

# ANNUAL REPORT 2008 - 2009



सत्यमेव जयते

**MINISTRY OF CORPORATE AFFAIRS  
GOVERNMENT OF INDIA**

# **ANNUAL REPORT**

## **2008-09**



**GOVERNMENT OF INDIA**  
**MINISTRY OF CORPORATE AFFAIRS**  
**NEW DELHI**



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## CHAPTER – I

### OVERVIEW

#### **Introduction**

**1.1.1** This report covers the period from 1st January, 2008 to 31st March, 2009. The Ministry of Corporate Affairs is concerned with the administration of a wide range of statutes for the regulation of the corporate sector including the Companies Act, 1956. Beside, it also administers the following Acts:

- i) The Chartered Accountants Act, 1949
- ii) The Cost and Works Accountants Act, 1959
- iii) The Company Secretaries Act, 1980
- iv) The Partnership Act, 1932
- v) The Societies Registration Act, 1860
- vi) The Companies (Donations to National Funds) Act, 1951
- vii) The Monopolies and Restrictive Trade Practices (MRTP) Act, 1969
- viii) The Competition Act, 2002 as amended by Competition (Amendment) Act, 2007

Brief description of the various Acts being administered by the Ministry is given in **Chapter V**.

**1.1.2 Shri Salman Khurshid assumed the charge as Minister of State (I/C) in the Ministry of Corporate Affairs on 28th May, 2009.**

**1.1.3 Shri Anurag Goel continues to hold the charge of Secretary, Ministry of Corporate Affairs.**

#### **Organisational Setup**

**1.2** The Ministry has a three tier organisational set-up for administration of the Companies Act, 1956 namely, the Secretariat at New Delhi, the Regional Directors at Mumbai, Kolkata, Chennai

and Noida (U.P.) and 20 offices of Registrars of Companies (ROCs) in States and Union Territories. 16 offices of the Official Liquidators who are attached to various High Courts functioning in the country are also under the overall administrative control of the Ministry. A brief description of the above offices/ establishments is given in the **Chapter-II**.

#### **Recodification and Revision of Companies Act and other related Legislations**

##### **Legal framework for Limited Liability Partnership (LLP):**

**1.3.1** Keeping in view the vast potential for the growth of the knowledge and services sector in the country, the Ministry has prepared a new legislative framework enabling the creation of Limited Liability Partnership as a new form of body corporate. The Limited Liability Partnership Bill, 2008, that enables to make provisions for the formation and regulation of LLP and for matters connected therewith and incidental thereto, was prepared and introduced in the Rajya Sabha on 21-10-2008. The Bill was passed by the Rajya Sabha on 24-10-2008 and by the Lok Sabha on 12-12-2008. The Bill received the Presidential assent on 7<sup>th</sup> January, 2009 and the Limited Liability Partnership Act, 2008 (Act No 6 of 2009) was notified in the Official Gazette on 9<sup>th</sup> January, 2009.

**1.3.2** The provisions of the LLP Act have been notified for implementation with effect from 31-03-2009. The Limited Liability Partnership Rules, 2009 (on all matters except winding up and dissolution of LLP) have been notified on 01<sup>st</sup> April, 2009.

##### **Comprehensive revision of the Companies Act:**

**1.4.1** It has been decided to take up comprehensive revision of Companies Act, 1956 in order to bring the law in tune with the changing

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requirements. The exercise was started with the preparation of the Concept Paper and its dissemination on the website of the Ministry to seek public comments, followed by constitution of an Expert Group headed by Dr. J J Irani and consisting of representatives from corporate, industry bodies and professionals. Pursuant to the recommendations of Dr. J J Irani Committee and wide ranging consultations with different groups of stakeholders, the Companies Bill, 2008 with the object to consolidate and amend the law relating to companies was prepared and introduced in the Lok Sabha on 23-10-2008. The Companies Bill, 2008 has been referred to the Department Related Parliamentary Standing Committee on Finance for examination and report. The report of the Standing Committee is awaited.

**1.4.2** The Companies (Amendment) Bill, 2003, pending in the Rajya Sabha, was withdrawn on 21-10-2008.

#### **Revision of Forms prescribed under various rules of the Companies Act, 1956**

**1.5.1** The Ministry of Corporate Affairs has successfully implemented its MCA-21 e-Governance Project. With the introduction of MCA-21, this Ministry has switched over from physical filing to electronic filing which has been made mandatory w.e.f. 16<sup>th</sup> September, 2006. On the basis of the suggestions received and in-house examination of these Forms in the Ministry, a review was undertaken to revise the existing forms which would bring further improvement and enhancement in service delivery under 'MCA-21 e-Governance Project'. In the first phase, 17 forms namely Form 1, 1A, 1B, 2, 4, 4C, 5, 18, 20B, 21, 21A, 22, 23, 23AC, 23ACA, 32 and 1 INV were undertaken for revision and one new Form - 67 (Addendum) has been introduced.

**1.5.2** In the second phase, 13 forms namely 1AA, 1AD, 8, 10, 17, 19, 20, 20A, 23C, 24, 44, 49 and 61 was proposed for revision. Out of these, four Forms namely Forms 1AA, 1AD, 23C, and 24 have been notified and remaining 9 forms will be notified shortly.

**1.5.3** The objective of the revision of aforesaid forms is:

- (a) to make the filing easier and more clarificatory to the users;
- (b) to make ease of back office processing of e-Forms for prompt response to the users; and
- (c) to bring further improvement in the e-forms by changing/adding or deleting fields therein to elicit information in accordance with the provisions of the Companies Act, 1956.

#### **Convergence of Accounting Standards with International Financial Reporting Standards (IFRS)**

**1.6.1** Accounting Standards are policy documents relating to various aspects of measurement, treatment, presentation and disclosure of accounting transactions and events. The purpose of Accounting Standards is to standardise diverse accounting policies with a view to eliminate incomparability of financial statements. The objective is to provide a set of standard accounting policies and disclosure requirements to discourage accounting policies which are not in conformity with generally accepted principles and policies in accounting field.

**1.6.2** The Ministry of Corporate Affairs has notified the Companies (Accounting Standards) Rules, 2006 in pursuance of section 211 of the Companies Act, 1956. Every company registered under the Companies Act, 1956 is required to comply with the accounting standards prescribed under Companies (Accounting Standards) Rules, 2006. Such standards are notified under the Companies Act, 1956 by the Central Government after considering the recommendations of National Advisory Committee on Accounting Standards (NACAS) which is a statutory committee under the Companies Act, 1956.

**1.6.3** International Financial Reporting Standards (IFRS) are standards and interpretations adopted by the International Accounting Standards Board (IASB). IFRSs are considered a "principles based" set of standards in that they establish broad rules as well as dictating specific treatments. There is also a Framework for the Preparation and Presentation of Financial Statements which

describes some of the principles underlying IFRS. The framework states that the objective of financial statements is to provide information about the financial position, performance and changes in the financial position of an entity that is useful to a wide range of users in making economic decisions, and to provide the current financial status of the entity to its shareholders and public in general.

**1.6.4** India has adopted policy of convergence with IFRS keeping in view the requirement of

change and transition necessary to be followed by Indian companies and regulatory bodies. As per existing policy, the convergence with the IFRS is expected to be enabled by 2011 after finalizing the modalities of convergence in consultation with ICAI/NACAS.

**1.7** The following Notifications/Circulars/ Press Notes have been issued by the Ministry of Corporate Affairs during the period 01.01.2008 to 31.03.2009: -

#### **A. NOTIFICATIONS**

<b>Sl No.</b>	<b>Notification Number.</b>	<b>Date</b>	<b>Subject</b>
1.	S.O.-298 (E)	12.2.2008	Declaration of a company as public Financial Institutional under Section 4A of the Companies Act, 1956.
2	GSR-111 (E)	27.2.2008	The Competition Commission of India(Terms and Selection Committee and the manner of selection of panel of names) Rules, 2008.
3.	GSR-212 (E)	27.3.2008	Amendment to the Companies (Accounting Standards) Rules, 2006
4.	S.O.-901 (E)	22.4.2008	Constitution of National Advisory Committee on Accounting Standards (NACAS)
5.	GSR -329 (E)	1.5.2008	Declaration of 24 more Companies as Nidhi Companies under section 620A of the Companies Act, 1956.
6.	GSR-374 (E)	13.5.2008	Authorization of Officers of Serious Fraud Investigation Office under section 621 of the Companies Act, 1956 for the purposes of filing and conducting prosecution under the Companies Act, 1956.
7.	GSR-387 (E)	16.5.2008	Notification of the Competition Appellate Tribunal ( Term of the Selection Committee and the manner of selection of panel of names) Rules, 2008
8.	S.O.-1720 (E)	30.5.2008	Constitution of National Advisory Committee on Accounting Standards (NACAS) .
9.	GSR-416 (E)	30.5.2008	Authorization of Officers of Serious Fraud Investigation Office under section 209A of the Companies Act, 1956 for the purposes of inspecting the Books of Accounts and other Books and Papers of the Company.
10.	GSR-552 (E)	23.7.2008	Amendment to the Company Secretaries (Election to the Council) These Rules called Amendment Rules, 2008
11.	GSR- 553 (E)	23.7.2008	Amendment to the Chartered Accountants (Election to the Council) These Rules called Amendment Rules, 2008.
12.	GSR-554 (E)	23.7.2008	Amendment to the Cost and Works Accountants (Election to the Council) These Rules called Amendment Rules, 2008.



13.	GSR-655 (E)	12.9.2008	The Companies (Central Government's) Rules and Forms (Amendment) Rules, 2008- Revision of four Forms namely 20B, 21A, 23AC and 23ACA.
14.	GSR-2266(E)	25.9.2008	Amendment in Constitution of National Advisory Committee on Accounting Standards (NACAS)
15.	S.O.-727 (E)	10.10.2008	The Competition Commission of India (Return on Measures for the promotion of Competition Advocacy, awareness and training on competition issues) Rules, 2008
16.	GSR-787 (E)	14.11.2008	Investor Education and Protection Fund (Awareness and Protection of Investors) (Amendment) Rules, 2008.
17.	GSR-788 (E)	14.11.2008	The Companies (Central Government's) Rules and Forms (Second Amend-ment) Rules, 2008, Revision of six Forms namely 1B, 4, 4C, 18, 22 and 32.
18.	GSR-808 (E)	21.11.2008	The Competition Commission of India (Form and Time of preparation of Annual Report) Rules, 2008
19.	GSR-824 (E)	28.11.2008	The Companies (Central Government's) Rules and Forms (Third Amend-ment) Rules, 2008, Revision of Forms namely 23B.
20.	GSR-833 (E)	4.12.2008	Authorization of Officers of Serious Fraud Investigation Office for the purposes of filing and conducting prosecution under the Companies Act, 1956.
21.	GSR-834 (E)	4.12.2008	Authorization of Officers of Serious Fraud Investigation Office for the purposes of that Sub-Section (1) of Section 621 in respect of Offences punishable under the Companies Act, 1956
22.	GSR-835 (E)	4.12.2008	The Companies (Central Government's) Rules and Forms (Fourth Amendment) Rules, 2008,
23	GSR-868 (E)	22.12.2008	The Companies (Central Government's) Rules and Forms (Fifth Amendment) Rules, 2008.
24	GSR-872 (E)	23.12.2008	The Companies (Central Government's) Rules and Forms (Sixth Amendment) Rules, 2008.
25	GSR-876 (E)	24.12.2008	The Companies (Central Government's) Rules and Forms (Seventh Amendment) Rules, 2008.
26.	GSR-888 (E)	24.12.2008	The Companies (Amendment) Regulations, 2008.
27.	GSR-4 (E)	2.1.2009	Amendment in the Notification No. GSR-448 (E) dated 28.6.2007, Constituting the Quality Review Board under the Chartered Accountants Act, 1949
28.	GSR-11 (E)	5.1.2009	Amendment to the Companies, Appointment and Qualification of Secretary, Rules, 1988 effective from 15 <sup>th</sup> March, 2009
29.	GSR-110 (E)	9.1.2009	Amendment in the Notification No. S.O.-1329 (E) dated 1.5.1978 Notifying M/s Kerala State Industrial Development Corporation Ltd. as Public Financial Institution

30.	S.O.143(E)	14.1.2009	Declaration of Companies as Public Financial Institution under section 4A of the Companies Act, 1956
31.	S.O.144(E)	14.1.2009	Amendment in Constitution of National Advisory Committee on Accounting Standards (NACAS)
32.	GSR-35(E)	19.1.2009	Amendment to the Companies (Issue of Indian Depository Receipts)(Amendment) Rules, 2004
33.	GSR 70(E)	3-2-2009	Amendment to the Companies Act, 1956
34.	GSR-136(E)	27.2.2009	The Constitution of India (Salaries and allowances and other terms and condition of service of Chairperson and other members) Amendment Rules, 2009.
35.	GSR-137(E)	27.2.2009	The Competition Appellate Tribunal (Salaries and allowances and other terms and condition of service of Chairperson and other Members) Rules, 2009.
36.	GSR-152(E)	5.3.2009	The Chartered Accountants Procedures of Meetings of Quality Review Board, and terms and condition of service and allowances of the Chairperson and Members of the Board (Amendment) Rules, 2009
37.	GSR-156(E)	6.3.2009	The Competition Commission of India (Term of Selection Committee and the manner of selection of panel of Names) Amendment Rules, 2009.
38.	GSR-163(E)	12.3.2009	Chartered Accountants Act, 1949, Amendments in the Notification No. GSR-448(E) dated 28.6.2007
39.	GSR-183(E)	20.3.2009	The Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2009- revising Forms 1AA, 1AD, 23C, and 24.
40.	S.O.-789 (E)	20.3.2009	Constitution of Appellate Authority under the Chartered Accountants Act, 1959 and Company Secretaries Act, 1980.
41.	GSR-204 (E)	27.3.2009	The Competition Commission of India (Form of Annual Statement of Accounts) Rules, 2009
42.	S.O.-868 (E)	27.3.2009	The appointment of Shri Ratneshwar Prasad as Member of the Competition Commission of India with effect from 1st March, 2009.
43.	S.O.-869 (E)	27.3.2009	The appointment of Shri Harish Chandra Gupta as Member of the Competition Commission of India with effect from 28 <sup>th</sup> February, 2009
44.	S.O.-870 (E)	27.3.2009	The appointment of Shri Dhanendra Kumar as Chairperson of the Competition Commission of India with effect from 28 <sup>th</sup> February, 2009
45.	GSR-225 (E)	31.3.2009	The Companies (Accounting Standards) (Amendment) Rules, 2009 amending AS-11
46.	GSR-226 (E)	31.3.2009	Amendment to the Schedule –VI to the Companies Act, 1956.
47.	S.O.-891 (E)	31.3.2009	The Implementation of the provisions of Limited Liability Partnership Act, 2008, (6 of 2009) with effect from 31 <sup>st</sup> March, 2009

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## **B. PRESS NOTES**

Press Note dated 13-05-2008 on notification of Accounting Standards by the Central Government under the Companies Act, 1956 and the intention of the Government to achieve convergence of Indian Accounting Standards with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB).

### **Competition Commission of India (CCI)**

**1.8** The Competition Commission of India (CCI) was established on 14<sup>th</sup> October, 2003. Under the Competition Act 2002, the Commission is mandated:

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

### **Monopolies and Restrictive Trade Practices Commission & Director General of Investigation & Registration**

**1.9.1** The Monopolies and Restrictive Trade Practices Commission (MRTPC), which is a *quasi-judicial* body, established under Section 5 of the MRTP Act, 1969, discharges functions as per the provisions of the Act. The main function of the MRTP Commission is to enquire into and take appropriate action in respect of unfair trade practices and restrictive trade practices. In regard to monopolistic trade practices, the Commission is empowered under Section 10(b) to enquire into such practices (i) upon a reference made to it by the Central Government or (ii) upon its own knowledge or information, and submit its findings to Central Government for further action.

