>
<tr>
<td>Student (50% Discount)</td>
<td>Rs. 600/- per participant</td>
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</tbody>
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*To cover the cost of backgrounder material, program kit, lunch and other organisational expenses.

For Registration: The Fees may be drawn by way of D.D / local cheque payable at Mumbai in favour of “ICI-CCGRT A/C” and sent to The Dean, ICSI-CCGRT, Plot No. 101, Sector - 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614.

Phone: 022–2757 7814/15, 022 – 4102 1604, Fax: 022–2757 4384, email: cccgtr@icsi.edu
**LIST OF PROGRAMMES ON XBRL**

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<tr>
<th>S.No</th>
<th>Date</th>
<th>Topics</th>
<th>Faculty</th>
<th>Organised by</th>
<th>Participating Chapters on live Webcast</th>
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<tbody>
<tr>
<td>1</td>
<td>06.08.2011</td>
<td>XBRL</td>
<td>EIRC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>3-4.08.2011</td>
<td>Two Day Workshop on &quot;XBRL&quot;</td>
<td>BY NIRC, New Delhi</td>
<td>40 participants will be participating</td>
<td></td>
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<tr>
<td>1</td>
<td>05.08.2011</td>
<td>XBRL</td>
<td>VADODARA CHAPTER OF WIRC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>26.08.2011</td>
<td>XBRL Conference</td>
<td>SIRC, Chennai</td>
<td>Subject to confirmation</td>
<td></td>
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<tr>
<td>5</td>
<td>05.08.2011</td>
<td>XBRL</td>
<td>Mumbai</td>
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</table>

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Make sure that everything must find a second use before being recycled or thrown.

Building together a culture of good governance...

CORPORATE GOVERNANCE CONCLAVE

Theme: "Integrating Sustainability into Corporate DNA"
Date: Friday, 12th August, 2011.
Time: 09:30 a.m. - 02:00 p.m.
Venue: Sovereign 1, Le Méridien, Windsor Place, New Delhi.

Chief Guest:
Dr. M. Veerappa Moily
Honble Union Minister of Corporate Affairs

Key Note Address:
Smt. Sheila Dixit
Honble Chief Minister of Delhi

Guest of Honour:
Shri Arun Maira, Member Planning Commission

Special Address:
Shri D. K. Mitra, Secretary, Department of Financial Services, Ministry of Finance.

Dr. J. J. Irani, Former Director, TATA Sons Limited

---

The Institute of Company Secretaries of India (ICSI) is organising the first “ICSI Corporate Governance Week” from 8th to 12th August, 2011, during which programmes on corporate governance, sustainability, ethics & integrity, carbon foot-prints, good corporate citizenship and “Go Green” initiatives will be organised at all ICSI centres across the country.

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THE INSTITUTE OF COMPANY SECRETARIES OF INDIA
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament.

Headquarters: ICSI House, 22, Institutional Area, Lodhi Road, New Delhi -110 003.
Phone: 011-41504444, 45340000 Fax: 011-24628727 Email: info@icsi.edu Website: www.icsi.edu
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RECORDING OF WEBCAST ON XBRL ARRANGED BY ICSI

Details can be accessed at: [http://www.streamonweb.com/ICSI](http://www.streamonweb.com/ICSI)
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CG & CSR : WATCH

The Institute has always been in the frontline to promote good corporate governance and it has been the constant endeavour of the Institute to raise awareness among the members and students in Corporate Governance arena. This watch gives an update of the latest happenings in the area of Corporate Governance and Corporate Social Responsibility.

NEW DEVELOPMENTS

1. Corporate Governance Blueprint 2011, Malaysia, launched on 8 July 2011

The Securities Commission Malaysia’s five-year Corporate Governance Blueprint (Blueprint) provides the action plan to raise the standards of corporate governance in Malaysia by strengthening self and market discipline and promoting greater internalisation of the culture of good governance.

Developed through a highly consultative process with industry, the Blueprint focuses on six connected themes of the corporate governance ecosystem namely shareholder rights, the roles of institutional investors, boards, gatekeepers and influencers, disclosure and transparency as well as public and private enforcement.

The recommendations in the Blueprint will be implemented over a five-year period. Most of the recommendations will be applied through a corporate governance code and changes to the Listing Requirements, both of which are expected to take effect by early 2012.

The Blueprint is divided into various chapters. Chapter two sets out proposals for a new code governing institutional investors. Chapter three recommends that boards adopt a charter setting out, amongst other things, the board’s functions and responsibilities as well as the key values, principles and ethos of the company. The charter should also include information about the company’s governance arrangements, including the committees formed and the division of powers between the board, committees, chairman and CEO. Chapter four sets out five pillars of disclosure and transparency and makes recommendations regarding the content of the Commission’s Corporate Governance Code. Chapter five makes wide-ranging recommendations, including greater clarity regarding the role of company secretaries and widening the obligations regarding mandatory whistle-blowing. Chapter six explains that shareholders are able to bring a statutory derivative action where the company has suffered harm but notes that there has only been one reported case. The chapter recommends further research to explore ways in which private enforcement can be promoted, including whether the Securities Commission should have a greater role.

The Securities Commission welcomes feedback from all interested parties and the public on the Blueprint. All feedback can be emailed to CGblueprint@sc.com.my by 15 September 2011.

The Corporate Governance Blueprint 2011 can be accessed at:

http://www.sc.com.my

2. GOCC Governance Act of 2011 [Republic Act No. 10149] of Republic of the Philippines approved by President on 6th June 2011

The GOCC Governance Act of 2011 has been enacted in Philippines to promote financial viability and fiscal discipline in government-owned or controlled corporations (GOCC) and to strengthen the role of the state in its governance and management to make them more responsive to the needs of public interest and for other purposes.

The Act will have wide-ranging reforms in the GOCC sector which constitute a substantial portion of the government assets and liabilities.

In accordance with the Act, a body named the Governance Council for Government-Owned or Controlled Corporations (GCG) will be created, further the GOCC Governance Commission (GCG) will monitor the performances of the 157 GOCCs in the country.

Among others, the functions of the GCG is to adopt a manual encompassing all issues concerning GOCC operations; take charge of endorsing to the President the individuals qualified to be Appointive Directors; assess GOCC operations regularly; and determine the relevance of a GOCC and make a recommendation to the President whether to abolish, merge, privatize, reorganize, or streamline the corporation in question.