**1.9.2** The Office of the Director General of Investigation & Registration was created in the year 1984 to perform certain statutory functions and duties under the MRTP Act, 1969 for the prohibition of monopolistic, restrictive and unfair trade practices so as to subserve its objective to protect

the interests of the consumers in the country. The Act was amended from time to time during the last 39 years and major amendments took place in the years 1984 and 1991. Once the institutional structure comprising the Competition Commission and the Competition Appellate Tribunal is duly constituted, the MRTPC Act would be repealed and MRTPC wound up within a period of two years thereof, during which it would dispose of the existing cases filed before it and not take on new cases.

### **MCA21 E-Governance Project**

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

**1.10.2** Implemented as a Mission Mode Project of the Government of India under National e-Governance Plan (NeGP), MCA21 e-Governance Project focuses on prompt and efficient delivery of services. The project is fully operational from all 20-registry locations. During the year 2008, focus has been on further stabilization of the operations/ value addition and improving upon the users' experience.

### **Indian Institute of Corporate Affairs**

**1.11.1** With the phenomenal economic growth, India has become a preferred destination for international investment. Corporate Sector is a major contributor in building up India's brand equity. A need is felt for further facilitating corporate sector for its accelerated growth. The Ministry of Corporate Affairs has to play a major and active role in this endeavor and has to partner with all stakeholders for this purpose. The Ministry has to increase its capability for catering to the

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emerging needs of the corporates for their regulation, growth and development.

**1.11.2** In view to achieve above mentioned targets the Union Cabinet approved the setting up of Indian Institute of Corporate Affairs (IICA) under the auspices of Ministry of Corporate Affairs. IICA will provide institutional support to the Ministry, corporates, professionals, entrepreneurs, shareholders and other stakeholders. The Institute through its state of the art Knowledge Management System and focus on action learning will facilitate today's business and shape tomorrow's.

### **1.11.3 Vision, Mission and Aims**

i) The Vision statement of the IICA, is – *“A holistic think-tank, capacity building, service delivery Institute to help corporate growth, reforms and regulation through synergized Knowledge Management, global partnerships and real time solution”s.*

ii) Every organisation is formed with a certain mission. The organisation strives to act in consonance with its mission statement. IICA's mission statement is -

*‘IICA will be a truly world class institute, net-worked with premier national / international institutions / organizations, to act a think tank on all issues vital for effective functioning of corporates, to evolve and establish a new multi-disciplinary academic stream to be called ‘corporate affairs’ for corporate professionals and entrepreneurs, and to be a catalyst and delivery mechanism for capacity building amongst all stakeholders.’*

iii) IICA is unique in its conceptualization because of aims for which it has been set up which are crystallized in following statements:-

a) *To redefine the corporate landscape in India for thriving on ‘future shocks’, through ethical, sustainable, competitive business strategies, with corporates and government working in partnership for inclusive growth and global footprint.’*

b) *‘To provide an institutionalized convergence mechanism for corporates and government to work as partners, for constantly refining and redefining the corporate laws & policy framework and governance and delivery systems, to usher in new business paradigms, and create innovators, ethical entrepreneurs and global business leaders of tomorrow.’*

### **Infrastructure Section**

**1.12** Infrastructure section was created on 27.11.2007 to basically look after the following items of work:

- (i) Purchase of land and buildings for the Ministry and its field offices;
- (ii) Capital works for construction/renovation/maintenance of all buildings (old and new) for the Ministry and its field offices; and
- (iii) Finalization of Agreements for hiring of buildings on rent at the Headquarters and field locations.

### **Special Measures to Protect Interests of Investors**

**1.13.1** Protection of interest of investors is a commitment of the Government. Highlights of recent initiatives taken by the Ministry in this regard are:

- Investors' complaints to be acknowledged within 48 hours and to be attended to on highest priority. Progress to be monitored closely;
- Investors' Protection Cells opened and made functional not only at the level of the Ministry but also in the offices of Regional Directors and Registrar of Companies and Nodal Officers appointed with their names & addresses (with contact numbers) placed on website of the Ministry and also published in all leading newspapers;
- On-line Investors Grievances Redressal System introduced and made functional;
- Field officers directed to encourage Non-Government Organisations (NGOs) at the local

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level to take up investor protection programmes;

**1.13.2** As a long term initiative, comprehensive review of the existing Companies Act has been taken-up with a view to bringing the law in tune with changing business models and national and global economic scenario.

### **Investor Education and Protection Fund**

**1.14.1** Investor Education and Protection Fund (IEPF) has been established under Section 205C of the Companies Act, 1956 by way of Companies (Amendment) Act, 1999 for promotion of investors' awareness and protection of the interests of investors.

**1.14.2** Under IEPF, various programmes on investor education and awareness have been funded and organized through Voluntary associations or organisations registered under IEPF. About 69 associations/organizations have been registered under IEPF, till date.

**1.14.3** The Ministry has undertaken various initiatives for increasing the investors' awareness and education in the year 2008-09, which are as follows:

- i) Investor Education message was aired on All India Radio through Prasar Bharati to create awareness on the issues concerning investors and about the IEPF.
- ii) An "Investor Helpline" [www.investorhelpline.in](http://www.investorhelpline.in) project which had been launched under IEPF through Midas Touch Investors Association to provide a mechanism for redressal of grievances and create investor awareness has been rendering effective service to the investors.
- iii) Further, another website, namely [www.watchoutinvestors.com](http://www.watchoutinvestors.com) which is a national registry of economic defaulters and covers information on convictions by various regulatory bodies has also been rendering effective service to not only investors

and prospective investors but also to professionals such as advocates, chartered accountants and company secretaries.

- vi) Another website, namely, [www.iepf.gov.in](http://www.iepf.gov.in) which was launched by the Hon'ble Minister for Corporate Affairs during 2007-08 continues to provide a knowledge sharing platform in the area of financial literacy as a measure of investor awareness and education.
- v) During the year, the period from September 2008 to November 2008 was observed as "Investor Awareness Quarter" by the Ministry of Corporate Affairs. This event was organised in association with the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and various investor awareness programmes were organised at more than 50 locations across the country.
- vi) Under the Capacity Building Programme, "Training of Trainers" programmes through Indian Institute of Capital Market (IICM), Mumbai had been conducted especially for the new organizations active at Taluka level.
- vii) Advertisements on investor education were issued in national as well as regional language newspapers. Through these advertisements, efforts have been made to make investors aware about 'Websites sponsored under IEPF', 'Investor Awareness Quarter', etc.

### **National Foundation for Corporate Governance**

**1.15.1** Ministry of Corporate Affairs has set up National Foundation for Corporate Governance (NFCG) as a not-for-profit Trust to provide a platform to deliberate issues relating to good corporate governance and to sensitize corporate leaders on the importance of good corporate

governance practices, to facilitate exchange of experiences and ideas between corporate leaders, policy makers, regulators, law enforcing agencies and non-government organizations.

**1.15.2** The NFCG has a three-tier structure for its management, viz, the Governing Council under the Chairmanship of Minister of Corporate Affairs, the Board of Trustees and the Executive Directorate.

**1.15.3** The NFCG sponsored orientation programmes for Directors through Institutes of Excellence, organized seminars and conferences to advocate the need for following good corporate governance practices.

**1.15.4** Over the last few years, NFCG has undertaken various initiatives to create awareness about the importance of implementing good Corporate Governance practices both at the level of individual corporations and for the economy as a whole. Followings are some of the initiatives undertaken by the NFCG during the year 2008:

- (a) Five 'Directors' Orientation Programmes' have been conducted in partnership with IIM-B and ICSI;
- (b) Twelve Seminars/ Conferences and Workshop have been organized in partnership with CII, OECD, ICAI, ICSI, ACGA & Symbiosis Insitute, Pune on various issues relating to Corporate Governance and CSR; and
- (c) Beside, debates and research studies on Corporate Governance and CSR were also taken up under the aegis of NFCG.

### **Serious Fraud Investigation Office (SFIO)**

**1.16.1** Serious Fraud Investigation Office (SFIO) has been set up by the Government of India in the Ministry of Corporate Affairs by way of a resolution dated 02/07/2003. This office was set up to investigate corporate frauds of serious and complex nature.

**1.16.2** The SFIO is a multi-disciplinary Investigating Agency, wherein experts from banking sector, capital market, company law, civil law, forensic audit, taxation, information

technology etc. work together to unravel a corporate fraud. At present, SFIO is carrying out investigation under provisions of the Companies Act from Sections 235 & 247. However, as approved by the cabinet, a separate legislation would be enacted for SFIO in second phase to provide adequate power and reach to this organization. For this purpose, the MCA has already set up Vepa Kamesam Committee to look into the need for enacting a separate legislation for SFIO and make suitable recommendation.

**1.16.3** SFIO is headed by a Director as Head of Department. He is of the rank of Joint Secretary to the Government of India. The Director is assisted by Additional Directors, Joint Directors, Sr. Assistant Directors and Assistant Directors, who form teams for investigation of a case. The Head Office of SFIO is in New Delhi and there is one Branch Office in Mumbai.

**1.16.4** During the period from 1st January, 2008 to 31st March, 2009, 17 cases were entrusted to officers drawn from the SFIO for investigation u/s 235/237 of the Companies Act, 1956. So far, in all, 68 cases have been referred to officers drawn from the SFIO for investigation. The inspectors have already submitted investigation reports in 37 cases till 31.03.2009. During the period from 01.01.2008 to 31.03.2009 the following seven investigation reports have been submitted to the Government:

Sl. No.	Name of Company	Date of submission of report
1.	Shonkh Technologies International Ltd.	02.05.2008
2.	Leafin India Ltd.	12.03.2009
3.	JVG Hotels Ltd.	31.03.2009
4.	JVG Publication Ltd.	31.03.2009
5.	JVG Techno India Ltd.	31.03.2009
6.	JVG Holdings Ltd.	31.03.2009
7.	SHCIL Services Ltd.	31.03.2009

**1.16.5** Till 31.03.2009, 756 cases of prosecution have already been filed in the different Courts against the persons involved in fraudulent activities in the following companies:

S.No.	Name of Company	No. of cases filed	
		Company Law	IPC
1.	Daewoo Motors India Ltd.	21	2
2.	Design Auto Systems Ltd.	11	2
3.	Bonanza Biotech Ltd	16	1
4.	Vatsa Corporation Ltd.	106	8
5.	Mardia Chemicals Ltd.	22	1
6.	Soundcraft Industries Ltd.	35	9
7.	Kolar Biotech Ltd.	24	3
8.	Adam Comsof Ltd	21	4
9.	DSQ Software Ltd.	23	2
10.	Usha India Ltd	27	7
11.	Malvika Steels Ltd	27	6
12.	Koshika Telecom Ltd	41	3
13.	Chitrakoot Computers Pvt. Ltd.	16	2
14.	Classic Credit Ltd	17	1
15.	Classic Shares & Stock Broking Services Ltd	36	0
16.	Goldifsh Computer Pvt. Ltd	22	1
17.	KNP Securities Pvt Ltd	15	0
18.	Luminant Investments Pvt. Ltd	11	0
19.	Manmandir Estate Developers Pvt.Ltd.	2	1
20.	N H Securities Ltd	24	1
21.	Panther Fincap and Management Services Ltd	24	2
22.	Panther Industrial Products Ltd.	25	0
23.	Panther Investrade Ltd	14	1
24.	Saimangal Investrade Ltd	18	1
25.	Triumph International Finance India Ltd	10	2
26.	V N Parekh Securities Pvt Ltd	12	0
27.	Triumph Securities Pvt. Ltd	22	1
28.	Nakshatra Software Pvt Ltd.	17	2
29.	Morepen Laboratories Ltd.	12	5
30.	Shonkh Technologies Ltd.	17	0
	<b>Total</b>	<b>688</b>	<b>68</b>

## Ministry's Web Site

1.17.1 With the introduction of MCA21 e-Governance Project, the Ministry has launched a new portal [www.mca.gov.in](http://www.mca.gov.in). The portal serves as a virtual window for authentic information pertaining to activities and programme of the Ministry. Besides being an informative portal, it serves as virtual front office for availing all registry related MCA services. Some of the major contents of the website are as follows:

1. Information relating to the Ministry's officers and its field operations is given in the section titled 'About Us'.

2. Acts, Bills, Rules, Circulars, Notification, Guidelines etc. are detailed under the Section 'Acts, Bills & Rules'.
3. Under the Section 'Information', Concept paper, IEPF, Nidhi companies, Press release and details of Vanishing and defaulting companies are given as drop-down.
4. The Ministry's present and past Annual Reports, Statement of Receipts & Disbursements, Statement of Scheme-wise expenditure are provided under the Section 'Reports & Statistics'.

The screenshot shows the homepage of the Ministry of Corporate Affairs (MCA) website. The header includes the Ministry's name, Government of India, and a welcome message for a guest user. The date is 26 May, 2009 7:05 PM IST. The navigation menu includes Home, About Us, Acts, Bills & Rules, Information, Reports & Statistics, and Help. The main content area features a vision statement: "To be a leader and partner in initiatives for corporate reforms, good governance and enlightened regulation with a view to promote and facilitate effective corporate functioning and investor protection." Below this, there are six categorized boxes for services: Role Check (Register Digital Signature), DIN (Director Identification Number), DSC (Acquire Digital Signature), Verify (Company Master Data & Index of Charges), Annual Filing (Annual Filing Corner), and eFiling (eFiling). The footer includes a Sitemap, Disclaimer, Privacy Policy, Affiliated Organisations, and Feedback, managed by TATA CONSULTANCY SERVICES.

1.17.2 Investors and Corporate related services are provided in six categorized boxes at the bottom centre.

1.17.3 The first box 'Role Check – register Digital Signature' contains 'View Signatory details'. This window permits the citizens to access the database

regarding the Directors/ Manager/ Secretary of the company and is available without any charge.

1.17.4 The second box 'Director Identification Number' provides detailed DIN obtaining procedures and form filing facility to the existing or intending directors of the company.



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**1.17.5** The third box 'Acquire Digital Signature' enables the stakeholders to reach online the website of Certifying Authorities in acquiring Digital Signature Certificate.

**1.17.6** The fourth box 'Verify Company Master Data & Index of Charges' is a useful service for the investors and Financial Institutions. The View Company Master Data consists of basic details about a company in 15 major parameters. Any citizen can access this on the portal free of any charge. The 'View Charge Documents' is an important document/ register for the Banks and FIs besides the company. The Banks and the FIs used to spend lot money on verification of charges in respect of a company. Now this facility is available in respect of all the subsisting charges of a company, which can be viewed online free of cost.

**1.17.7** The fifth and sixth boxes 'Annual filing corner' and 'e-filing corner' provide easy access to frequently used services.

**1.17.8** In addition, a separate 'Investors Link' has been provided in the portal to reach out to the websites of important service providers rendering cost free services.

**1.17.9** Besides above, on either side of the portal, filing related interactive services and information are provided.

**1.17.10** In the Right side of the portal, Stakeholders can view online, the status of their filing and payment made through Track Transaction Status and Track Payment Status. The service is interactive and enables to know the status instantaneously. Also, the stakeholders can know the filing fee for e-filing through Fee calculator. Check Company or LLP name helps stakeholders to check availability of names before filing application for name approval. Under the Regulatory Information, stakeholders can know the details of Plantation companies, NBFC companies, Nidhi companies, Section 25 companies, Chit Fund companies and Vanishing companies.

**1.17.11** In the Left side of the portal, the stakeholders can find & view the location of the Authorized Banks and Facilitation Centres.

**1.17.12** Training Notes and Computer Based Training are provided for help and empowerment.

### **Citizen's Charter of the Ministry**

**1.18** The Citizen's Charter of the Ministry of Corporate Affairs is available on Ministry's website. The commitments, expectations and standards stated in the Charter are given below:

### **Citizen's Charter**

#### **“OUR COMMITMENT**

**WE SHALL CARRY OUT OUR TASKS WITH**

integrity and judiciousness  
courtesy and understanding,  
objectivity and transparency  
promptness and efficiency

#### **OUR EXPECTATIONS**

We expect the corporate sector to be prompt and reasonable in fulfilling their duties and legal obligations and be true and honest in furnishing information to us.

#### **OUR STANDARDS**

#### **WE SHALL**

- Acknowledge applications, returns and all communications within 7 days of their receipt.
- Resolve expeditiously complaints regarding delay in issue of allotment letters & share/debenture certificates, refund of application money, delay in transfer of shares & non payment of dividends/interest on shares/debentures/fixed deposits etc. in close co-ordination with agencies.
- Ensure that all applications submitted to the Ministry of Corporate Affairs, Regional Directors and Registrar of Companies, are processed within the time frame.
- Be courteous, prompt, effective & provide time bound services.
- All services shall be provided without charge or demanding any money other than remuneration prescribed by law.”

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## CHAPTER –II

### ORGANISATIONAL SET UP AND FUNCTIONS

#### Organisational Set-up

**2.1.1** The Ministry has a three tier organisational set-up for administration of the Companies Act, 1956 namely, the Secretariat at New Delhi, the Regional Directors at Mumbai, Kolkata, Chennai and Noida (U.P.) and the Registrars of Companies in States and Union Territories and 20 offices of Registrars of Companies (ROCs) in States and Union Territories. 16 offices of the Official Liquidators who are attached to various High Courts functioning in the country are also under the overall administrative control of the Ministry. A brief description of the above offices/ establishments is given in the following paragraphs.

#### **A. Headquarters**

**2.1.2** The set-up at the Headquarters includes one Secretary, one Additional Secretary, two Joint Secretaries, one Economic Adviser, one Cost Adviser, two Directors of Inspection and Investigation and other officials providing expertise on legal, accounting, economic and statistical matters. The list of names and telephone numbers of the Minister's office and officials of the Ministry is given at **Annexure-I**.

#### **B. Regional Directors**

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

every Regional Director for carrying out the inspection of the books of accounts of companies under Section 209A of the Companies Act, 1956.

#### **C. Registrars of Companies**

**2.1.4** Registrars of Companies (ROCs) appointed under Section 609 of the Companies Act, 1956 covering various States and Union Territories are vested with the primary duty of registering companies floated in the respective States and the Union Territories and ensuring that such companies comply with statutory requirements under the Act. These offices function as registry of records, relating to the companies registered with them, which are available for inspection by members of the public on payment of the prescribed fee. The Central Government exercises administrative control over these offices through the respective Regional Directors.

#### **D. Official Liquidators**

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

**2.1.6** The duties and powers of the Official Liquidator as laid down in section 457 of the Companies Act, 1956 are mainly of, filing of claims

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against the debtors for realization of the debts due to the company, sale of movable and immovable assets of the company taken possession by the Official Liquidator to institute criminal complaints and misfeasance proceedings against the former Directors of the company for their acts and omissions and breach of trust, invitation of claims from the creditors, adjudication of claims and settlement of list of creditors, payment to creditors by way of dividend and settlement of list of contributories wherever necessary, and payment of return of capital where the company's assets exceeded its liability and finally dissolve the company under section 481 of the Companies Act, 1956.

**2.1.7** In addition to the offices mentioned above, the Ministry is also responsible, as a Nodal Ministry, for the functioning of a number of attached/ subordinate offices such as the Company Law Board, the MRTPC, office of DGI&R (under MRTP Act), Competition Commission of India, Serious Frauds Investigation Office (SFIO). It is also engaged in addressing issues relating to the institutional structure consisting of the National Company Law Appellate Tribunal (NCLAT) and the National Company Law Tribunal (NCLT), envisaged to be set up in pursuance of the Companies (Second) Amendment Act, 2002.

**2.1.8** The list of Regional Directors, Registrar of Companies and Official Liquidator along with their web addresses, is given at **Annexure-II**. The organisational chart of the Ministry is given in **Annexure -III**, and the major functionaries in **Annexure IV**.

### **Company Law Board**

**2.2** The Central Government constituted an independent Company Law Board vide Notification No. 364 dated the 31st May, 1991. The Board is a quasi-judicial body which exercises some of the judicial and quasi-judicial powers which were earlier being exercised by the High Court or the Central Government. The Board is not subject to the control of the Central Government and has the powers to regulate its own procedures and act in its own discretion. The Board has its Principal Bench at New Delhi, an Additional Principal Bench for southern States at Chennai and

four Regional Benches at Delhi, Mumbai, Kolkata and Chennai.

### **The Monopolies and Restrictive Trade Practices Commission**

**2.3** The Monopolies and Restrictive Trade Practices Commission (MRTPC), which is a quasi-judicial body, is an attached statutory office of the Ministry. The MRTP Commission established under Section 5 of the Monopolies and Restrictive Trade Practices Act, 1969, discharges functions as per the provisions of the Act. The main function of the MRTP Commission is to enquire into and take appropriate action in respect of unfair trade practices and restrictive trade practices. In regard to monopolistic trade practices, the Commission is empowered under Section 10(b) to enquire into such practices (i) upon a reference made to it by the Central Government or (ii) upon its own knowledge or information and submit its findings to Central Government for further action.

### **Director General of Investigation and Registration**

**2.4.1** The Office of the Director General of Investigation & Registration was created in the year 1984 to perform certain statutory functions and duties under the MRTP Act, 1969 for the prohibition of monopolistic, restrictive and unfair trade practices so as to subserve its objective to protect the interests of the consumers in the country. The Act was amended from time to time during the last 38 years and major amendments took place in the years 1984 and 1991. The Government of India has now enacted the "The Competition Act, 2002" as amended to "The Competition (Amendment) Act, 2007 to replace the existing MRTP Act, 1969. As the said Act is yet to be notified, the provisions of the MRTP Act, 1969 are, still in vogue and this office continues to discharge its statutory functions and duties as prescribed under the Act.

### **2.4.2 Functions of the Director General of Investigation & Registration :-**

#### **Investigation :**

(a) To conduct preliminary investigation under Section 11 and 36C of the Act and submit Preliminary Investigation Reports for consideration of the M.R.T.P. Commission.

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(b) To conduct suo-moto preliminary investigations into restrictive, monopolistic and unfair trade practices and file applications before the Commission under 10(a)(iii), 10(b) and 36B(c), where deemed fit, on the basis of such investigations;

(c) To study, investigate and report or furnish as per directions of the Commission, information in respect of any trade practice(s) as may constitute or contribute to monopolistic, restrictive or unfair trade practices.

#### **Registration :**

(a) To receive agreements under Section 35 relating to restrictive trade practices falling under Section 33(1) of the Act;

(b) To keep a Register of Agreements in the prescribed form and enter therein particulars of Agreements subject to registration [Section 36(1)];

(c) To maintain a Special Section of the Register for entering therein particulars as per the directions of the MRTP Commission [Section 36(2) & (3)];

(d) To initiate action for prosecution under Section 48 for non-compliance of the provisions of Section 35 relating to registration of agreements containing terms and conditions relating to restrictive trade practices;

(e) To afford inspection of the Register of Agreements to the public and to furnish a copy of extracts, duly certified [Section 65];

(f) To call for further information, where necessary, from parties to agreements which are subject to registration [Section 42];

(g) To file applications under Section 10(a)(iii) before the MRTP Commission for enquiry into the restrictive trade practices arising out of agreements containing clauses relating to restrictive trade practices or on the basis of other information that comes to the knowledge of the Director General (I&R);

(h) To record every order passed by the Commission in respect of restrictive or

unfair trade practices, as the case may be, in the prescribed manner [Section 19].

#### **Consumer Protection :**

(a) To receive complaints against restrictive, unfair and monopolistic trade practices from consumer associations, individuals etc. and to take necessary action thereon for redressal of the grievances;

(b) To educate the consumer associations and other bodies connected with consumer protection about the provisions of the MRTP Act vis-à-vis consumer protection against restrictive, monopolistic and unfair trade practices.

#### **Prosecution of Enquiries :**

(a) To conduct all proceedings in enquiries against monopolistic, restrictive and unfair trade practices before the MRTP Commission as custodian of public interest;

(b) To institute and contest all appeals filed under Section 55 of the Act in Supreme court against the orders of the Commission;

(c) To contest writ petitions filed before various High courts in the country and to defend the Commission's orders to safeguard public interest against restrictive, monopolistic and unfair trade practices.

#### **Competition Commission of India**

**2.5.1** The Competition Commission of India is presently engaged in following activities linked to competition advocacy and administrative measures relating to the operationalisation of the Competition Commission of India. The Competition Commission of India is also in the process of preparing various draft regulations required to be formulated under the Act through a consultative process. Recruiting professionals and support staff is one of the key areas identified by the Commission to enable it to effectively discharge its statutory functions.

**2.5.2** Various activities undertaken by the Commission during the period 1.1.2008 to 31.3.2009 are highlighted below:-

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and goods; energy sector, covering electricity, oil, gas and coal; and the telecommunications sector.

**(f) Operationalisation of the Competition Commission of India**

**2.5.12** The Commission has become fully operational with the assumption of charge by Shri Dhanendra Kumar as Chairperson and Shri H.C. Gupta and Shri Ratneshwar Prasad as Members. The draft Rules and Regulations prepared in the past are being examined in the Commission. As a result of the in depth examination, the draft Regulations are being fine tuned and have now been uploaded on the website of the CCI for the comments of the stakeholders before they are notified.

**2.5.13** The Act envisages constitution of “Competition Fund” for meeting day-to-day expenses of the Commission. The Commission has undertaken steps for operationalization of the “Competition Fund” by appointing a Committee consisting of following Members to administer the “Competition Fund”:-

1. Shri H.C. Gupta, Member, CCI
2. Shri R. Prasad, Member, CCI

**2.5.14** The Commission is presently involved in finalization of draft regulations and recruit the initial team of the professionals and support staff and organising other infrastructure required for smooth functioning of the Commission.

**Serious Fraud Investigation Office (SFIO)**

**2.6.1** The SFIO is a multi-disciplinary Investigating Agency, wherein experts from banking sector, capital market, company law, general law, forensic audit, taxation, information technology etc. work together to unravel a corporate fraud. At present, SFIO is carrying out investigation under provisions of the Companies Act from Sections 235 to 247. However, as approved by the cabinet, a separate legislation would be enacted for SFIO in second phase to provide adequate power and reach to this organization. For this purpose, the MCA has already set up Vepa Kamesam Committee to look into the need for enacting a separate legislation for SFIO and make suitable recommendation.

**2.6.2** SFIO takes up investigations of frauds characterized by (a) complexity, and having inter-departmental and multi-disciplinary ramifications, (b) substantial involvement of public interest to be judged by size, either in terms of monetary misappropriation, or in terms of the persons affected; and (c) the possibility of investigations leading to, or contributing towards, a clear improvement in systems, laws or procedures.

**2.6.3** SFIO is headed by a Director as Head of Department. He is of the rank of Joint Secretary to the Government of India. Below him, there are Additional Directors, Joint Directors, Sr. Assistant Directors and Assistant Directors, who form teams for investigation of a case. The Head Office of SFIO is at Delhi and there is one Branch Office in Mumbai.

**2.6.4** The SFIO was restructured during Feb-March 2009 and fresh vacancies at various levels created. At present, there are 18 sanctioned posts of Additional / Joint Directors, 8 posts of Deputy Directors and 59 posts of Sr. Assistant Directors/Assistant Directors. Out of these posts, one post of Additional Director/ Joint Director and four posts of Assistant Directors are sanctioned at Mumbai Branch Office. Whenever any case is referred by the Ministry for investigation u/s 235 or 237 of the Companies Act, teams of officers taken from various fields are formed headed by an Additional / Joint Director to investigate that particular case and submit the report to the Ministry. After submission of report, prosecutions are sanctioned by the Ministry and thereafter as per the sanction provided by the Ministry, prosecutions are filed by SFIO in the competent courts.

**Infrastructure Section**

**2.7.1** Since its inception in the month of November 2007, Infrastructure Section has been playing a vital role towards providing better infrastructure to field offices of the Ministry by acquiring land, constructing buildings on the purchased land, purchasing built up office space and renovating and furnishing of these built up office space to give face lift. During the period from 01.04.2008 to 31.03.2009, this Section was instrumental in achieving the following:

- (i) After lot of efforts, built up space having 27,279 sq. ft carpet area, was

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purchased in Chennai from UTI Infrastructure And Services Limited for the Company Law Board, Southern Region Bench, Chennai and the office of the Official Liquidator, Chennai. This office space was renovated and furnished to provide the best possible working environment. Both these offices are functioning smoothly from this built up space.

(ii) Built up office space having 21,552 sq. ft. carpet area was purchased in Bangalore from UTI Infrastructure And Services Limited for the proposed NCLT and the office of the Official Liquidator, Bangalore. This office space was also renovated and furnished to provide proper working environment. The office of OL, Bangalore is functioning smoothly from this built up space.

(iii) Keeping in view the dilapidated condition of the rented premises housing the office of Official Liquidator, Allahabad, a built up space measuring 10,750 sq. ft. was taken on lease for a period of 90 years from Allahabad Development Authority. This office space is being renovated to provide better accommodation to the office of Official Liquidator, Allahabad.

(iv) In order to bring all the field offices of the Ministry in Jaipur viz. Registrar of Companies, Official Liquidator and the proposed NCLT under one roof and also to have a training facility, land was purchased from Jaipur Development Authority. The construction activities have been completed. The new building was inaugurated by the Hon'ble Minister for Corporate Affairs on 27<sup>th</sup> February 2009. The concerned offices would start functioning from the newly constructed building from the month of April 2009.

(v) The Ministry also purchased land in Chandigarh from Chandigarh Housing Board to provide office space to the offices of Registrar of Companies, Jalandhar, Official Liquidator, Chandigarh and the proposed NCLT. The construction is in full

swing and is likely to be completed in next couple of months.

(vi) The Ministry also purchased land in Cuttack from Cuttack Development Authority to provide office space to the offices of Registrar of Companies, Official Liquidator and the proposed NCLT. The construction is in full swing and is likely to be completed in next couple of months.

(vii) In order to have a composite building for its offices in Hyderabad, the issue of transferring 2 acres of land of Geological Survey of India to the Ministry was taken up with the Ministry of Mines. After much persuasion, the Ministry of Mines approved allotment of 2 acres of land in Hyderabad for construction of office complex of the Ministry. After completion of all the formalities the land was transferred in the name of the Ministry. The foundation stone for construction of the building was laid down by the Hon'ble Minister for Corporate Affairs on 1<sup>st</sup> March 2009.

(viii) Persistent efforts with the Ministry of Urban Development resulted in allotment of office space having 7,900 sq. ft. carpet area to the Ministry under General Pool Office Accommodation in Paryavaran Bhawan. This space along with the space already in the possession of the Ministry in Paryavaran Bhawan has been renovated to provide better accommodation to the Company Law Board, which is having cramped accommodation in Shastri Bhawan and other field offices. The renovated office was inaugurated by the Hon'ble Minister for Corporate Affairs on 26<sup>th</sup> February 2009.

### **Cost Audit Branch**

**2.8** Cost Audit Branch under the Ministry of Corporate Affairs is manned by professionals drawn from the Indian Cost Accounts Service (ICAS) and primarily deals with sections 209 (1) (d) and 233B of the Companies Act, 1956. The Branch, under section 209 (1) (d) formulates & notifies Cost Accounting Records Rules (CARRs) for various

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industries/products. Such rules prescribe the manner in which cost records are to be maintained by specified class of companies. The Branch also undertakes rationalization of existing CARRs to reflect the changes in technology, manufacturing processes and accounting standards. Under section 233B, orders are issued to individual companies for conducting cost audit of cost records in accordance to Cost Audit Report Rules from a Cost Auditor appointed by the Board of Directors with the prior approval of the Ministry.

### **RTI Monitoring Cell**

**2.9.1** Monitoring Cell was earlier set up in the Ministry of Corporate Affairs (MCA) w.e.f. 05.10.2005 to keep a record of all the requests for information received from various persons and to monitor the progress in processing/ final disposal of such requests under RTI Act, 2005 within the prescribed time limit. As a part of restructuring of the Ministries, Sections, the responsibility for monitoring implementation of RTI Act, 2005 has been entrusted to Coordination Section w.e.f. 08.07.2008.

**2.9.2** In terms of the provisions of RTI Act, 2005, CPIOs and Appellate Authorities have been designated for the Ministry and all its field/ attached/ subordinate offices.