Also among the GCG functions are to recommend a reasonable compensation system for employees and officers of GOCCs; monitor the performance of GOCCs and ensure that operations are consistent with government programs and policies; and recommend approval or disapproval with regard to the creation of a
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GOCC,
GCG shall also recommend Government Corporate Governance Standards applicable to GOCCs, which shall refer to a system whereby shareholders, creditors, and other stakeholders of a corporation ensure that management enhances the value of the corporation as it competes in an increasingly global marketplace.

The Act can be accessed at: http://www.gov.ph/2011/06/06/republic-act-no-10149/

GREEN CORNER
Reduce, Reuse, Recycle
Reduce – Check unwanted consumption & wastage; turn off the lights, carpool, and conserve energy, etc.
Reuse – Think of probable usage before throwing away any material,
Recycle – Prefer recycling the waste material rather than simply dumping discards.

Something Good
“We hope to establish an independent regulator — the National Environment Appraisal and Monitoring Authority” — soon. Staffed by dedicated professionals, it will work full time to evolve better and more objective standards of scrutiny,”

PM Manmohan Singh — said at the international seminar on “Global Environment and Disaster Management, law and society in the national capital.”

To Remember:
August 8 – World Senior Citizen’s Day
August 12 – International Youth Day, recognized by the UN
August 19 – World Humanitarian Day

Quote of the Month
“The ultimate test of man’s conscience may be his willingness to sacrifice something today for future generations whose words of thanks will not be heard.”

—Gaylord Nelson, former governor of Wisconsin, co-founder of Earth Day

Forthcoming Events
CSR Asia Summit — The Summit is the annual flagship event of CSR Asia which aims to be the most innovative and thought-provoking gathering on corporate social responsibility in Asia. Themed “Asian Growth: Global Responsibility”, the conference will bring together over 400 international delegates to discuss key CSR issues and strategies, and provide new insights for businesses, governments, CSR practitioners and NGOs.

Corporate Secretaries International Association --- First International Corporate Governance Conference – “Sustainable Corporate Governance – Towards a Global Model?”
– 21-23 September 2011 - JW Marriott Hotel, Shanghai.

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

Disclaimer:
The contents under CG & CSR: Watch have been collated from different sources. Readers are advised to cross check from original sources.
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CORRIGENDUM TO GENERAL CIRCULAR NO. 54/2011

GENERAL CIRCULAR NO. 58/2011

F. No. 35/6/2011/Insolvency
Government of India
Ministry of Corporate Affairs

5th Floor, ‘A’ Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi-110001
Dated 1st August, 2011

To
All Regional Directors
All ROCs
All Official Liquidators

Subject: Corrigendum to General Circular No. 54/2011.

***

In view of the representations from professional Institutes, it has been decided to amend Para (c) the Circular No. 54/2011 dated 26th July, 2011. Para (c) of the said Circular may be read as under:

(c) “In each case the OL will file an application praying to the Court to direct the management of the company to submit following information duly verified by a Chartered Accountant/a Company Secretary/a Cost Accountant in practice:-”

2. All other clauses of the said Circular remain unaltered.

(Jaikant Singh)
Director

**********************
Master Circular No. 1/2011

No.3/57/2011/CL- II
Government of India
Ministry of Corporate Affairs

5th Floor, Shastri Bhavan,
Dr. Rajendra Prasad Road,
New Delhi-110001,
Dated the 29th July, 2011

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

Sub: Master Circular on Prosecution of Directors – Regarding

Sir,

The question of treating a person as an officer in default by ROCs when prosecutions are launched against a company and its directors for violations under Companies Act, 1956 has come up for examination time and again. The Department has issued various circulars in this regard so far. It may be recollected that the Department vide circular No.42/7/73-CL.II dated 20.9.1973 had clarified that a person appointed as a nominee director, whatever interest he represents or protects is responsible for the proper discharge of his obligations and fiduciary responsibilities under the statute in the similar manner as an ordinary directors. However, in the same circular, it was further clarified that nominees of institutions set up under Acts having non-obstante clauses can enjoy immunity from prosecutions.

2. In Departmental circular No.6/98 dated 12.11.1998, it was clarified that where penal provisions provide for “punishment of officers in default”, prosecutions should be filed primarily against managing director(s)/ whole time director(s)/manager(s) and the company secretary, if any. It was also clarified that only in those cases where the above mentioned managerial personnel are not available in any company; prosecutions should be against ordinary directors. In the same circular, it was also clarified that there are provisions in the Act which though do not use the expression “officers who are in default” for fastening liabilities in case of their contraventions, yet the persons against whom the proceedings can be initiated is specified. In such cases, the persons expressly specified in the relevant provisions of the Act should alone be prosecuted.

3. It has come to the notice of the Department that in spite of various rulings available on the question of “officers in default” who can be held
liable for violations of a particular provision under the Companies Act, the ROCs are arraying all the directors of the company for the violations without differentiating between officer in default and or others.

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

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

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

(c) Various Public Sector Financial Institutions, Financial Institutions and Banks having participation in equity of a Company also nominate Directors to the Board of such companies.

(d) Directors nominated by the Government u/s 408 of the Companies Act, 1956.

In super session of all earlier circulars, it is clarified that Registrar of Companies should take extra care in examining the cases where above Directors are also identified as Officer in default. No such Director as indicated above shall be held liable for any act of omission or commission by the company or by any officer of the company which constitute a breach or violation of any provision of the Companies Act, 1956, and which occurred without his knowledge attributable through Board process and without his consent or connivance or where he has acted diligently in the Board process. The Board process includes meeting of any committee of the Board and any information which the Director was authorized to receive as Director of the Board as per the decision of the Board. All the Regional Directors are advised to direct Inspecting Officers also to examine the Board’s minutes of the company to arrive at a conclusion if Independent director is also responsible for any violation of the provisions of Companies Act, 1956.

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

(a) A director resigns and the company does not file Form 32 as required in terms of Section 302(2) of the Act. In case, the director concerned has informed/endorsed a copy of his resignation to the Registrar of Companies, the Registrar should enquire into such cases and try to find out whether such director has actually resigned or not.

(b) In case the status of a director, i.e. whether he is a nominee director or not, is not reflected in the Annual Return or other documents of the company, available with Registrar, the same should be cross checked with the Annual Report filed by the company;
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(c) The timing of the commission of offence is also material to identify the director’s responsibility; and Form 1AB should also be checked in case any person has been charged by the Board under Section 5(f) with the responsibility of complying with some particular provision or in case any director has been specified by the Board under Section 5(g) of the Act.