**2.9.3** As per the information furnished to the Central Information Commission (CIC) under Section 25(3) of the Right to Information Act, 2005 for the period from 01.04.2007 to 31.03.2008, a total 1588 applications and Rs. 22844/- as application fees were received by the Ministry and all its field/ attached/ subordinate offices under RTI Act, 2005. Out of these, 7 Appeals were referred to Central Information Commission (CIC) for review.

**2.9.4** Other functions of the Coordination Section pertaining to Monitoring Cell of RTI include:-

- a. Maintaining updated information in the Website of MCA on all matters pertaining to RTI as required by the RTI Act, 2005.
- b. Providing regular and updated information/ report to CIC on the progress in implementation of RTI by MCA

- c. Wide circulation in MCA of all Office Orders/Circulars of the CIC and Department of Personnel & Training on matters relating to RTI Act, 2005.
- d. To ensure overall effective monitoring of the implementation of RTI Act related issues under the purview of MCA.

### **Gender Budget Cell**

**2.10** Ministry of Corporate Affairs (MCA) has set up a Gender Budget Cell (GBC) with the objective of facilitating the integration of gender analysis into the Government budgeting. The GBC of MCA has initiated steps to build up information/ database system on the gender representation in MCA, various branches of the Ministry as well as field offices, and attached offices and professional institutes. The GBC in MCA aims to help accelerate the growing awareness of the gender sensitivities of budgetary allocation while appreciating how corporate sector oriented policies impact issues of equity and empowerment of women. The GBC would study the best practices in prioritization and implementation of gender specific needs, in developmental programmes across Government Departments as well as in other countries.

### **National Company Law Tribunal (NCLT)/ National Company Law Appellate Tribunal (NCLAT)**

**2.11** The institutional structure relating to NCLT/NCLAT was provided for in the Companies (Second) Amendment 2002. The NCLT is envisaged to discharge the functions and exercise powers currently with the Company Law Board, the Board of Industrial and Financial Reconstruction (BIFR) and the High Courts in respect of liquidation and winding up, amalgamation and mergers. However, the constitution of NCLT/NCLAT was challenged in the Madras High Court which gave its ruling in April 2004. Thereafter, an SLP was filed by the Central Government in the Supreme Court. The SLP was heard by the Supreme Court after which the matter was referred by the Apex Court to a Constitution Bench. Consequently, NCLT/NCLAT have not yet been set up

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## CHAPTER – III

### THE COMPANIES ACT, 1956 AND ITS ADMINISTRATION

**3.1** Companies play very vital role in any economy. In our country, the Companies Act, 1956 primarily regulates the range of activities from formation to liquidation and winding up of companies. The Act prescribes regulatory framework for various aspects including organisational, financial and managerial aspects of companies. The winding up matters, presently are largely within jurisdiction of High Courts. Regulation of the corporate governance, structure and obligations of companies towards their stakeholders, statutory disclosure obligations, powers of inspection, investigation and enforcement and company processes such as mergers/ amalgamations/ arrangements/ Reconstructions etc., constitute the main focus of the Act. In the functioning of corporate sector, alongwith freedom of operation of companies, protection of investors and shareholders are considered equally important. The Companies Act enables a statutory platform for essential Corporate Governance requirements essential for functioning of the companies with transparency and accountability, recognizing and protecting the interests of various stakeholders. The main objects of the Act are summarized as under:-

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

law so that the interests of all stakeholders may be protected from unscrupulous management.

These objectives are achieved through measures as explained in the following paragraphs.

#### **Regulation of Companies**

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

**3.2.2** Sections 235 and 237 of the Companies Act empower the Central Government to order investigation into the affairs of a company under circumstances specified therein. The power to appoint inspectors, to conduct investigation and to act on report of investigation lies with the Central



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Government. The Company Law Board is also empowered to consider application of members for conducting investigation into the affairs of a company. The powers to order investigation arise in circumstances where the business of a company is being conducted with an intent to defraud its creditors, or for unlawful purposes, or in a manner oppressive to any of its members or that if the company was formed for any fraudulent or unlawful purposes.

**3.2.3** The Companies (Amendment) Act, 1988, introduced a new Section 621A empowering the Company Law Board and the Regional Directors to compound offences of prosecution. The power to compound is not exercisable in relation to offences, which are punishable either with imprisonment only or with imprisonment and fine.

**3.2.4** Public Limited or Private Limited company which is a subsidiary of the Public Limited company can appoint the Managerial personnel under section 269 ( read with section 388 ) of the Companies Act, 1956 and remunerate them on its own without seeking any approval of the Central Government as prescribed under section 198 and 309 ( read with Schedule XIII ) of the Act. However in certain conditions a company has to seek approval of the Central Government. These conditions are:-

1. In case there is loss/inadequacy of profits in the company and the proposed remuneration is in excess of the limit as prescribed under Schedule XIII on the basis of the effective capital of the company.
2. In case where the company is a profit making company, the remuneration proposed to be paid is exceeding 5% of the net profit in case of one managerial personnel and 10% of the net profit in case of more than one managerial personnel.
3. In case where the company has defaulted in making payment of its debts (including public deposits) and interest thereon.
4. Where the company does not have any remuneration committee.
5. Where the appointee is a NRI.

6. In case of non-executive Directors the remuneration proposed to be paid is in excess of 1% of the Net profit of the company where there is any managerial personnel and 3% where there is no managerial personnel appointed by the company.
7. In case where the company has made any violation of the Act as specified in Part I of Schedule XIII of the Act and the proposed managerial personnel has been awarded any punishment or the authority concerned has imposed penalty for such violation.

### **Investor Grievance Management**

**3.3.1** Investor Grievance Management Cell (IGMC), renamed from earlier Investor Protection Cell (IPC), of the Ministry of Corporate Affairs was set up in 1993 to deal with investors' grievances. Its function is to take up the grievances of investors' through the jurisdictional Registrars of Companies. It also coordinates with the Reserve Bank of India, Department of Economic Affairs and the Securities and Exchange Board of India for redressal of complaints received in this Ministry but pertaining to those agencies. Broadly, the complaints relate to the following issues.

1. non-receipt of annual report
2. non-receipt of dividend amount
3. non-refund of application money
4. non-payment of matured deposits and interest thereon
5. non-receipt of duplicate shares
6. non-registration of transfer of shares
7. non-issue of share certificates
8. non-receipt of debenture certificates
9. non-issue of right bonus shares
10. non-issue of interest on late payment
11. non-redemption of debentures and interest thereon
12. non-receipt of share certificates on conversion.

**3.3.2** The investor/depositors can lodge their complaints with IGMC on-line through MCA-21

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program using the website of the Ministry viz [www.mca.gov.in](http://www.mca.gov.in). The system acknowledges the receipt of complaint online by generating a complaint number which can be used for future follow up of the complaint.

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

**3.3.4** The IGMC received 914 complaints at Ministry's Headquarters from the investors during the period from 01.01.2008 to 31.03.2009 whereas 1011 complaints were carried forward from the previous year. Out of these, 472 complaints have been settled. Out of above mentioned 914 complaints, IGMC received 299 complaints [105 to SEBI, 78 to RBI and 116 to Hardship Committee (CLB)] pertaining to other agencies and the same were forwarded to them for necessary action.

### **Vanishing Companies**

**3.4.1** The Capital Market Boom of early 1990s witnessed a large number of companies tapping the capital market through public issue. However, some companies which had raised funds by making public issue later vanished with the investors' money.

**3.4.2** Finance Minister in his Budget Speech on 27.2.99, a joint mechanism called Coordination and Monitoring Committee (CMC), co-chaired by Secretary, Ministry of Corporate Affairs (MCA), (the then Department of Company Affairs), and Chairman, SEBI was set up to settle the policy issue regarding the delinquent companies/promoters and to monitor the progress in regard to action against vanishing companies under the provisions of the Companies Act, 1956 and under the relevant provisions of India Penal Code (IPC) as well as under SEBI Act, 1992. CMC has representatives of MCA, SEBI, RBI and Department of Economic

Affairs (DEA), and is assisted by Regional Task Forces, each under the four Regional Directors of Ministry of Corporate Affairs and includes representatives of Registrars of Companies (RoCs), Regional Stock Exchanges, RBI and Nodal Officer nominated by the concerned State Governments.

**3.4.3** Of the 229 companies that came out with IPOs during 1992-98, earlier identified as vanished, 116 companies have been traced back and are now regular in filing statutory returns etc. After the CMC started functioning, the number of vanishing companies reduced significantly and for the period 1998-2001 only 08 companies have been identified as vanishing while the number of companies which vanished after this period is "NIL". Hence, it may be appreciated that the instrument of setting up of the CMC and its functioning has been successful in effectively controlling the phenomenon of vanishing companies. Beside this, the implementation of an e-Governance project in which the identity of directors is built in through the Director Identification Number (DIN) has also assisted in controlling the phenomenon of vanishing companies. The Ministry however is making all efforts to ensure that the complaints filed against the vanishing companies and its promoters/directors are taken to their logical conclusion at different forums.

### **Acceptance of Deposits**

**3.5.1** Section 58A of the Companies Act, 1956 which came into force on 1.2.1975, regulates the invitation and acceptance of deposits by non-banking non-financial companies. The Companies (Acceptance of Deposits) Rules, 1975 framed in pursuance of sub-section (1) of Section 58A of the aforementioned Act prescribes the limits, manner and conditions subject to which deposits may be invited and accepted by these companies either from the public or from their members. These Rules prescribe and require every company to advertise at the time of inviting deposits a summarized financial position of the company for the preceding two financial years. The rules lay down the following conditions governing the acceptance of deposits:

- Ceiling limits of deposits with reference to the company's net worth.

- Maximum period of 36 months for which the deposits can be accepted.
- Maximum rate of brokerage, which can be paid by the company to brokers through whom the deposits are collected.
- Maintenance of liquid assets to the extent of 15% of deposits maturing during the year to be invested in specified securities in order to safeguard the interests of depositors.
- Maximum rate of interest payable on deposits.

**3.5.2** Sub-Section (8) of Section 58A empower the Central Government if it considers necessary for avoiding any hardship or for any other just and sufficient reason to grant extension of time to a company or class of companies to comply with or exempt any company or class of companies from all or any of the provisions of Section 58A either generally or for a specified period subject to such conditions as may be specified, either prospectively or retrospectively from a date not earlier than the commencement of the Companies (Amendment) Act, 1974. In case exemption is to be granted for a class of companies, it is to be done after consultation with the Reserve Bank of India.

**3.5.3** Sub-sections (9) & (10) of Section 58A empower the Company Law Board to take cognizance of any case of non-repayment of deposits on maturity and direct the company to make repayment of such deposits within such time and subject to such conditions, as may be specified in the order. Non-compliance of the orders of the Company Law Board would attract penalty by way of imprisonment, which may extend to three years and shall also be liable to a fine of not less than Rs. 500/- for every day till such non-compliance continues.

**3.5.4** Under the proviso to sub-section (7) of Section 58A, the Government is empowered to exempt a class of companies from all or any of the provisions of Section 58A. The Ministry has granted exemption vide Notification GSR No. 1075E dated 29.12.1989 from the provisions of sub-section (1) to (6) of Section 58A in respect of acceptance of deposits by issue of Commercial paper by companies which satisfy the eligibility

criteria laid down by Reserve Bank of India in the Non-Banking Companies (Acceptance of Deposits through Commercial Paper) Directions 1989. The said Notification has come into force on and from 1.1.1990.

**3.5.5** During the period with effect from 1.1.2008 to 31.03.2009, 17 applications for granting exemption/extension of time under Section 58A (8) of the Companies Act, 1956 were received in addition to 07 applications brought forward from the previous year. Out of the total 24 applications, 14 applications were disposed of during the said period, and 10 applications were pending for consideration as on 31.03.2009.

### **Other Provisions**

**3.6.1** In order to afford greater protection to shareholders, Section 205A has been incorporated in the Companies Act, whereby unpaid or unclaimed dividends are to be kept in a separate account for three years by the company concerned. Thereafter, if these dividends still remain unpaid or unclaimed, these are to be transferred to the account of the Central Government, which will make necessary payments to the shareholders concerned upon an application duly made by them.

**3.6.2** Approval of the Central Government is required to be obtained under Section 294AA in regard to the sole selling agency agreements, which may be entered into by companies having paid up capital of Rs. 50 lakh or more. This is to ensure that the cost of commodities sold to the consumers through these agreements is not inflated by avoidable additional expenditure on the part of the companies concerned.

**3.6.3** Cost Accounting Records Rules are prescribed under Section 209(1)(d) of the Companies Act, for companies engaged in production, processing, manufacturing and mining activities. These are designed to bring cost consciousness among the companies to ensure the best use of resources by them with a view to reduce the cost of production and in turn to provide cheaper goods to the consumer.

**3.6.4** The interest of the public in general in the matter of keeping deposits with the companies has also been taken care of in the Companies Act.

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Under section 58A of the Companies Act, 1956, the Ministry has framed the Companies (Acceptance of Deposits) Rules, 1975. Under these Rules, companies are required to advertise and publish their financial accounts for information and guidance of the public at the time of inviting deposits. If a company fails to repay any deposit or part thereof in accordance with the terms and conditions of such deposit, the Company Law Board may, if it is satisfied that it is necessary to do so to safeguard the interests of the company, the depositors, or in the public interest, direct the company to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as may be specified in the order.

### **Company Law Board**

**3.7.1** The Company Law Board has been functioning as an independent quasi-judicial body w.e.f. 31.5.1991 set up by the Central Government under Section 10E of the Companies Act, 1956. The Company Law Board has framed Company Law Board Regulations 1991 prescribing the procedure for filing the applications/petitions before it. The Central Government has also prescribed the fees for making applications/petitions before the Company Law Board under the Company Law Board (Fees on applications and Petitions) Rules, 1991.

**3.7.2** The Board has its Principal Bench at New Delhi, but it may sit at any other place in India at its discretion or at the joint request of all the parties. It has Regional Benches at New Delhi, Mumbai, Kolkata and Chennai. From 1<sup>st</sup> April, 2008 onward the matters falling under section 247, 250, 269, and 388B of the Companies Act, 1956 and under section 2A of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) are dealt with by the Principal Bench consisting of one or more Member. All other sections of the Act i.e. 17, 18, 19, 58A, 58AA, 79/80A, 111/111A, 113/113(3), 117, 117C, 118, 141, 144, 163, 167, 186, 196, 219, 235, 237(b), 284, 304, 307, 397/398, 408, 409, 614, and 621A of the Companies Act, 1956 and Section 45QA of the Reserve Bank of India Act, 1934 are dealt with by Regional Benches namely New Delhi Bench, Chennai Bench, Kolkatta Bench and Mumbai Bench consisting of one or more

Members.. In case the company fails to comply with the directions contained in the Orders so passed by the Company Law Board, application under section 634A of the Companies Act, 1956 for enforcing the orders are entertained.

**3.7.3** During 01.01.2008 to 31.03.2009, 1467 applications were considered u/s 58A (9) of the Companies Act, 1956 and 45QA of the RBI Act, 1934 of which 517 were disposed of. Under other Sections of the Companies Act, 1956, 12098 petitions were considered out of which 10178 petitions were disposed of during this period. This includes 2143 cases compounded under section 621A of the Companies Act, 1956.

**3.7.4** As against the sanctioned strength of nine Members (including Chairman and Vice Chairman) the constitution of the Company Law Board as on 31.03.2009 is as follows:-

1. Shri S. Balasubramanian, Chairman
2. Shri K.K. Balu, Vice-Chairman
3. Smt. Vimla Yadav, Member
4. Shri Kanthi Narahari, Member
5. Shri V.S. Rao, Member

**3.7.5** Presently, every month a Hardship Committee meeting is held in CLB, New Delhi as per Company Law Board's order for refund of deposit on hardship grounds in respect of 19 companies. The cheques/drafts for refunds are distributed by CLB on receiving the same from the companies in respect of the cases received by CLB. There are lots of improvements in terms of redressal of grievances of the small and needy depositors. Up to 31<sup>st</sup> March, 2009 a sum of Rs. 7.30 crores (approx.) has been disbursed to 10940 depositors. Thus, 100% redressal of complaints received by CLB on hardship grounds is ensured.