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

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

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

(b) Where there is no Managing Director or Manager, every director and the Company Secretary appointed u/s 383A of the Act.

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

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

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

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

7. There should be proper application of mind on the part of Registrar of Companies in deciding whether a person to be implicated is an ‘officer in default’ by examining the Annual Return, Form 32(s) and DIN-3 database available in the Registry. The guidelines issued herein above should be applied and wrongful prosecution should be avoided. Wherever the Registrar of Companies has doubt as to whether director/officer can be held
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liable after applying the above parameters, they should refer to Regional Director, who shall guide Registrar of Companies in the matter.

8. All the Regional Directors are required to ensure that such cases are reviewed, based on these parameters and a report must be sent by each Regional Director with specific recommendation in case the proceedings are proposed to be discontinued.


Yours faithfully

Sd/-

(R K Bakshi)
Deputy Director
Tel. No. 23073230

Copy to:
1. PS to CAM
2. PS to MOS
3. PS to Secy. MCA
4. PS to AS, MCA
5. PS to Joint Secy. (A) & Joint Secy. (R)
6. PS to DII (DR)
7. PS to DII (Policy)
8. PS to Economic Advisor
9. Spare Copies

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FILING OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN XBRL MODE

Circular No: 57/2011
No. HQ/MCA/DigitisedBS/AR/2009
Government of India
Ministry of Corporate Affairs

5th Floor, “A” Wing, Shastri Bhawan,
Dr. R.P. Road, New Delhi – 110001
Dated: 28.07.2011

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

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

Sir,

The Para 3 of the Circular no. 37/2011 dated 07.06.2011 may be read as under:

“All companies falling in Phase-I class of companies (excluding exempted class) are permitted to file their financial statements without any additional fee up to 30.11.2011 or within 60 days of their due date, whichever is later.”

2. Further, in supersession of Para 2 (i) of Ministry’s Circular No. 43/2011 dated 07.07.2011, it is informed that the verification and certification of the XBRL document of financial statements on the e-forms would continue to be done by authorized signatory of the company as well as professional like Chartered Accountant or Company Secretary or Cost Accountant in whole time practice.

3. This issue with approval of Competent Authority.

Yours faithfully,
J.N. Tikku
Joint Director
MINISTRY OF CORPORATE AFFAIRS RELEASES DRAFT NATIONAL COMPETITION POLICY FOR INDIA

Click here:
PROVIDING GIFTS TO THE SHAREHOLDERS DURING ANNUAL GENERAL MEETING (AGM) OF THE COMPANY

Draft Circular

F. No. 17/218/2011 CL.V
Government of India
Ministry of Corporate Affairs
CL V Section

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated July, 2011

All Regional Directors,
All Registrar of Companies,
All Stakeholders.

Sub: Providing Gifts to the shareholders during Annual General Meeting (AGM) of the Company.

Sir,

The Ministry of Corporate Affairs has been receiving representations from various stakeholders that it has become a general practice in the country to give gifts to the shareholders while they attend any AGM in addition to the dividend recommended by the Board of Directors.

2. It has also been brought to the notice of the Ministry that the companies offer gifts, extravagant food and other charms to shareholders who attend AGM to divert the attention of the shareholders from the main purpose of AGM and their right of key role in the management of the company through AGM. In addition, shareholders are made busy to collect gifts, gift coupons, packet of snacks etc., in the duration of meeting while corporate manage to pass certain resolutions without any debate on the same.

3. The Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India has also specifically mentioned that no gifts, gift coupons or cash in lieu of gifts should be distributed to the members at or in connection with the meeting.

4. Keeping the principle of good corporate governance view, it has been decided that no company shall offer any other thing except tea, coffee, soft drinks and snacks etc in the AGM. As a courtesy to the shareholders, the same may be made available before the start of the meeting. Any other gifts, food coupons or gift coupons and other enticement shall be treated as misconduct on the part of board of directors of the company. The directors of such companies shall be liable to pay back the cost of such expenses to the company and shall also be liable for the penal action as provided under section 168 of the Companies Act, 1956 for not convening the AGM properly as required under section 166 of the Companies Act, 1956.
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5. All the stakeholders are requested to consider and examine the above proposal of the Ministry and furnish their views /comments /recommendations to the Ministry by 14th August, 2011 on following e-mail addresses.

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

Yours faithfully,

(Kamna Sharma)
Assistant Director

Copy to:
1. All concerned
2. PS to CAM and PS to MOS
3. PPS to Secretary, Additional Secretary, Joint Secretaries
CS Update

August 3, 2011

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BLOCKING OF DIN CONSEQUENT TO NON-FILING OF STATEMENT OF AFFAIRS (SOA)

GENERAL CIRCULAR No.56 /2011

F. No. 35/6/2011/Insolvency
Government of India
Ministry of Corporate Affairs

5th Floor, ‘A’ Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi-110001
Dated 28th July 2011

To
All Regional Directors
All Registrar of Companies
All Official Liquidators

Subject: Blocking of DIN consequent to non-filing of Statement of Affairs (SOA)

Sir,

It has been observed that companies are not filing Statement of Affairs (SOA) in time in terms of section 454 of the Companies Act, 1956. This delays the process of liquidation considerably. It has, therefore, been decided to give the companies and the directors of such companies where winding up orders have been passed by the Hon’ble Court, one months notice to file SOA before action for blocking their DIN is initiated by the Ministry.

2. Official Liquidators shall furnish list of all such directors who have failed to furnish SOA (giving their details) to the Ministry on 3rd working day of every month starting from 5th September, 2011 by e-mail to respective RD, ROC, e-Governance Cell and Insolvency Section of this Ministry.

3. MCA 21 cell in the Ministry would block DIN of all such directors on getting information after approval of the competent authority concerned and intimate the same to all.

Yours faithfully,

(Jaikant Singh)
Director
SCRUTINY INSPECTION AND INVESTIGATION IN ALL WINDING UP CASES

GENERAL CIRCULAR No. 55/2011

F. No. 35/6/2011/Insolvency
Government of India
Ministry of Corporate Affairs

5th Floor, ‘A’ Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi-110001
Dated 26th July 2011

To
All Regional Directors
All Registrar of Companies
All Official Liquidators

Subject: Scrutiny inspection and investigation in all winding up cases.

Sir,

It has been noticed that winding up petitions are being filed by management after having committed major violations under the Companies Act, 1956 as well as misappropriation of funds of the company. Winding up of such companies are also being filed by creditors. In order to curb such malpractices following procedure may be followed in all such cases:

(a) The moment winding up petition is filed before the Court, Official Liquidator (OL) will obtain a copy of petition and forward the same to the Registrar of Companies (ROC) concerned.