**3.7.6** Payment to fixed deposit holders of M/s. Pure Drinks (New Delhi) Ltd., is being made by Company Law Board in compliance with the order passed by Hon'ble High Court of Punjab & Haryana. Till 31<sup>st</sup> March, 2009 11,404 cheques have been issued to the depositors of Pure Drinks (new Delhi) Ltd. for an amount of Rs. 5.18 crores (approx). In all cases of payments for both 74

Principals and Interest, cheques are issued under the signature of the Secretary, CLB, New Delhi.

**3.7.7** The total filing fees received by the CLB during 01.01.2009 to 31.03.2009 is Rs. 60,92,464/- and compounding amount during the same period is Rs. 1,66,66,490/-.

### **Company Petitions before Company Law Board**

**3.8** Particulars of petitions/applications received and disposed of by various Benches including Principal Bench and Additional Principal Bench during the period from 1.1.2008 to 31.3.2009 are given in Table 3.1(on next page).

### **Action under Section 397/398/408/ 402/406/ 388/237(b) of the Companies Act**

**3.9.1** Section 397/398 of the Companies Act, 1956 provides for filing of application before the Company Law Board for relief in cases of

oppression, mismanagement or apprehension of mismanagement of the affairs of the Company. Section 408 of the Act empowers the Central Government to appoint such number of persons on the Board of the company as directed by Company Law Board on the reference/ application made by the Government to safeguard the interests of the company or its shareholders or the general public. In addition, the Central government can also file petitions under Section 402 read with Section 406 of the Act for disgorgement of assets against the Directors of the Company when they indulged in misappropriation/misfeasance.

**3.9.2** As on 31.03.2009, there were 7 cases pending before Company Law Board/High Court/Supreme Court. The details of the same are as under:

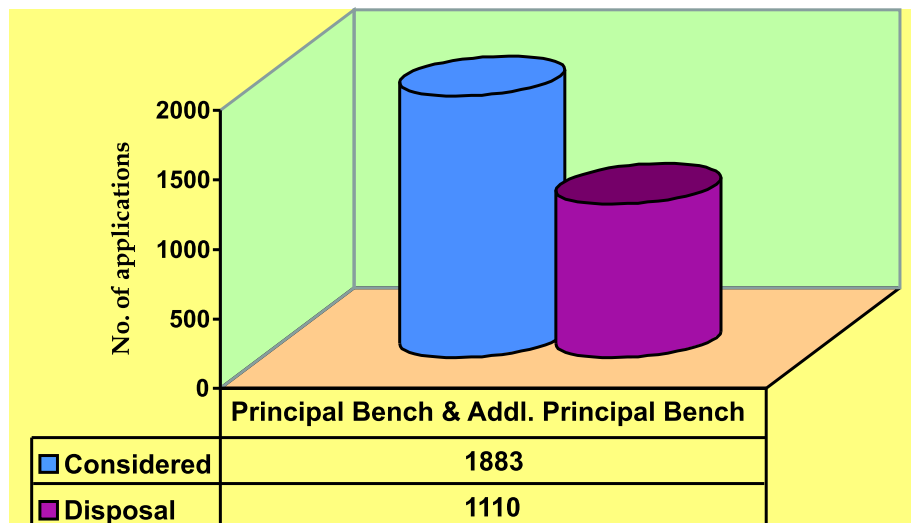
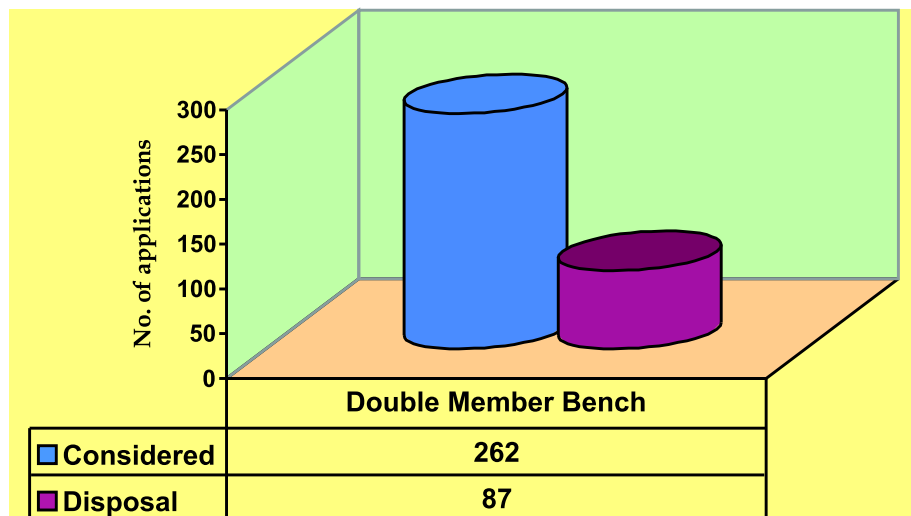
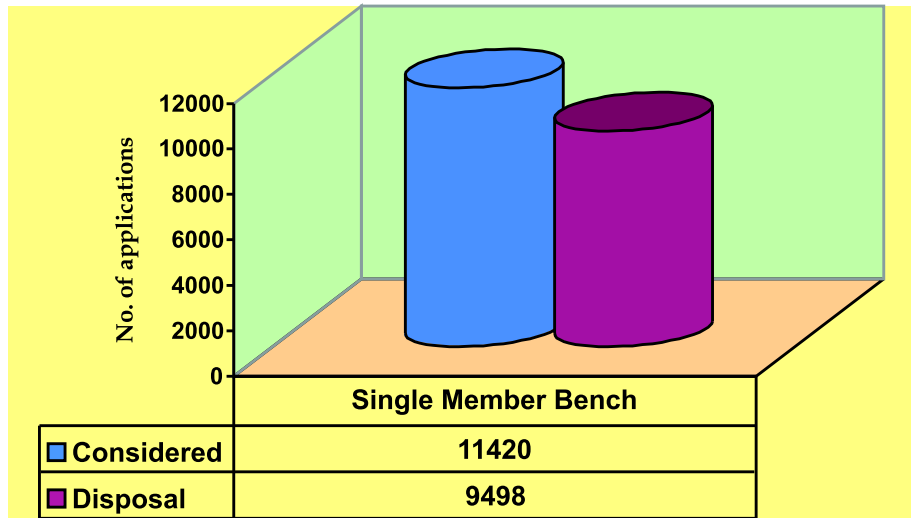
#### **Details of cases pending before Company Law Board/High Court/Supreme Court.**

<b>Sl. No.</b>	<b>Name of Company</b>	<b>CLB/Court</b>	<b>Under Sections</b>	<b>Remarks</b>
1.	M/s Satyam Computers Services Ltd.	CLB	397/398/388B/406 & 408	Pending
2.	M/s Maytas Properties Ltd.	CLB	-do-	Pending
3.	M/s Maytas Infra Ltd.	CLB	-do-	Pending
4.	M/s SHCIL Services Ltd.	CLB	250	Pending
5.	M/s Mukta Art Ltd.	High Court	237(b)	Pending
6.	M/s Eveready Industries Ltd.	High Court	397	Pending
7.	M/s Vikas WSP Ltd.	High Court	397	Pending

**TABLE - 3.1**  
**Consolidated Statement of Petitions/Applications received, disposed**  
**of and pending for the period 01.01.2008 to 31.03.2009**

S. No.	Composition of Bench as on 01.01.2008	Opening Balance and Sections	Receipt	Total (Col.Nos. 2 & 3)	Disposal	Pending as on 31.03.2009
	1	2	3	4	5	6
<b>1.</b>	<b>Single Member Bench:</b>					
	Section 17	107	1218	1325	1234	91
	Section 18/19	3	113	116	110	6
	Section 45QA of RBI Act	80	6	86	5	81
	Section 58A(9)	379	1002	1381	512	869
	Section 58AA(1)	13	0	13	0	13
	Section 79/80A	5	3	8	2	6
	Section 113/113 (3)	6	56	62	57	5
	Section 117	0	0	0	0	0
	Section 117C	177	4	181	2	179
	Section 118	0	0	0	0	0
	Section 141	23	5317	5340	5258	82
	Section 144	0	0	0	0	0
	<b>Misc. Applications</b>	39	166	205	148	57
	Section 163	4	3	7	4	3
	Section 167	7	10	17	5	12
	Section 186	3	7	10	5	5
	Section 196	3	0	3	3	0
	Section 219	0	0	0	0	0
	Section 284	6	8	14	7	7
	Section 304	0	0	0	0	0
	Section 307	0	0	0	0	0
	Section 614	2	2	4	3	1
	Section 621A	216	2432	2648	2143	505
	Section 634A	0	0	0	0	0
	<b>Total (a)</b>	<b>1073</b>	<b>10347</b>	<b>11420</b>	<b>9498</b>	<b>1922</b>
<b>2.</b>	<b>Double Member Bench:</b>					
	Section 111	122	138	260	86	174
	Section 269(7)	0	0	0	0	0
	Section 634 A	2	0	2	1	1
	<b>Total (b)</b>	<b>124</b>	<b>138</b>	<b>262</b>	<b>87</b>	<b>175</b>
	<b>Total (a) + (b)</b>	<b>1197</b>	<b>10485</b>	<b>11682</b>	<b>9585</b>	<b>2097</b>
<b>3.</b>	<b>Principal Bench &amp; Additional Principal Bench:</b>					
	Cases U/Sections 235,237,247, 250, 388(b), 397, 398, 408, 409 and Interlocutory applications	593	1290	1883	1110	773
	<b>Grand Total</b>	<b>1790</b>	<b>11775</b>	<b>13565</b>	<b>10695</b>	<b>2870</b>

**Petitions/Applications considered and disposed of by the Company  
Law Board for the period 01.01.2008 to 31.03.2009**



### Appointment of Managerial Personnel

**3.10.1** The Ministry of Corporate Affairs deals with statutory applications relating to the appointment of and payment of remuneration to Managing Directors, whole-time Directors and managers of public limited companies and of private limited companies which are subsidiaries of public limited companies under Sections 259, 268, 269, 198/309, 310 and 314 of the Companies Act, 1956 in accordance with provisions of Schedule XIII to the said Act, as amended from time to time.

**3.10.2** To bring greater transparency in processing of various statutory applications, the submission

of applications on-line through the website of the Ministry was operationalised since September, 2006. The companies can also track the status of their application on the website of the Ministry.

**3.10.3** It has been observed that applications received are generally deficient in several respects. In order to have complete information at the initial stage itself, Form Nos. 25A and 24B are under revision to make them effective and to ensure speedy disposal of application. The details of receipt and disposal of statutory applications for the period from 01.01.2008 to 31.03.2009 are given in Table 3.2 below.

**Table 3.2**  
**Applications on Managerial Appointment received and disposed of by**  
**the Central Government during 01.01.2008 to 31.03.2009**

Sections of the Companies Act, 1956	Nature of Applications	Pending as on 1.1.2008	Received during 1.1.2008 to 31.03.2009	Total	Disposed of during 1.1.2008 to 31.03.2009	Pending as on 31.03.2009
1	2	3	4	5	6	7
259	Increase in number of Directors.	5	41	46	28	18
268	Amendment of provisions In the Articles of Association relating to Managing Director or Whole time Director.	3	23	26	6	20
269/Schedule XIII, 309(1B), 309(4)(5B), 310,	Appointment/reappointment of Managing Directors or Whole time Director/ Managers. Remuneration to Directors for rendering professional services. Remuneration to Directors other than Managing Director under Whole-time appointment/ Waiver of sums refundable to Directors.	381	1419	1800	1157	643
314(1B)	Appointment/continuance of relative of a Director to hold any office or place of profit in company which carries total monthly remuneration of not less than Rs. 50,000 per month	61	410	471	207	264
	<b>Total</b>	<b>450</b>	<b>1893</b>	<b>2343</b>	<b>1398</b>	<b>945</b>



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## **Investigation**

**3.11.1** The investigation cases of companies under Section 235/237 of the Act are entrusted to the Inspectors drawn from SFIO on the following grounds/criteria:-

- i) Where the size of the alleged fraud is estimated to be at least Rs. 50 crore or more, or;
- ii) Such companies which are listed or where the paid up capital of the company is more than Rs. five crore, and 20% or more capital is subscribed by the public; or
- iii) When the alleged fraud involves widespread public concern estimated to affect at least more than 5000 persons; or
- iv) Where investigation requires specialized skills and multidisciplinary approach.

**3.11.2** The Ministry of Corporate Affairs has constituted an Expert Committee to advise the Government on issues concerning the Serious Fraud Investigation Office vide Order No.2/1/2004.CL-V dated 23<sup>rd</sup> February 2006. The Expert Committee constituted under the Chairmanship of Shri Vepa Kamesam and six other members is to make recommendations to the Government on:-

- a) Assessment of the need for and details of a separate status to govern the constitution and functioning of SFIO;
- b) The nature and details of the legislative changes as may be required in existing laws, to enable effective functioning of SFIO including prosecution of offences detected by it;
- c) The mechanism for referral of cases to SFIO and coordination of activities of SFIO with other agencies/organizations of the Central and State Governments, including investigating agencies.
- d) Powers of SFIO and its investigating officers;

- e) Specification of offences and penalties to enable effective conduct of investigation agencies and the need for special Courts for trial of corporate fraud cases; and
- f) Other matters consequential to or in pursuance of the above.

**3.11.3** The report of Expert Committee is awaited.

**3.11.4** During the period from 1<sup>st</sup> January,2008 to 31.03.2009, the Ministry has ordered/ referred 17 cases to SFIO for investigations under Section 235/237/247 of the Companies Act, 1956. The Ministry has received seven investigation reports. and investigation of 32 companies is under progress as on 31.03.2009.

## **Inspections**

**3.12.1** Section 209A of the Companies Act, 1956 empowers the Registrar of Companies or the officers, duly authorized by the Central Government, to undertake inspection of the books of accounts and other records of companies. Several officers of the Ministry have been authorized under this section from time to time to undertake inspections.

**3.12.2** Broadly, inspections are undertaken to serve one or more of the following objects:

- i) to verify compliance by companies of various provisions of the Companies Act, 1956;
- ii) to verify whether the company accounts represent a true and fair picture of the company's finances and whether the same have been disclosed in a manner consistent with the Companies Act;
- iii) whether the company's funds have been siphoned off, applied or diverted in a manner violative of the provisions of the Act and whether the company management has misused its fiduciary position for any personal advantage in violation of the Act;

- iv) whether there are acts of mismanagement or oppression which adversely affect the interest of company stakeholders, or which may adversely prejudice such interests, which may merit the company to be wound up on just and equitable grounds under the Act;
- v) whether statutory auditors have carried out their duties properly while certifying true and fair view of the state of affairs of the company; and
- vi) to examine legal action under the Companies Act if the company has made a default in filing its balance sheet and profit and loss account or annual return for any five consecutive financial years with the Registrar.

**3.12.3** Inspection under section 209 A of the Companies Act, 1956, of the books of accounts of the company is generally ordered on the basis of:-

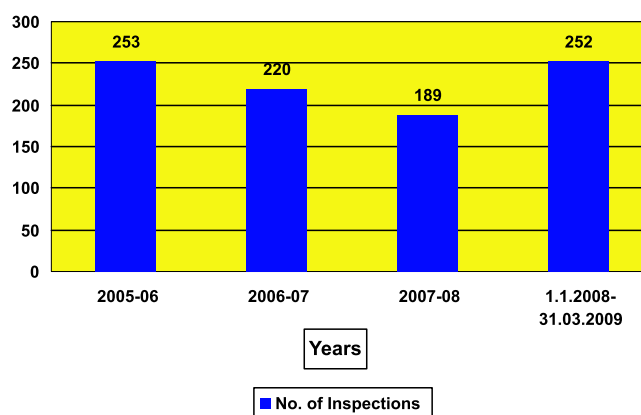
- i) complaints received in the Ministry or in its field offices about mismanagement in respect of maintenance of books of accounts as prescribed under Section 209 of the Act, delay in transfer of shares/debentures, delay in payment of dividend, non-payment of deposits or interest thereon etc.;
- ii) violations/irregularities noticed on scrutiny of documents including auditors remarks filed in the office of the Registrar of Companies and
- iii) reference received from other Government Departments/Agencies pointing out violations of the provisions of the Companies Act, 1956 or other irregularities.

**Table 3.3**

**Number of inspections conducted during last four financial years**

Year	No. of Inspections
2005-06	253
2006- 07	220
2007- 08	189
1.1.2008 to 31.03.2009	252

**Number of inspections conducted during the last four Financial Years**



**Follow up of the report of Joint Parliamentary Committee (JPC) on Stock Market Scam**

**3.13** The Government had set up a Joint Parliamentary Committee (JPC) to investigate the Stock Market Scam. JPC submitted its report in December 2002. The Ministry of Corporate Affairs was asked to furnish Action Taken Report on certain recommendations of the JPC concerning this Ministry. Status reports in respect of points concerning MCA are forwarded regularly to JPC Cell in the Department of Economic Affairs which is for monitoring the follow up action on JPC Report from time to time.

**Prosecutions**

**3.14** During the period from 1.1.2008 to 31.03.2009, a total no. of 68,891 prosecutions including 50,708 prosecutions brought forward from the previous year were launched and pursued in various courts under the Company Act, 1956,

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Out of these, 11,148 prosecutions were disposed of and a balance of 57,743 prosecutions were pending as on 31.03.2009.

### **Cost Audit**

**3.15.1** Cost Audit Branch under the Ministry of Corporate Affairs is manned by professionals drawn from the Indian Cost Accounts Service (ICAS) and primarily deals with sections 209 (1) (d) and 233B of the Companies Act, 1956. The Branch, under section 209 (1) (d) formulates & notifies Cost Accounting Records Rules (CARRs) for various industries/products. Details of activities undertaken by Cost Audit Branch during the period January, 2008 to March, 2009 are given as under:

i) In exercise of the powers conferred by sub-section (1) of Section 642 read with clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, the Central Government notifies Cost Accounting Records Rules (CARRs) from time to time with respect to various industries and products. All companies engaged in production, processing, manufacturing or mining activities, in respect of industries or products specified in Cost Accounting Record Rules, as applicable, are required to keep at its registered office proper books of account relating to utilisation of material or labour or to other items of cost as prescribed under the said Rules. Every company covered under these Rules shall maintain cost accounting records from the financial year on or after the publication of these Rules. These rules do not apply to a company: -

a) wherein, the aggregate value of machinery and plant installed as on the last date of the preceding financial year, does not exceed the limit as specified for a small scale industrial undertaking under the provisions of Industries (Development and Regulation) Act, 1951 (65 of 1951); and

b) the aggregate value of the turnover made by the company from sale or supply of all its products or activities during the preceding financial year does not exceed ten crores of rupees.

ii) The Cost Accounting Records Rules

(CARRs) prescribe the manner in which cost records are to be maintained so as to have cost data base to be primarily utilized by the industries/companies themselves to improve upon their performance and face competitive environment and also by various Government agencies like, price-fixation authorities, regulatory bodies, WTO implementation & monitoring agencies, Competition Commission of India, revenue authorities, and other institutions for meeting their respective objectives. Cost Accounting Records Rules have so far been notified in respect of 44 industries as indicated in Table 3.4.

iii) Ministry of Corporate Affairs vide its' order dated 21<sup>st</sup> January, 2008 constituted an Expert Group under the Chairmanship of Adviser (Cost), MCA to review the existing Cost Accounting Records Rules, Cost Audit Report Rules and Cost Accounting Standards, etc. and to suggest/advise suitable measures to the Government. The Expert Group has submitted its report on 26<sup>th</sup> December, 2008. The Expert Group has recommended for a major change in the existing mechanism of maintenance of cost accounting records and audit & reporting thereof. The report has been uploaded on the MCA website. Comments of different stake holders have been sought for further necessary action.

iv) Under sub-section (1) of section 233B of the Companies Act, 1956, cost audit orders are issued on eligible companies, from time-to-time, to get their cost records audited by a practicing Cost Accountant, in accordance to the Cost Audit Report Rules, 2001. Such orders are also issued on companies arising out of mergers, de-mergers, amalgamations, sale/transfer, change of name, etc. During the period January, 2008 to March, 2009, cost audit orders were issued on 21 companies.

v) Consequent upon the launch of MCA-21 Project under the e-Governance, companies under cost audit have started filing applications for appointment of cost auditors, through electronic mode from April, 2006. In compliance with Section 233B (2) of the Companies Act, 1956, 2349 applications were received through e-mode for

approval of appointment of cost auditors during the period January, 2008 to March, 2009 as against 1878 applications received during the previous year 2007-08. Online approval was made fully operational in July 2008 which resulted in reduction of processing time benefiting the Government as well as the applicant companies significantly. The companies find it very useful as they can check the status of their applications and take the print outs of the approvals online without waiting for letter of approval from this office. Cost involving dispatch time, postage stamps and replies to queries from the companies has been saved.

vi) Similarly, companies/cost auditors have also started filing the cost audit reports through electronic mode from April, 2006. The numbers of cost audit reports received during January, 2008 to March, 2009 were 4585 as against 2338 received during the previous year 2007-08. This has dispensed with the requirement of wide space in the form of record rooms for keeping hard and soft copies of the reports as were received earlier. It has also ensured proper safety of confidential information of concerned companies.

vii) The exemption from cost audit orders is granted, on year-to-year basis, in situations arising out of temporary closure of the company and/or its manufacturing facilities, negligible production/activity, etc. Similarly, withdrawal of cost audit orders is considered in case of permanent closure or sale or merger/amalgamation of production activities for the product under reference. During the period under report, 41 such cases of exemption/withdrawal were received and processed. In addition, 301 more cases of withdrawal were considered on a *suo moto* examination based on company data/information available on MCA website.

**3.15.2** During the period January, 2008 to March, 2009, 50 cost audit reports filed by the companies were shared with various user departments such as, Anti-dumping Directorate of the Ministry of Commerce, Tariff Commission, National Pharmaceuticals Pricing Authority, Competition Commission of India, etc.

**Table - 3.4**

**Industries in which Cost Accounting Records Rules were notified under Section 209(1)(d) of the Companies Act, 1956**

S.No.	Name of the Industry
1.	Aluminium
2.	Batteries other than Dry Cell Batteries
3.	Bearings
4.	Bulk Drugs
5.	Cement
6.	Chemicals
7.	Cosmetic & Toiletries
8.	Cycle
9.	Dry Cell Batteries
10.	Dyes
11.	Electric Cables and Conductors
12.	Electric Fans
13.	Electricity Industry
14.	Electric Lamps
15.	Electric Motors
16.	Electronic Products
17.	Engineering Industries
18.	Fertilizers
19.	Footwear
20.	Formulations
21.	Industrial Alcohol
22.	Industrial Gases
23.	Insecticides
24.	Jute Goods
25.	Milk Food
26.	Mining and Metallurgy

S.No.	Name of the Industry
27.	Motor Vehicles
28.	Nylon
29.	Paper
30.	Petroleum Industry
31.	Plantation Products
32.	Polyester
33.	Rayon
34.	Refrigerators
35.	Room Air Conditioners
36.	Shaving Systems
37.	Soaps and Detergents
38.	Steel Plants
39.	Steel Tubes & Pipes
40.	Sugar
41.	Telecommunications
42.	Textiles
43.	Tyres and Tubes
44.	Vanaspati

### **Restriction on Acquisition of Shares- Section 108A**

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

**3.16.2** During the period from 1.1.2008 to 31.03.2009, the Central Government received 1 application under this section and 1 application was brought forward from the previous year. Out of these 4 applications, 3 applications were disposed of and 1 application was pending as on 31.03.2009.

### **Payment of Dividends out of Reserve- Section 205A(3)**

**3.17.1** Section 205A(3) of the Companies Act, 1956 makes it obligatory for a company to seek prior approval of the Central Government where owing to inadequacy or absence of profits in any year, it proposes to declare dividend out of the accumulated profits earned in the previous years and transferred to the Reserves and where declaration of dividend is not in accordance with the Companies (Declaration of Dividend out of Reserves) Rules, 1975 framed under the said section.

**3.17.2** During the period from 1.1.2008 to 31.03.2009, 4 applications were received under this Section, while 2 applications were brought forward from the previous year. Out of the total 6 applications, 5 applications were disposed of and 1 was pending at various stages of consideration as on 31.03.2009.

### **Payment of Dividend**

**3.18** Section 205(2)(c) of the Companies Act empowers the Central Government to approve any other basis (apart from those specified in section 205 (2) (a) and 205 (2) (b)) to write off by way of depreciation ninety five percent of original cost to the company of each depreciable asset on expiry of specified period. During the period of this report i.e. from 1.1.2008 to 31.3.2009, 5 applications were received and 3 applications were brought forward from the previous year. Out of the total 8 applications, 3 applications were disposed of and 5 applications were pending as on 31.3.2009.

### **Accounts of Subsidiaries**

**3.19.1** Section 212 of the Companies Act provides that the Balance Sheet of a holding company should include certain documents of its subsidiaries. However, sub-section (8) thereof empowers Central Government to exempt a holding company from the requirements of including in Balance Sheet, the said particulars of subsidiary companies.

**3.19.2** During the period from 1.1.2008 to 31.3.2009, 884 applications were received and 32

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applications were brought forward from the previous year. Out of the total 916 applications, 696 applications were disposed of and 220 applications were pending at various stages of consideration as on 31.3.2009.

#### **Appointment of Sole Selling Agents:**

**3.20.1** Sub-Section 294AA(1) of the Companies Act, 1956 requires that where Central Government is of the opinion that the demand for goods of any category is substantially in excess of production or supply of such goods and that the services of the Sole Selling Agents will not be necessary to create a market for such goods, the Central Government may, by notification in the Official Gazette, declare that Sole Selling Agent shall not be appointed by a company for the sale of such goods for such period as may be specified in the declaration. At present, the said prohibition on appointment of Sole Selling Agents exists only in respect of 'Bulk drugs, drugs and Formulations which has been extended for a period of three years w.e.f. 5.4.2007 vide Notification No. GSR 272(E) dated 5.4.2007.

**3.20.2** Sub-sections (2) and (3) of Section 294-AA of the Companies Act, 1956 require the companies to obtain approval of Central Government for appointment of Sole Selling Agents. Sub-section (2) applies to those companies, in which the Sole Selling Agents either by themselves or through their relatives, hold paid-up-capital of Rs. 5 lakhs or 5 per cent of the paid-up-capital of the company, whichever is less. Sub-section (3) applies to the companies whose paid-up capital is Rs. 50 lakhs or more.

**3.20.3** During the period from 1.1.2008 to 31.03.2009, 19 applications were received under sub-sections (2) & (3) of Section 294AA of the above said Act while 9 applications were brought forward from the previous year. Out of the total 28 applications, 21 applications were disposed of and 8 applications were pending at various stages of consideration as on 31.03.2009.

#### **Loans to Directors and Relatives:**

**3.21.1** Section 295 of the Companies Act, 1956 requires all public companies or their subsidiaries to obtain the previous approval of Central Government before making any loan to, or giving any guarantee or providing any security in

connection with a loan made by any other person to, or to any other person by their directors, relatives of such directors, firms or private Companies in which such directors are interested and to other body corporate falling within the ambit of clauses (d) & (e) of sub-Section (1) of the said Section.

**3.21.2** During the period from 1.1.2008 to 31.03.2009 the Central Government received 51 applications under this section and 22 applications were brought forward from the previous year. Out of these, 73 applications, 56 applications were disposed of and 17 applications were under examination as on 31.03.2009.

#### **Amalgamation of Government Companies**

**3.22** During the period under report, 7 cases were received and 4 cases brought forward from the previous year were considered under Section 391-394 and 396 of the Companies Act, 1956. Out of these 11 cases, 3 cases were disposed of and 8 cases were pending as on 31.3.2009.

#### **Power to Declare Companies as Nidhi**

**3.23.1** Under Section 620A of the Companies Act, 1956, the Central Government is empowered to declare by notification in the Official Gazette certain special type of Non-Banking Financial Companies as "Nidhi Companies" or "Mutual Benefit Societies" as the case may be and direct that certain provisions of the Companies Act, 1956 shall not apply and/or, as the case may be, shall apply with certain exceptions, modifications and adaptations to the said Nidhi's. During the period from 1.4.2007 to 31.12.2007 the Central Government declared 24 companies as Nidhi Companies vide Notification GSR 329(E) dated 1.5.2008, bringing the total number of Companies notified as Nidhi as on 31.3.2009 is now 357.

**3.23.2** During the period from 1.1.2008 to 31.03.2009 the Central Government received 22 applications under Section 620A of the Companies Act, 1956 and 20 applications were brought forward from the previous year. Out of these, 42 applications, 36 applications were disposed of and 6 applications were under process/examination of the Central Government as on 31.03.2009.

### **Accord of Approval for granting contracts under Section 297(I)**

**3.24.1** Section 297(1) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1974 which came into force with effect from 1<sup>st</sup> February, 1975, makes it obligatory for companies having paid-up share capital of not less than Rs. 1 crore to seek prior approval of the Central Government in respect of any contract to be entered into (a) for sale, purchase or supply of goods, material or service or supply of goods, material or service or (b) for underwriting the subscription of any share or debentures of the company with a Director of the company or his relatives, a firm in which such a Director or relative is a partner, any other partner in such a firm or a private company of which a Director is a Member or Director. The powers of Central Government to accord approval under Section 297(1) of the Companies Act, 1956 have been delegated to Regional Directors with effect from 19.8.1993. This has been done with the

twin purposes of decentralization and expeditious disposal.

**3.24.2** During the period from 01.01.2008 to 31.03.2009, Regional Directors considered 2,251 applications including 204 applications brought forward from the previous year. Out of these, 2,015 applications have been disposed of and the balance of 236 applications were pending with Regional Directors as on 31.03.2009.

### **Applications considered and disposed of by the Regional Directors and Registrars of Companies**

**3.25** The powers and functions of the Central Government in respect of some Sections of the Companies Act, 1956 have been delegated to the Regional Directors located at Kolkata, Mumbai, Chennai and Noida (U.P.) and to the Registrars of Companies. Table given below shows the disposal of applications dealt with by the Regional Directors/Registrars of Companies under the delegated powers.

**Table 3.5**

#### **Applications considered and disposed of by the Regional Directors and Registrars of Companies under various Sections of the Companies Act, 1956 .**

<b>Sl. No.</b>	<b>Section of the Companies Act and the subject matter of the application</b>	<b>Considered during the year (1.4.2008 to 31.3.2009)</b>	<b>Disposed of during the year</b>	<b>Pending as on 31.3.2009</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Section 21 change of name.	8543	8005	538
2.	Section 22 Rectification of name.	139	69	70
3.	Section 25 Grant of license	419	306	113
4.	Section 25(8) alteration in the Memorandum and Article of Association.	134	94	40
5.	Section 31 alteration in Articles through special resolution.	2512	2314	198
6.	Section 224 (3) and 224 (7) appointment and remuneration to auditors	34	19	15
7.	Section 394-A amalgamation of companies (public/private companies by RD)	1234	1094	140
8.	Section 555 (7) (b) company liquidation accounts.	1173	394	779
9.	Section 560 striking of name of the companies in the Register maintained by ROC.	50127	18249	31878

**Liquidation of Companies (Applications received by Official Liquidators)**

**3.26** 6329 companies were taken into liquidation from 1.4.2008 to 31.3.2009. After taking into account 174 companies finally wound up, the

total number of companies under liquidation as on 31.3.2009 were 6155. The distribution of the companies in liquidation by their mode of winding up during 1.4.2008 to 31.3.2009 is given in Table 3.6.