(b) ROC will have a scrutiny of the details/documents available in respect of the company in MCA21 registry and will submit a preliminary report to the Ministry within a week time for inspection or investigation, if so required, containing following information for the past five years of the date of filing of petition:

(i) History of the company, viz incorporation, maintenance of registered office, main object and present business activities;

(ii) Management pattern, including details of directors/nominee directors and their directorship in other companies;

(iii) Capital structure and shareholding pattern;

(iv) Financial position and working results;

(v) Comments on filing position and compliances of Schedule VI read with Accounting Standards;
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(vi) Nature of complaints registered on MCA-21, their nature and any noticeable findings;

(vii) Whether any complaint was received alleging that the company is involved in fraudulent activities, siphoning of funds etc. If so, the details thereof.

(viii) Whether any scrutiny/inspection was carried out, if so, the details thereof;

(ix) Whether the company is having any holding or subsidiary company, if so, details thereof;

(x) Whether company has raised funds through IPO, if so, the utilization of amount collected, compliance of provisions of the Act for deviation from the object stated in Prospectus/Offer Document; transactions with related parties;

(xi) In case of public company, whether it has accepted public deposit. If so, whether the payment of matured amount including interest was made as per schedule. In case any amount is still pending, the details of amount and interest thereon.

(xii) The quantum of unsecured loan amount and related party transactions thereto.

(xiii) Secretarial reports and qualifications made by the auditors on accounts of the company;

(xiv) Whether company or its members/creditors have requested for investigation into the affairs of the company, if so, the details thereof.

(c) MCA will take a final view in the matter within a period of 15 days from the date of receipt of preliminary report from ROC. If any inspection under Section 209A and/or investigation under Section 235/237 of the Act is ordered, the same will be completed by the ROC and forwarded to the OL within 30 days.

(d) The OL will place the report before the Hon’ble High Courts for seeking appropriate order/action under Section 539 to 544 and other relevant provisions of the Act. Simultaneously, necessary action as per law will be initiated against the director, ex-director and key management of the company for any violation of law/Companies Act, 1956.

(e) These cases will be monitored in the monthly staff meeting of Regional Directors.

Yours faithfully,

(Jaikant Singh)
Director

***************
PRO-ACTIVE ACTION IN CASE OF WINDING UP PETITIONS

GENERAL CIRCULAR NO. 54/2011

F. No. 35/6/2011/Insolvency
Government of India
Ministry of Corporate Affairs

5th Floor, ‘A’ Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi-110001
Dated 26th July 2011

To
All Regional Directors
All ROCs
All Official Liquidators

Subject: Pro-active action in case of winding up petitions.

It has been noticed that winding up petitions are filed by creditors, stakeholders and management before Hon’ble High courts without providing full information. This leads to waste of valuable time of Hon’ble Court and also delays completion of winding up process as well. In order to speed up the winding up process and to introduce best international practices the winding up process, following actions will be taken by concerned OL:-

(a) OLs shall post one of the staff members to the Company Court to keep track of all cases where applications have been filed for winding up, but orders for winding up are yet to be issued by the Court.

(b) For all cases pending till date and in future as well, information shall be obtained by OL from “institution register” maintained in High Court and action as below must be taken in all cases.

(c) In each case the OL will file an application praying to the Court to direct the management of the company to submit following information duly verified by a chartered accountant:-

(i) The current addresses of the Directors, Company Secretary and Statutory Auditor of the company;

(ii) Location and physical details of each immovable asset of the company along with its current valuation;

(iii) The details of all the debtors and creditors with their complete addresses and occupations;

(iv) The details of each movable asset of the company along with value;

(v) The details of workmen/employees and any amount outstanding to them;
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(vi) The details of all movable and immovable assets held in the personal names of director by providing its location, value, dates of acquisition and nature of right, title and interest therein;

(vii) Copies of last three years audited balance sheet of the company; and

(viii) The details of location of the registered office of the company.

(d) RDs will ensure that in all pending cases, the applications are moved by OL before the Court before the next date of hearing and in all new cases, these are filed before the Hon’ble Court before the second hearing of the case.

(e) RDs will ensure that a standard draft is prepared by them after taking legal advice and the same is used in all cases by OLs.

(Jaikant Singh)
Director
GUIDELINES FOR RDs/ROCs IN THE MATTER OF SCHEME OF ARRANGEMENT / AMALGAMATION UNDER SECTION 391-394

GENERAL CIRCULAR NO. 53/2011

F. No. 51/16/2011-CL.III
Government of India
Ministry of Corporate Affairs

5th Floor, ‘A’ Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi-110001
Dated 26th July, 2011

To

All Regional Directors
All ROCs
All Official Liquidators

Subject: Guidelines for RDs/ROCs in the matter of scheme of arrangement / amalgamation under section 391-394.

It has been observed that various field formations are following different practices while sending comments to the Hon’ble High Courts in respect of scheme of arrangement/amalgamation u/s 391-394 of the Companies Act, 1956 on behalf of the Central Government. In order to streamline the procedure the following guidelines alongwith timelines are issued for strict compliance. These guidelines supersede all previous guidelines on the matter. Issues to be examined by ROCs and RDs are given at annexure I and II respectively.

The procedure to be followed and the timelines are indicated below.

a) On receipt of notice from the court u/s 394A regarding the scheme, the Regional Director should make an entry in a register or in electronic form. If the petition has already been filed with ROC in Form 61 in the system, the same can be monitored directly from the system.

b) Thereafter within three days of receipt, Regional Director shall send a mail to ROC concerned for the report.

c) ROC should furnish his report online to RD within 7 days from receipt of Form 61 without waiting for RD’s communication.

d) Within seven days of receipt of notice RD should send a letter to local branch of Law Ministry / Assistant Solicitor General appointed for the state by Law Ministry as the case may be (furnishing copy of the notices received u/s 394A) requesting for nomination of an advocate.

e) Regional Director should send a letter within five days of receipt of notice to company / its Advocate to provide material of valuation report, Chairman’s report...
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regarding creditors / members meeting and on receipt of the information, the matter should be processed and finalized within a week’s time.

f) The finalized affidavit should be sent to designated Standing Counsel for the particular case for signature and then to Law Ministry (local branch) for identification. This exercise should not take more than five days after which the affidavit should be filed in Court Registry.