**Table 3.6**

**Distribution of the companies in liquidation by their mode of winding up during 1.4.2008 to 31.3.2009**

<b>Sl. No.</b>	<b>Subject</b>	<b>Pending as on 1.4.2008 to 31.03.2009</b>	<b>Received during the period 1.4.2008 to 31.03.2009</b>	<b>Total (Col 3 +4)</b>	<b>Disposed during the period</b>	<b>Pending as on 31.03.2009</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
1.	Members Voluntary winding up	1254	61	1315	33	1282
2.	Creditors Voluntary winding up	112	-	112	-	112
3.	Winding up by Court	4764	135	4899	141	4758
4	Winding up subject to supervision of Court.	03	-	3	-	03
	<b>Total</b>	<b>6133</b>	<b>196</b>	<b>6329</b>	<b>174</b>	<b>6155</b>



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## CHAPTER – IV

# THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969 POLICY, PROVISIONS AND PERFORMANCE

**4.1** The MRTP Act, 1969 has its genesis in the Directive Principles of State Policy embodied in the Constitution of India. Clauses (b) and (c) of Article 39 of the Constitution lay down that the State shall direct its policy towards ensuring:

- (i) that the ownership and control of material resources of the community are so distributed as to best serve the common good; and
- (ii) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

### **Provisions Relating to Monopolistic, Restrictive and Unfair Trade Practices**

**4.2.1** Section 10 of the MRTP Act, 1969 empowers the MRTP Commission to enquire into monopolistic or restrictive trade practices upon a reference from the Central Government or upon its own knowledge or on information. The MRTP Act, 1969 also provides for appointment of a Director General of Investigation and Registration for making investigations for the purpose of enquiries by the MRTP Commission and for maintenance of register of agreements relating to restrictive trade practices.

**4.2.2** The MRTP Commission receives complaints both from registered consumer and trade associations and also from individuals either directly or through various Government Departments. Complaints regarding Restrictive Trade Practices or Unfair Trade Practices from an association are required to be referred to the Director General of Investigation and Registration for conducting preliminary investigation in terms of Sections 11 and 36C of the MRTP Act, 1969 and Regulation 119 of the MRTP Commission

Regulations, 1974. The Commission can also order a preliminary investigation by the Director General of Investigation and Registration when a reference on a restrictive trade practice is received from Central/ State Government, or when Commission's own knowledge warrants a preliminary investigation. Enquiries are instituted by the Commission under relevant Sections of the MRTP Act, 1969 after the Director General of Investigation and Registration has completed the preliminary investigation and as a result of the findings, submits an application to the Commission for an enquiry.

### **Monopolistic Trade Practices**

**4.3** Three enquiries under Section 10(b) were pending with the MRTP Commission at the beginning of the year 2008, while four enquiries were instituted during the period from January, 2008 to March, 2009. No enquiry is disposed of and as such 7 enquiries were pending as on 31.03.2009.

### **Restrictive Trade Practices**

#### **Under Section 10(a)(i)**

**4.4.1** 254 enquiries, including 209 brought forward from the previous year, were considered during January, 2008 to March, 2009 of which 43 enquiries were disposed of during the said period and the remaining 211 enquiries were pending with the Commission as on 31<sup>st</sup> March, 2009.

#### **Under Section 10(a)(ii)**

**4.4.2** During January, 2008 to March, 2009, One enquiry brought forward and the same was pending as on 31<sup>st</sup> March, 2009.

#### **Under Section 10(a)(iii)**

**4.4.3** 50 enquiries including 46 brought forward from the previous year were taken up by the Commission during January, 2008 to March, 2009.

Three enquiries were disposed of during the period and the remaining 47 were pending with the Commission as on 31<sup>st</sup> March, 2009.

#### Under Section 10(a)(iv)

4.4.4 44 enquiries, including 28 brought forward from the previous year, were considered during January, 2008 to March, 2009 of which 12 enquiries were disposed of during the said period and the remaining 32 enquiries were pending with the Commission as on 31<sup>st</sup> March, 2009.

#### Unfair Trade Practices

4.5.1 Provisions relating to Unfair Trade Practices were incorporated in the MRTP Act, 1969 in the year 1984. Unfair Trade Practices have been defined in Section 36A as trade practices which for the purpose of promoting the sale, use or supply of any goods or for provision of any services, adopt one or more of the practices mentioned therein and thereby cause loss or injury to the consumers of such goods or services, whether by eliminating or restricting competition or otherwise.

#### Under Section 36B(a)

4.5.2 530 enquiries including 402 enquiries brought forward from the previous year were considered by the Commission during January, 2008 to March, 2009. Of these, 95 enquiries were disposed of and the remaining 435 enquiries were pending as on 31<sup>st</sup> March, 2009.

#### Under Section 36B(b)

4.5.3 Neither any enquiry under Section 36B (b) of the MRTP Act, 1984 was initiated nor any enquiry was brought forward during January, 2008 to March, 2009.

#### Under Section 36B(c)

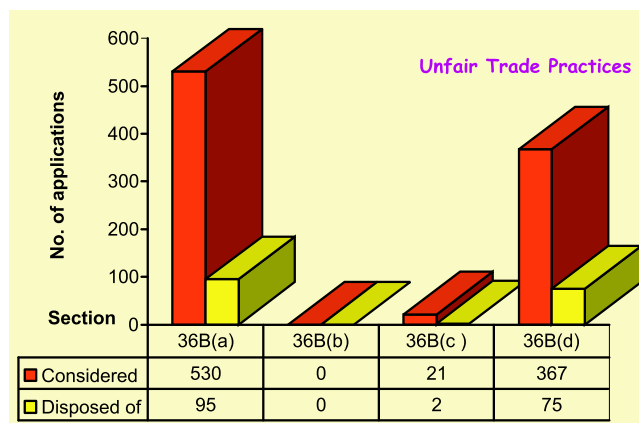
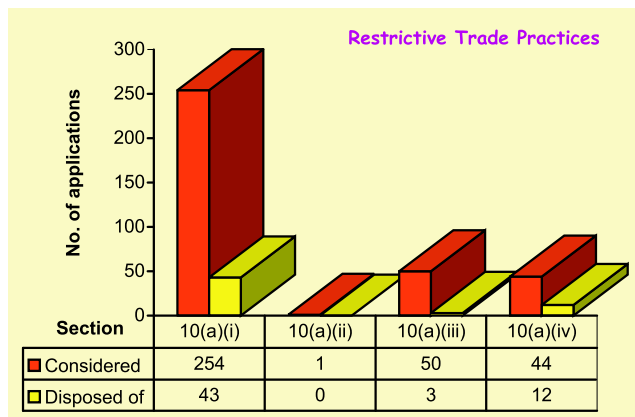
4.5.4 21 enquiries including 6 enquiries brought forward from the previous year were considered by the Commission during January, 2008 to March, 2009. Of these, 02 enquiries were disposed of and the remaining 19 enquiries were pending as on 31<sup>st</sup> March, 2009.

#### Under Section 36B(d)

4.5.5 367 enquiries, including 252 brought forward from the previous year, were taken up by

the Commission during January, 2008 to March, 2009. Out of these, 75 enquiries were disposed of and 292 enquiries were pending with the Commission as on 31<sup>st</sup> March, 2009.

#### Enquiries considered and disposed of by MRTP Commission as on 31.03.2009



#### Temporary Injunctions

4.6 Besides 42 applications pending under Section 12A with the MRTP Commission as on 1<sup>st</sup> January, 2008, 129 applications were received by the Commission during the period January, 2008 to March, 2009. Out of total 171 applications, 134 were disposed of and the remaining 37 applications were pending under Section 12A with the Commission as on 31<sup>st</sup> March, 2009.

#### Award of Compensation

4.7 During the period January, 2008 to March, 2009, 1480 applications under Section 12B including 1127 applications brought forward from

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the previous year were considered by the Commission. Of these, 225 applications were disposed of by the Commission during the period and the remaining 1155 applications were pending as on 31<sup>st</sup> March, 2009.

### **Investigation by Director General (Investigation & Registration)**

#### **Registration of Agreements**

**4.8.1** Section 35 of the MRTP Act, 1969 requires every agreement relating to Restrictive Trade Practices falling within one or more of the categories enumerated in Section 33(1) of the Act to be furnished for registration within 60 days of the making of such agreement.

**4.8.2** In pursuance of this provision, on 1<sup>st</sup> January, 2008, one agreement was pending for examination and registration and during the period 1.1.2008 to 31.03.2009, 03 agreements were received for registration. Out of these, 3 were registered and entered in the Register of Agreements and one agreement was pending for registration as on 31.12.2008.

**4.8.3** A total number of 40024 agreements were filed up to the end of 31<sup>st</sup> December, 2008, by various undertakings. Out of these, 39,156 agreements were found to contain clauses that constituted deemed restrictive trade practices as enumerated in the Act, and their particulars were entered in the Register of Agreements.

#### **Investigation**

**4.9.1** The Director General carries out preliminary investigation in respect of restrictive, monopolistic and unfair trade practices as and when an order of preliminary investigation is received from the MRTP Commission. As on 1.1.2008, 68 such investigations were in progress. During the period from 1.1.2008 to 31.03.2009, 97 fresh orders of Preliminary Investigations were received. Out of a total of 165, this office has submitted Preliminary Investigation Reports in 76 cases. As a result, 89 investigations were on hand as on 31.03.2009. Besides, the Director General has *suo-moto* powers to initiate Preliminary Investigation

into monopolistic, restrictive and unfair trade practices, and in case any of these trade practices are detected during such investigation, the Director General files applications under Section 10(a)(iii)/10(b)/36B(c) of the Act for initiation of Enquiry proceedings by the Hon'ble MRTP Commission. As on 1.1.2008, 05 *suo-moto* investigations were in hand. During the period from 1.1.2008 to 31.03.2009, 04 fresh investigations were taken up. Out of total of 9, this office has disposed of 3 *suo-moto* investigations by filling equal number of applications before the Hon'ble MRTP Commission under section 10(a)(iii)/36B(c) of the MRTP Act, 1969. As a result, 6 investigations were on hand as on 31.03.2009.

#### **Consumer Protection**

**4.9.2** Of late, consumer protection and welfare is assuming increasing importance and relevance across the whole country. The consumers have been organising themselves into consumer bodies all over the country to safe-guard the public and consumers' interest against unfair trade practices being indulged in by parties through misleading advertisements, bargain-sales, organisation of sales promotion contests, marketing goods etc. An independent chapter regarding unfair trade practices was inserted in the MRTP Act in 1984 and the consumers are taking full benefit of the provisions contained in this chapter by filing complaints in this office. Facility of speedy redressal of their grievances is provided by this office. As on 1.1.2008, 127 complaints were under investigation in this office. During the period from 1.1.2008 to 31.03.2009, this office received as many as 347 fresh complaints from consumers and other parties. 212 complaints were disposed of during the aforesaid period, and as a result 262 complaints were pending as on 31.03.2009. As a result of such investigations taken up during the period from 1.1.2008 to 31.03.2009 on the basis of complaints received in this office, 12 applications have been filed under Section 36(B)(c)/10(A)(iii) of the Act for enquiry into unfair and restrictive trade practices.

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## PROSECUTION OF ENQUIRIES

### Before the Commission

**4.10.1** The Director General is the custodian of public interest in the enquiry proceedings before the MRTP Commission and he has to appear in person or through his counsels to safeguard the public interest before the Commission. As on 31.03.2009,

229 enquiries are being prosecuted by this office before the MRTP Commission.

### Before the Supreme Court/ High Courts

**4.10.2** The position of Appeals/Writs filed and pending before the Supreme Court/ High Courts is given in table 4.1 :-

**Table 4.1**

**Appeals/Writs filed and pending before the Supreme Court/High Courts**

<b>Appeals/Writs</b>	<b>Pending as on 1.1.2008</b>	<b>Filed during 1.1.2008 to 31.03.2009</b>	<b>Disposed of during 1.1.2008 to 31.03.2009</b>	<b>Pending as on 31.03.2009</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Appeals before the Supreme Court	19	20	0	39
Writs in different High Courts	56	3	21	38

**4.10.3** The Director General has been appearing in all the required Appeals/ Writ Petitions before the Supreme Court and High Courts through the counsels appointed by the Central Agency Section Litigation Branches of the Department of Legal Affairs, Ministry of Law & Justice.

**4.10.4** Total expenditure under the Head 'Professional and Special Services' for the period from 1.1.2008 to 31.03.2009 was incurred Rs. 3,21,700/-.

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## CHAPTER – V

### ALLIED LEGISLATIONS

#### **The Chartered Accountants Act, 1949**

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

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

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

#### **The Cost and Works Accountants Act, 1959**

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

**5.2.2** Under Cost and Works Accountants Act, 1959, the duties of carrying out the provisions of the

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

#### **The Company Secretaries Act, 1980**

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

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

#### **Professional Services**

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

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the Company Secretaries (Amendment) Act, 2006. In accordance with the provisions of the amendment Act, following rules/regulations have been framed during the period from 01.01.2008 to 31.03.2009:-

- i) *The Company Secretary (Election to Council) Amendment Rules, 2008.*
- ii) *The Chartered Accountants (Election to Council) Amendment Rules, 2008.*
- iii) *The Cost and Works Accountants (Election to Council) Amendment Rules, 2008.*
- iv) *The Cost and Works Accountants (Amendment) Regulations, 2008.*
- v) *The Chartered Accountants (Second Amendment) Regulations, 2008.*
- vi) *The Chartered Accountants Procedures of meetings of Quality Review Board and Terms and Conditions of Service and Allowances of the Chairpersons and Members of the Board (Amendment) Rules, 2009.*

### **The Competition Act, 2002**

**5.5** In accordance with the provisions of the Competition Act, 2002, the Competition Commission of India was established on 14<sup>th</sup> October, 2003. While the process of the making the Competition Commission functional was being undertaken, the Competition Act met with the legal challenges. The Supreme Court of India delivered its judgement on the writ petition filed in this regard in January, 2005. Keeping in view the judgement of the Supreme Court, the proposals for amendment to the Competition Act, 2002 were framed and moved which were finally approved by the Parliament in its Monsoon Session, 2007. The Competition Commission of India has been fully constituted as per the provisions of the Act with the appointments of the Chairperson and four Members. The amended Act provided for establishment of Competition Appellate Tribunal also. The process of

establishment of Competition Appellate Tribunal was initiated. A number of rules under the amended Act were notified. The duly constituted Competition Commission of India initiated the process of framing of Regulations.

### **Valuation Professionals Bill, 20\*\***

**5.6** Ministry of Corporate Affairs placed on its website on 8<sup>th</sup> June, 2007 a concept paper on the Council of Valuation Professionals of India Bill, 20\*\* proposing provisions for the regulation of valuation professionals, for seeking suggestions and comments from the general public. The Comments received were referred to a Committee of professionals and on the basis of their recommendations, a draft Bill was prepared. The draft Bill has been referred by the Ministry to an expert group to advise the Government on Statutory framework for regulation of valuation professionals. The report of the Expert Group is awaited.

### **The Societies Registration Act, 1860**

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

### **The Indian Partnership Act, 1932**

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

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

**The Companies (Donation to National Funds) Act, 1951**

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

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

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## CHAPTER –VI

### STATISTICAL REVIEW OF CORPORATE SECTOR

#### Companies at Work

**6.1** 7,86,774 companies limited by shares were at work in the country as on 31.03.2009. These comprised 7,85,183 Non-Government companies and 1,591 Government companies. Out of 7,86,774 companies limited by shares at work, 82,058 companies were public limited and 7,04,716 were private limited companies. State-wise distribution of companies limited by shares at work as on 31<sup>st</sup> March, 2009 is given in Statement-I.

#### New Registration

**6.2.1** 84,848 companies limited by shares with authorised capital of Rs. 53,220.94 crore were registered under the Companies Act, 1956 during the period from 1st January, 2008 to 31st March, 2009. Out of these, 112 were Government companies with authorized capital of Rs. 4902.79 crore and 84,736 were Non-Government companies with authorized capital of Rs. 48318.15 crore.

**6.2.2** The Government companies limited by shares which were registered during the period from 1st January, 2008 to 31st March, 2009 comprised 72 public limited companies and 40 private limited companies with authorized capital of Rs. 4860.40 crore and Rs. 42.39 crore respectively. The Non-

Government companies limited by shares which were registered during the period from 1st January, 2008 to 31st March, 2009 comprised 3,108 public limited companies and 81,628 private limited companies with authorized capital of Rs. 18843.68 crore and Rs. 29474.47 crore respectively.