2. The ROCs may examine the matter in respect of issues mentioned in Annexure ‘I’ and send their report to concerned RDs who would take into consideration the report of the ROC before finalizing their comment.

(Jaikant Singh)
Director

GENERAL CIRCULAR NO. 53/2011
Annexure - I

Issues to be examined by ROCs

1. Filing Position.
2. Investor Grievances.
4. Pending Prosecution.
5. Furnishes comments on the scheme.

*****

GENERAL CIRCULAR NO. 53/2011
Annexure - II

ISSUES TO BE EXAMINED BY REGIONAL DIRECTORS

Regional Director should ensure that all requisite statutory procedure for supporting the schemes has been complied with. For this he should examine the following:

1) Whether companies forming part of scheme are sensitive sectors categories companies such as, Defence Equipment Manufacturing Companies / Telecommunication / Insurance / Business / Companies / Media News / Channels / Television Broadcasting Companies / Aviation Section / Power, Energy, Natural Gas / Petroleum etc? If so, whether notices served on the concerned Regulatory Authorities / Ministry?

2) Whether any of the Transferor/ Transferee Company is listed company at any Stock Exchanges? If so, NOC from Stock Exchange is submitted?

3) Whether there is any NRI holding / foreign interest in any of the Transferor or Transferee Company?
4) Whether Petitioner Company and/or its director have prima facie contravened any provisions of Companies Act, 1956?

5) Whether Transferor and Transferee Company are regular in filing its statutory returns?

6) Reports sent by concerned Registrar of Companies should be examined.

7) Investors/or other companies regarding affairs of the company should be examined.

8) In case of complicated legal/technical issues, opinion of Law Ministry/Government Advocates should also be obtained.

9) Whether Transferor or Transferee Company was inspected u/s.209A of the Companies Act, 1956 by this Directorate and position of latest follow up of penal actions arising out of inspection?

10) Whether Valuation Report submitted, if so, whether share exchange ratio in the scheme is as per Valuation Report and as per general accepted accounting principles?

11) Whether transfer of Employees and their interest is protected?

12) Whether Accounting Treatment clause is as per Accounting Standard-14 and in tune with the provisions of sec.211 3A / 3C of the Companies Act, 1956?

13) Whether meeting is conducted by the company in respect of equity shareholders/secured creditors/unsecured creditors? If not, whether any exemption is granted by the Hon'ble High Court?

14) Whether details of transactions entered with related parties of directors falling u/s.295, 297 and 299 of the Act is furnished?

15) Whether consideration is made in cash other than of shares?

16) Whether provisions of sec.77 in respect of buy back of shares is attracted?

17) Whether any reduction of share capital is involved in the scheme of demerger and provisions of sec.100-104 is complied with?

18) Where no such reduction of capital is involved, it is made sure that necessary adjustment is made in the books of accounts duly incorporating in the scheme?

19) Whether the authorized share capital of the Transferee Company is sufficient for allotment of new shares for the shareholders of the Transferor Company?

20) Whether any foreign entity is involved and if so necessary permission is obtained from Regulatory Authorities?

21) Whether compliance of FEMA/RBI Guidelines has been done wherever applicable?

22) Whether any qualification has been made by the Statutory Auditor, if so, whether company has complied with sec. 217(3) of the Companies Act, 1956?

23) How the qualification and reservations of the Auditors are complied with by the company?
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24) Whether a listed company is merging with an unlisted company? In such a case he should ensure that share of unlisted company also gets listed.

25) Whether consequent to merger, the promoters holding in the listed company is substantially increased?

26) Whether the companies have come up with schemes to circumvent the Law in the garb of obtaining approval of the Hon'ble High Court under the accepted principle of "Single Window" approval and other grounds laid down by the Courts in its rulings? If so, the Regional Director should bring out his objection in his statement/report/affidavit irrespective of the fact whether Court accepts it or not.

*****
SIMPLIFIED PROCEDURE FOR OBTAINING ONLINE APPROVAL OF CENTRAL GOVERNMENT UNDER SECTION 297 OF THE COMPANIES ACT, 1956

General Circular No. 52/2011

F.No. 17/170/2011 CL.V
Government of India
Ministry of Corporate Affairs
CL V Section

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated 25th July, 2011

All Regional Directors,
All Registrar of Companies,
All Stakeholders.

Sub : Simplified procedure for obtaining online approval of Central Government under section 297 of the Companies Act, 1956.

Sir,

The Ministry of Corporate Affairs has been receiving representations from various stakeholders to simplify the approval processes under section 297 of the Companies Act, 1956.

In order to cut timelines in giving approval, the Ministry has decided to simplify the procedures and to give approval online, if the proposed contract has been approved by the shareholders by way of special resolutions in a general meeting.

2. According to new procedure, application will be made in a new e-form with the prescribed fee. The relevant information like terms of contract and details of Board resolutions and special resolutions shall be captured in the e-form. The e-form shall also be certified by the practicing professional who shall specifically certify the correctness of the information and declarations given by the company in the e-form.

3. The company while seeking approval of the directors and shareholders in their meetings shall specifically take approval to the effect that: --

(i) Proposed contract is competitive, at an arm’s length, without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties.

(ii) The company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon and has filed its up to date Balance Sheets and Annual Returns with the Registrar of Companies;

(iii) The proposed contract is falling within the provisions of section 297 of the Act and provisions of sections 198, 269, 309, 314 and 295 are not applicable in the proposed contract.
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(iv) The company and its Directors have complied with the provisions of sections 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the proposed contract.

4. The application will be processed online and approval of Central Government shall also be made available to the applicant company online on the basis of declarations made by the company and certifications by the professionals given in the e-form.

5. If any of the information or declaration given by the company or certificate given by the professional in the e-form is found to be wrong, then the applicant company, its Directors and professional shall be liable for penal action under section 297 and 628 of the Companies Act, 1956 in addition to penal action prescribed in regulations of the respective professional institutes.

6. The process of online approval of Central Government under section 297 of the Companies Act, 1956 is likely to be implemented with effect from 24th September, 2011.

Yours faithfully,

(Kamna Sharma)

Copy to: Assistant Director
1. All concerned
2. PS to CAM and PS to MOS
3. PPS to Secretary, Additional Secretary, Joint Secretaries

**********************
ONLINE INCORPORATION OF COMPANIES WITHIN 24 HOURS

General Circular No. 49/2011

No 2/10/2011-CL.V
Government of India
Ministry of Corporate Affairs

5th floor, ‘A’ Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated the 23rd July, 2011

All Regional Directors
All Registrar of Companies.

Sub: Online incorporation of companies within 24 hours

Sir,

In order to give ease to the corporate world to carry business in India, the Ministry of Corporate Affairs has been simplifying the procedures under the Companies Act, 1956. As another step in this direction, the Ministry is modifying the incorporation procedures to enable promoters to get their companies incorporated online within 24 hours.

2. Ministry has already implemented online approval of Director’s Identification Number (DIN) with effect from 12.06.2011 and names of the proposed company will also be made available online with effect from 24.07.2011. The digital certificate of incorporation is already being issued online by the Registrar of Companies.

3. Now, the Ministry is also simplifying the procedures to approve incorporation applications forms online.

In case the e-forms 1, 18, 32 and e-form for Memorandum of Association (MOA) and Articles of Association (AOA) have been certified by the practicing professional regarding the correctness of the information and declarations given by the subscribers, the application shall be processed electronically and the digital certificate of incorporation shall be issued immediately online by the Registrar of Companies.

4. The above facility is optional to the existing process of backend processing of applications by the Registrar of Companies where no such certifications have been done by the practicing professional.

5. If any of the information or declaration given by the company or certificate given by the professional in the e-forms and attachment(s) thereto is/ are, found to be wrong, false or illegal then the subscribers, declarant(s) and professional(s) shall be liable for penal action under section 628 and 629 of the Companies Act, 1956 in addition to penal action prescribed in regulations of the respective professional institutes.
6. Where a company has been registered online on the basis of declarations made by the subscribers, declarant(s) and certifications by the professional(s) given in the e-form, if it is found later on that the company ought not to have been registered under provisions of the Companies Act, 1956 read with Rules and Regulations made therein, the Registrar of Companies shall take necessary action to put the company in state of suspended animation and initiate the process of revocation of the registration of the company after giving an opportunity of being heard.

7. It is expected that the above immediate online approvals of DIN, availability of name and registration of e-forms-1, 18, 32 and MOA and AOA, the complete process of incorporation of a company can be completed within 24 hours.

8. The above simplified process of online incorporation of companies is likely to be implemented with effect from 11th August, 2011.

Yours faithfully,

-sd/-
(Monika Gupta)
Assistant Director

Copy to:
1. All concerned
2. PS to CAM and PS to MOS
3. PPS to Secretary, Additional Secretary, Joint Secretaries

***************
SIMPLIFIED PROCEDURE FOR RECTIFICATION OF REGISTER OF CHARGES UNDER SECTION 141 OF THE COMPANIES ACT, 1956

General Circular No. 51 / 2011

F.No. 1/ 1/ 2003 CL.V
Government of India
Ministry of Corporate Affairs

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated 25th July, 2011

All Regional Directors,
All Registrar of Companies,
All Stakeholders.

Sub: Simplified procedure for rectification of register of charges under section 141 of the Companies Act, 1956.

Sir,

In order to simplify the procedures and cut timelines, the Ministry has decided to notify section 20 of the Companies (Second Amendment) Act, 2002 (1) of 2003 thereby the work relating to rectification of register of charges under section 141 of the Companies Act, 1956 shall be shifted from the jurisdiction of Company Law Board to the Central Government.

2. It has further been decided to delegate this work to the respective Registrar of Companies under whose jurisdiction the registered office of the company is situated. The petitions filed with the Company Law Board and pending as on the effective date of notification shall be transferred to respective Registrar of Companies.

3. The revised e-forms and business re-engineering process under MCA-21 system is being developed and the simplified procedures to be followed by the companies and Registrar of Companies shall be given in the modified e forms and instruction kit thereto shortly.

4. It is expected that on discharging of these functions by the respective Registrar of Companies on implementation of simplified procedures, the cost and the time to get condonation under section 141 of the Companies Act, 1956 shall be reduced.

5. The above simplified process is likely to be implemented with effect from 24th September, 2011.

Yours faithfully,

-sd-
(Kamna Sharma)
Assistant Director

Copy to:
1. All concerned
2. PS to CAM and PS to MOS
3. PPS to Secretary, Additional Secretary, Joint Secretaries
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MISUSE OF BANKING CHANNELS - ISSUE AND PAYMENT OF DEMAND DRAFTS FOR RS. 50,000/- AND ABOVE

RBI/2011-12/135
DBOD.BP.BC. No. 26 / 21.01.001/2011-12

August 1, 2011

To,
The Chairmen / Chief Executives of All Scheduled Commercial Banks(excluding RRBs)

Dear Sir,

Misuse of Banking Channels - Issue and Payment of Demand Drafts for Rs. 50,000/- and above

Please refer to our circular DBOD.BP.BC.No.114/C.469(81) - 91 dated April 19, 1991 in terms of which demand drafts, mail transfers, telegraphic transfers and travellers cheques for Rs.50,000 and above should be issued by banks only by debit to the customer's account or against cheques or other instruments tendered by the purchaser and not against cash payment. These instructions were extended to retail sale of gold/silver/platinum vide our circular DBOD.No.IBS.1816/23.67.001/98-99 dated February 4, 1999.

2. It has been brought to our notice that some banks have recently issued demand drafts of Rs. 50,000 and above on deposit of cash and not against debit to the customer's account or against cheques or other instruments tendered by the customer.

3. In the current scenario where the integrity of the financial system in general and the banking channels in particular is of paramount importance, breach of these guidelines is a matter of serious regulatory concern in view of the wide ranging ramifications.

4. In the above context, we reiterate that the instructions conveyed vide our circular dated April 19, 1991 referred to above may be strictly complied with by banks. Any violation of these instructions will be viewed seriously.

Yours faithfully,

(P. R. Ravi Mohan)

Chief General Manager

********************
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**ALLOCATION OF GOVERNMENT DEBT LONG TERM LIMITS TO FIIS**

**CIRCULAR**

CIR/IMD/FIIC/11/2011

To

All Foreign Institutional Investors through their designated Custodians of Securities

Dear Sir/Madam

**Sub: Allocation of Government debt long term limits to FIIs**

1. Based on the assessment of the allocation and the utilization of the limits to FIIs for investments in debt, it has been decided to allocate the unutilized limits in Government debt long term in the following manner:-

2. **Allocation through bidding process:** The bidding for these limits shall be done on the BSE from 15:30 hrs to 17:30 hrs, on August 05, 2011, in terms of SEBI circular IMD/FII&C/37/2009 dated February 06, 2009, subject to the modifications stated below:-

   2.1. In partial amendment to clause 3 (h) of the aforesaid circular IMD/FII & C/37/2009, no single entity shall be allocated more than INR 600 cr. of the investment limit. Where a single entity bids on behalf of multiple entities, in terms of para 7 of SEBI circular CIR/IMD/FIIC/18/2010 dated November 26, 2010, then such bid would be limited to INR 600 cr. for every such single entity.

   2.2. In partial amendment to clause 3 (c) and 3(d) of the aforesaid circular IMD/FII & C/ 37/2009, the minimum amount which can be bid for shall be INR 100 cr. and the minimum tick size shall be INR 50 cr.

3. **Allocation through first come first serve process (FCFS):** In terms of SEBI circular dated January 31, 2008, the Government debt long term limits shall be allocated in the FCFS basis subject to the following conditions:-

   3.1. The remaining amount in Government debt long term other than bidding process shall be allocated among the FIIs/sub-accounts on a FCFS basis.

   3.2. The debt requests in this regard shall be forwarded to the dedicated email id fii_debtrequests@sebi.gov.in. The window for FCFS process shall open at 08:30 AM IST, August 08, 2011.

   3.3. Maximum limit per request under this process shall be INR 49 cr.

   3.4. A non-utilisation charge would be levied at average successful bid premium (in bidding process) for non-utilized part from the allocation in FCFS.

4. **Submission of fees:**

   4.1. The fees for the bidding process shall be remitted to SEBI by the respective custodians of the entities by August 10, 2011.
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4.2. In case of FCFS, non-utilisation charge as mentioned at para 3.4 above shall be remitted to SEBI by the respective custodians of the entities within three working days from the end of utilization period.

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

A copy of this circular is available at the web page “F.I.I.” on our website www.sebi.gov.in. The custodians are requested to bring the contents of this circular to the notice of their FII clients.

Yours faithfully,
Jeevan Sonparote
General Manager
+91-22-26449110
jeevans@sebi.gov.in
INDICATIVE PORTFOLIO OR YIELD IN CLOSE ENDED DEBT ORIENTED MUTUAL FUND SCHEMES

CIRCULAR

Cir/ IMD/ DF/12 /2011 August 1, 2011

All Mutual Funds, Asset Management Companies (AMCs)

Sir/Madam,

Sub: Indicative portfolio or yield in close ended debt oriented mutual fund Schemes

1. This refers to circular SEBI/IMD/CIR No. 14/151044/09 dated January 19, 2009 regarding indicative portfolio and yields in mutual fund schemes. It was mentioned that mutual funds shall not offer any indicative portfolio and indicative yield and that no communication regarding the same in any manner whatsoever, shall be issued by any mutual fund or distributors of its products.

2. In order to enable investors to make a more informed decision regarding the quality of securities and risk associated with different close ended debt oriented schemes, it is decided that Mutual Funds (MFs) / AMCs may make following additional disclosures in the SID/SAI and KIM without indicating the portfolio or yield, directly or indirectly:

   a. MFs/AMCs shall disclose their credit evaluation policy for the investments in debt securities.

   b. MFs/AMCs shall also disclose the list of sectors they would not be investing.

   c. MFs shall disclose the type of instruments which the schemes propose to invest viz. CPs, CDs, Treasury bills etc.

   d. MFs shall disclose the floors and ceilings within a range of 5% of the intended allocation (in %) against each sub asset class/credit rating. For example, it may be disclosed that x-y % would be in AAA rated bank CD as per the sample matrix below:

<table>
<thead>
<tr>
<th>Credit Rating</th>
<th>Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CDs</td>
</tr>
<tr>
<td></td>
<td>CPs</td>
</tr>
<tr>
<td></td>
<td>NCDs</td>
</tr>
<tr>
<td></td>
<td>Securitized debt</td>
</tr>
<tr>
<td></td>
<td>Any Other</td>
</tr>
</tbody>
</table>
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e. After the closure of NFO, the AMCs will report in the next meeting of AMCs and Trustees the publicized percentage allocation and the final portfolio. Variations between indicative portfolio allocation and final portfolio will not be permissible.

3. All MFs/AMCs shall comply with the above requirements in letter and spirit.

4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Asha Shetty
Deputy General Manager
Tel no. 022-26449258
Email-ashas@sebi.gov.in
SMALL AND E-MAIL ALERTS TO INVESTORS BY STOCK EXCHANGES

CIRCULAR

CIR/MIRSD/15/2011

August 02, 2011

To

All Recognized Stock Exchanges

Dear Sir/Madam,

Sub: SMS and E-mail alerts to investors by stock exchanges

1. SEBI receives complaints from investors against stock brokers which include alleged unauthorized trading in their accounts. SEBI has taken steps in the past to address this issue.

2. As an additional measure, it has now been decided in consultation with the major stock exchanges and market participants that the stock exchanges shall send details of the transactions to the investors, by the end of trading day, through SMS and E-mail alerts. This would be subject to the following guidelines:

A. Applicability

These guidelines are applicable to equity - cash and derivative – segments of the stock exchanges.

B. Uploading of mobile number and E-mail address by stock brokers

i. Stock exchanges shall provide a platform to stock brokers to upload the details of their clients, preferably, in sync with the UCC updation module.

ii. Stock brokers shall upload the details of clients, such as, name, mobile number, address for correspondence and E-mail address.

iii. Stock brokers shall ensure that the mobile numbers/E-mail addresses of their employees/sub-brokers/remisiers/authorized persons are not uploaded on behalf of clients.

iv. Stock Brokers shall ensure that separate mobile number/E-mail address is uploaded for each client. However, under exceptional circumstances, the stock broker may, at the specific written request of a client, upload the same mobile number/E-mail address for more than one client provided such clients belong to one family. 'Family' for this purpose would mean self, spouse, dependent children and dependent parents.

C. Verification by the stock exchanges

After uploading of details by the stock brokers, the stock exchanges shall take necessary steps to verify the details by any mode as considered appropriate by them which may include the following:

a. By way of sending SMS and E-mail directly to the investors at the numbers/E-mail address uploaded by the stock brokers.
b. By way of sending letters to the address of the investors uploaded by the stock brokers.

D. Sending of alerts by the stock exchanges
Upon receipt of confirmation from the investors, the stock exchanges shall commence sending the transaction details generated based on investors’ Permanent Account Number, directly to them.

E. Handling of discrepancies, if any.
If any discrepancy is observed by the stock exchanges in the details uploaded by the stock brokers including non-confirmation by investors, bounced E-mails, undelivered SMS/letters, etc., the stock exchanges shall inform the respective stock broker.

F. Meeting out the expenses for providing SMS and E-mail alerts
The stock exchanges may use the amount set aside from the listing fees for providing services to the investing public, as provided vide SEBI communication dated SE/10118 dated October 12, 1992, to meet the expenses for providing this facility.

G. Implementation
The stock exchanges shall put in place necessary infrastructure and implement the SMS and E-mail alert facility at the earliest and not later than four months from the date of this circular.

3. Stock exchanges are advised to:

a. issue necessary instructions to bring the provisions of this Circular to the notice of their constituents and also disseminate the same on their websites;

b. make amendments to the relevant bye-laws, rules and regulations for the implementation of the above, as deemed necessary, in coordination with other stock exchanges;

c. communicate to SEBI, the status of the implementation of the provisions of this Circular in the Monthly Development Report to SEBI;

d. develop the monitoring mechanism through the system of half-yearly internal audit and inspections; and

e. publicize widely the availability of this facility for the awareness of the investors.

4. This Circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and shall come into effect from the date of this Circular.

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

Yours faithfully,

V S Sundaresan
Chief General Manager
022-26449200
sundaresanvs@sebi.gov.in
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MAKING E-PAYMENT OF CUSTOMS DUTY MANDATORY

Circular No. 33/2011- Customs

F.No.450/180/2009-Cus.IV(Pt.)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

229-A, North Block,
New Delhi, 29th July, 2011.

To,
All Chief Commissioners of Customs
All Chief Commissioners of Central Excise and Service Tax

Subject: Making E-payment of Customs duty mandatory-regarding.

Sir / Madam,

E-payment facility at Customs locations was introduced in 2007 and is available through more than one authorised bank at all major Customs locations having ICES facility. Though voluntary, the facility has been made use of by numerous importers. Besides expediting the process of payment of duty and clearance of imported goods, the facility of e-payment has resulted in reduction of transaction costs.

2. In the aforesaid background, in order to reduce the transaction cost of the importers and expedite the time taken for customs clearance the Board has decided to make e-payment of duty mandatory for the importers paying an amount of Rupees one lakh or more per transaction. Additionally, for Accredited Clients under the Customs Accredited Client Programme irrespective of any amount of duty, the Customs duty will have to be paid through E-payment mode only. The date from which the E-payment will be made mandatory will be notified separately.

3. DG (Systems) has prepared instructions outlining the procedure for electronic payments. It is requested to sensitise concerned officers, importers, trade and industry regarding the E-payment.

4. As a large number of taxpayers would be required to pay the taxes electronically, it is requested that importers, trade and industry may be provided all assistance so as to help them in adopting the new procedure.

5. Suitable Public Notices or Standing Orders may be issued to guide the trade / Industry and officers.

Yours faithfully,

(G.S. Sinha)
OSD (Customs-IV)

Encl.: As above

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Procedure for e-payment Payment of Customs duty
In continuation of its efforts for trade facilitation, CBEC has now implemented centralized application called Indian Customs EDI System (ICES1.5) and E-payment facility has been extended to all ICES locations from more than one authorized bank.

(a) Person desirous of availing the E-payment facility must approach the designated bank at the location for opening an INTERNET ACCOUNT (Annexure);

(b) The Central Board of Excise and Customs has set up a CUSTOM E-Payment Gateway (CEG) at ICEGATE (www.icegate.gov.in). The users who are already registered with ICEGATE will automatically be able to avail the facility of E-Payment as REGISTERED USER without any further registration process. However, even the users who are not registered with the ICEGATE can avail e-payment facility as an UNREGISTERED USER;

(c) In the ICEGATE home page, a person can select the e-payment icon from the main menu or if the person is using any other module of ICEGATE (like document filing), he can select the e-Payment option from the side screen menu;

(d) On selection of E-Payment option, the e-Payment page will open. The users already registered with ICEGATE can login with their username and password as REGISTERED USER. Thereafter their (personal) web page would open which will display all the unpaid challans details for the Bills of Entry filed by him;

(e) If the person is an UNREGISTERED USER, or he intends to make payments of duties on the documents not filed by him through ICEGATE, then he can make E-Payment by entering the IE Code of the importer. The CEG will display all the unpaid challans against the IE Code;

(f) On selection of the Challan the user will be shown the options of the “designated” banks for the purpose of E-payment. The user can select any bank authorized for e-payment at the Customs locations;

(g) Thereafter, the user will see the web page of the selected bank. He would be required to login as an “Internet Customer” of the bank;

(h) After successful login in the bank site, the user will be shown the details of the challan including the amount to be paid. The user shall be prompted to confirm the payment option;

(i) On successful payment, a cyber receipt will be generated by the bank for successful transaction. Then user may take the printout of the cyber receipt for his reference. The bank will prompt the user to come back to the CEG (Customs E-Payment Gateway) after completion of the bank transaction;

(j) The user must come back to the ICEGATE site to complete the transaction;

(k) In case of an incomplete transaction or link failure, a VERIFY option is automatically activated against the concerned challan for verification of the duty payment details. In case of incomplete transaction, the Importer/CHA must go back to ICEGATE and select the VERIFY option against the challan. On selecting the VERIFY option, the importer/CHA is taken back to the site of the Bank for completion of the transaction. The VERIFY option must be exercised on the date of payment itself, and the option would be deactivated the next day;

(l) After e-payment is made at CEG, ICEGATE will send the payment particulars to the ICES. Thereafter, the Bill of entry shall automatically move to the examination queue;

(m) The importer/CHA need not produce any proof of payment for the clearance of goods in case of e-payment. However, he is advised to keep the copy of the cyber receipt with him for future reference for his own convenience;

(n) In case of problems in e-Payment, the Importer/CHA can contact the ICEGATE 24 hour helpdesk by phone at toll free no. 1800-3010-1000 or by email at
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icegatehelpdesk@icegate.gov.in. They can also contact the Systems Manger/AC (EDI) at Customs Location, in case of any difficulty.

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ANNEXURE

E-PAYMENT A/C OPENING PROCEDURE

1. To fill up Bank Account opening Forms
2. Memorandum of Association
3. Articles of Association
4. Certificate of Incorporation
5. Board Resolution to open A/c
6. Commencement Certificate in case of Public Ltd.
7. List of Authorised Signatory along with PAN card, photograph
8. IEC code copy
9. Address proof
10. For Public Ltd.- Signature to be verified from Principal Bank A/c.

Photo copies of all above documents to be produced with original for verification

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