#### Liquidation

**6.3** During the period from 1st January, 2008 to 31st March, 2009, a total of 32,705 Non-Government companies limited by shares were reported to have gone into liquidation or to have been struck off under Section 560 (5) of the Companies Act, 1956.

#### Foreign Companies

**6.4** 2,546 foreign companies, as defined under Section 591 of the Companies Act, 1956 were in the country as on 31.12.2007. Another 380 foreign companies established their place of business in India and 23 foreign companies have ceased to have their principal place of business in India during the period from 1st January, 2008 to 31st March, 2009. Thus there were 2,903 foreign companies in India as on 31<sup>st</sup> March, 2009.

**6.5** Statistical information given above is as generated under MCA21 system.



**STATEMENT - I**

**Companies Limited by Shares at work as on 31st March, 2009  
(State-wise Distribution)**

<b>Sl. No.</b>	<b>STATE / UT</b>	<b>Public No.</b>	<b>Private No.</b>	<b>Total No.</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	ANDHRA PRADESH	6,378	51,946	58,324
2	ASSAM	680	4,795	5,475
3	BIHAR	1,132	7,092	8,224
4	CHHATISGARH	318	2,962	3,280
5	GUJARAT	5,803	38,971	44,774
6	HARYANA	975	7,670	8,645
7	HIMACHAL PRADESH	333	2,147	2,480
8	J & K	235	2,029	2,264
9	JHARKHAND	337	3,531	3,868
10	KARNATAKA	3,052	36,480	39,532
11	KERALA	1,563	15,519	17,082
12	MADHYA PRADESH	1,292	10,257	11,549
13	MAHARASHTRA	15,141	1,61,676	1,76,817
14	MANIPUR	39	141	180
15	MEGHALAYA	114	526	640
16	MIZORAM	7	46	53
17	NAGALAND	32	227	259
18	ORISSA	798	6,849	7,647
19	PUNJAB	2,244	13,411	15,655
20	RAJASTHAN	1,826	22,469	24,295
21	TAMIL NADU	7,188	55,618	62,806
22	TRIPURA	21	109	130
23	UTTAR PRADESH	4,732	22,210	26,942
24	UTTARNCHAL	281	1,706	1,987
25	WEST BENGAL	9,916	82,698	92,614
26	A & N ISLANDS	4	106	110
27	ARUNACHAL PRADESH	22	257	279
28	CHANDIGARH	1,240	5,704	6,944
29	D & N HAVELI	58	203	261
30	DAMAN & DIU	51	133	184
31	DELHI	15,880	1,41,314	1,57,194
32	GOA	252	4,718	4,970
33	LAKSHDWEEP	0	9	9
34	PUDUCHERRY	114	1,187	1,301
	<b>Total</b>	<b>82,058</b>	<b>7,04,716</b>	<b>7,86,774</b>

## CHAPTER –VII

### Towards Interactive and Responsive Administration

**7.1** In its pursuit towards a more responsive, transparent and dynamic environment in the Headquarters and in the field offices, the Ministry of Corporate Affairs has undertaken several innovative measures and mechanisms.

#### **E-Governance**

**7.2.1** Implemented as a Mission Mode Projects of the Government of India under the National e-Governance Plan. MCA21 eGovernance Project focuses on prompt and efficient delivery of services. The project is fully operational from all 20-registry locations. During the year 2008 focus has been on further stabilization of the operations/ value addition and improving the users' experience.

**7.2.2** During the year, a number of initiatives were taken in this direction. 35 e-forms were revised to improve the operational efficiency and enhance compliance. Operations of the system was switched over from the Data Centre in Delhi to the Disaster Recovery Centre in Chennai to establish that the disaster recovery center is fully geared to handle full MCA21 processing in case of a disaster. Internet banking interface was extended to include Indian Bank, ICICI Bank and HDFC in addition to PNB and SBI. Following operational statistics bring out the stability in the system, increased volume of filings and improved compliance:

Sl. No.	Description	Number
	<b>Filing Status as on March 31, 2009</b>	
1.	Average portal hits per day	44 Lakh
2.	Total filings through the system till 31.03.2009	70.13 Lakh
3.	Maximum number of documents filed on a day (29 <sup>th</sup> November 2007)	41,832
4.	New Companies registered online	1,87,452

5.	Total DIN issued till date	10.05 Lakh
6.	Company records viewed online	8.12 Lakh
7.	Number of Balance Sheets filed	11.74 Lakh
8.	Number of Annual Returns filed	11.42 Lakh
9.	E-filing through VFO	93%
10.	Online Payment transactions (by volume)	63%

**7.2.3** A countrywide users survey was conducted and more than 9000 stakeholders responded to the survey. 71% of the stakeholders rated the MCA system as very good or good. The Department of Information Technology and IIM Ahmadabad carried out an impact assessment of the e-Government projects to understand the nature and quantum of impact created by the government projects that had already been implemented by State and National agencies. The study found that MCA21 has had the most positive impact on the users on key dimensions covered in the study. The project had significant positive impact on eradication corruption and has been significantly more successful in terms of the value delivered to the users. The study further says that the MCA21 is the only project that provides end-to-end online delivery of all its services and involved significant reforms in the forms and procedures.

**7.2.4** There has been a significant turn around in time for delivery of services with the implementation of the project which is brought out from the following tables:

<b>Efficiency in Service Delivery under MCA21</b>		
<b>Service Metrics</b>		
Type of Service	Prior to MCA21	After MCA21
Name Approval	7 days	1-2 days
Company Incorporation	15 days	1-3 days

Change of Name	15 days	3 days
Charge creation / modification	10-15 days	2 days
Certified Copy	10 days	2 days
<b>Registration of Other Documents</b>		
<b>Type of Service</b>	<b>Prior to MCA21</b>	<b>After MCA21</b>
Annual Return	60 days	Instantaneous
Balance-sheet	60 days	Instantaneous
Change in Directors	60 days	1-3 days
Change in Regd. Office Address	60 days	1-3 days
Increase in Authorized Capital	60 days	1-3 days
Inspection of Public Documents	Physical appearance	On-line

### **International Cooperation**

#### **INDO-UK Task Force on Corporate Affairs**

**7.3.1** The 2<sup>nd</sup> & 3<sup>rd</sup> meeting of Indo-UK Task Force on Corporate Affairs were held on 5<sup>th</sup> to 8<sup>th</sup> February, 2008 at London and 30<sup>th</sup> & 31<sup>st</sup> October, 2008 at New Delhi respectively. In the 2<sup>nd</sup> meeting, Five sub-groups were formed for the purpose of deliberations and cooperation in the following areas:-

- 1) Regulatory and Statutory issues, including Institutional Cooperation and Capacity Building
- 2) Corporate Governance
- 3) Corporate Social Responsibility
- 4) Standards in the Financial and Related Professions
- 5) Insolvency and related issues.

**7.3.2** In the 3<sup>rd</sup> Meeting of Indo-UK Task Force on Corporate Affairs, the emphasis was on institutionalisation of the functioning of the Task Force and various sub-groups. This is expected to lead to increased cooperation at regulator to

regulator level, institute to institute level and business enterprise to business enterprise level between the two countries.

**7.3.3** Two groups of five officers each visited UK from 15-20 September, 2008 for capacity building and exposure to the best practices in UK. One Group was exposed to the working of the UK System to detect and prevent Corporate Frauds while other Group focussed on the area of Insolvency Services.

**7.3.4** Two groups of five officers each visited Singapore from 15<sup>th</sup> to 20<sup>th</sup> September, 2008 for exposure to changes in system and hands-on operations in the areas of E-governance and service delivery (including e-biz. filing). One group focused on E-governance & Service Delivery; and Other group on Corporate Law, Regulation and Enforcement.

**7.3.5** The visits of the above 4 Groups were part of 4 Weeks in-service training programme for ICLS officers.

#### **Investor Grievance Redressal Mechanism**

**7.4.1** A website namely [www.investorhelpline.in](http://www.investorhelpline.in) has been sponsored and launched in September, 2006 under Investor Education and Protection Fund and created by Midas Touch Investor Association (NGO) to provide a mechanism for redressal of grievances of investors free of cost. It provides a facility to the investors to lodge their grievance on the website. It acts as an intermediary between investors and companies, stock exchanges, and other authorities. It also educates investors about their lawful right under various acts and the procedure to get them enforced. Category wise Complaints and Resolution Status from 01.01.2008 to 31.03.2009 by Investor Helpline is annexed at Statement 7.1.

**7.4.2** Beside, a Website [www.watchoutinvestors.com](http://www.watchoutinvestors.com) has been created by Prime Investors Protection Association and League, with the financial assistance from the Investor Education and Protection Fund, to help the investors protect themselves from unscrupulous promoters, companies and entities. The

website is a national registry of economic defaulters and covers information on conviction by various regulatory bodies.

### **Settlement of Grievances of Officers and Staff**

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

### **Vigilance**

**7.6** A separate Vigilance Section is working in the Ministry of Corporate Affairs in line with the policy of the Central Government to eliminate corruption at every level. Prompt action is taken whenever any credible complaint is received. At the beginning of the year 2007-08, 12 vigilance cases were pending, out of which 5 cases have been disposed of, one new case has been added. Sanctions for prosecution against three ICLS Officers have been granted. 43 complaints including 7 complaints in which reports were sought by Central Vigilance Commission have also been disposed of.

### **Gender Issues**

**7.7** As regards gender issues, no discrimination is made on the basis of gender while allocating work. The work is allocated on the basis of designation.

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

**7.8.1** As part of cadre review of ICLS, 60 posts at various levels have been created on 5.11.2008. These include on post of HAG level and four posts of SAG level for which the approval was given by the Cabinet on 4.9.2008. the remaining posts are of

the level JAG, STS and JTS for creation of which approval of DOPT and Department of Expenditure was obtained.

**7.8.2** The Recruitment Rules in respect of ICLS have been revised in consultation with DOPT and UPSC. The revised ICLS rules have been notified vide GSR No. 772 (E) dated 5.11.2008. The ICLS has been included as one of the Group A Central Services in the Civil Services Examination 2009, to be conducted by UPSC.

**7.8.3** As on 31<sup>th</sup> March 2009, there were 2267 employees working in the Ministry including its subordinate and field offices. Of these, 281 were Scheduled Castes, 133 were Scheduled Tribes, 125 were Other Backward Classes. The details of the total number of Government servants and number of SCs, STs and OBCs amongst them for the year 2008-09 are given in Table 7.1.

**Table 7.1**

**Statement showing the total number of Government servants and number of SCs, STs and OBCs amongst them for the year 2008-09**

Group	Total No. of employees	No. of employees out of total employees		
		SCs	STs	OBCs
1	2	3	4	5
		SCs	STs	OBCs
Group A	227	32	12	17
Group B	257	31	14	15
Group C	1431	120	74	68
Group D	352	98	33	25
<b>Total</b>	<b>2267</b>	<b>281</b>	<b>133</b>	<b>125</b>

### **Progressive use of Hindi**

**7.9.1** Being a technical Ministry, Ministry of Corporate Affairs is working hard to achieve its goal in regard to target set by Department of Official Languages to promote the use of Hindi in the official work as under: -

- (i) Almost all staff of the Ministry have acquired a working knowledge of Hindi as a result of efforts made during the last few years.
- (ii) The correspondence under Section 3(3) of the Official Language Act, 1963 is being done bilingually.
- (iii) As per Rajbhasha Niyam-5, all the letters received in Hindi are replied to in Hindi only.
- (iv) To facilitate noting and drafting in Hindi and for proper usages of various Hindi formats in the official working, a workshop was held on 15.02.2008 in the Ministry. Guidance was imparted to the staff about the need and manner to send the prescribed reports on time on the progressive use of Hindi.
- (v) The publication of a new Hindi Magazine of the Ministry titled "Corporate Prawahini" on half yearly basis has been started. 1<sup>st</sup> issue of magazine was published in July 2008 and 2<sup>nd</sup> issue in January 2009.
- (vi) Under MCA 21, every computer is being provided with the facility of bilingual Software.
- (vii) Inspection regarding implementation of the Official Language policy done in 4 subordinate office.
- (viii) Hindi Section conducted inspection of all the Sections in the Ministry to see the progressive use of Hindi in official work.
- (ix) The meeting of the Hindi Advisory Committee for the Ministry of Corporate Affairs was held on 23.09.2008 under the Chairmanship of Hon'ble Ministry of Corporate Affairs.

Suggestions received from the members of the committee are being implemented.

**7.9.2** Many competitions viz. Essay Writing, Noting-drafting, poem recitation and Debates were organized in the Ministry during the Hindi fortnight from 11.09.2008 to 25.09.2008 and prizes were awarded to the winners of different competitions by the Hon'ble Minister of Corporate Affairs on 1<sup>st</sup> October, 2008. Similar functions were also organized in the field offices of the Ministry spread all over the country.

### **Publications**

**7.10** The Ministry's has brought out the following publications during the year 2008 which are given below :-

- (a) **Annual Report on the Working & Administration of the Companies Act, 1956** : Annual Report on the Working and Administration of the Companies Act, 1956 is required to be laid before both Houses of Parliament in pursuance of the provisions of Section 638 of the Act. The 51<sup>st</sup> Annual Report as on 31.3.2007 was laid on the Tables of both Houses of Parliament in 2008.
- (b) **Annual Report on the Working and Administration of the Monopolies and Restrictive Trade Practices Act, 1969** : Annual Report on the Working and Administration of the Monopolies and Restrictive Trade Practices Act, 1969 is required to be laid before both Houses of Parliament in pursuance of the provisions of Section 62 of the Act. The 36<sup>th</sup> Report pertaining to the provisions of the MRTTP Act, 1969 for the period from 1<sup>st</sup> January 2006 to 31<sup>st</sup> December, 2006 was laid in both Houses of Parliament in 2008.

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**Revenue Receipts & Expenditure**

7.11 The details of the Revenue Receipts and Expenditure (Plan & Non Plan) of the Ministry of Corporate Affairs is given below (Table 7.2 and 7.3).

**Table – 7.2**  
**Revenue Receipts**

(Rs. in Crore)

<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
728.22	1038.18	1304.17	1229.00

**Table – 7.3**  
**Expenditure (Plan & Non Plan)**

(Rs. in Crore)

	<b>Actual Expenditure 2007-08</b>	<b>2008-09</b>			<b>Budget Estimates 2009-10</b>
		<b>Budget Estimates</b>	<b>Revised Estimates</b>	<b>Actual Expenditure</b>	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Non-Plan	111.49	170.00	160.00	135.63	190.00
Plan	0.00	33.00	63.01	63.01	33.00
Total	111.49	203.00	223.01	198.64	223.00

**Statement 7.1**

**Investor Helpline  
Category wise Complaints and Resolution Status from 01-01-2008 to 31-03-2009**

S. No.	Type of complaint	Nature of complaint	Grievances Received	Rejected, incomplete information	Valid Grievances	Beyond Helpline Mechanism (Including grievances Under judicial process Mail returned)	Balance valid grievances processed	Redressed	Pending
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
1.	Debenture or bond related grievances	Non-receipt of certificate, interest, redemption amount	240	34	206	108	98	69	29
2.	Fixed/ Public deposits, Collective Investment Schemes related grievances	Non-receipt of matured amounts, interest, returns, etc.	2000	245	1755	1584	171	99	72
3.	Shareholders grievances	Non-receipt of dividend, share certificates, bonus, allotment advise, rights allotment, Annual Report, AGM notices, demat grievances, etc.	2550	872	1678	36	1642	1202	440
		<b>Total</b>	<b>4790</b>	<b>1151</b>	<b>3639</b>	<b>1728</b>	<b>1911</b>	<b>1370*</b>	<b>541</b>

\* Grievances received during 01.01.2008 to 31.03.2009 and redressed : 1370  
 Grievances received prior to during 01.01.2008 and redressed during the period: 1090  
**Total Grievances Redressed :** 2460





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# ANNEXURES

### Directory of the Ministry of Corporate Affairs

Name	Designation	Telephone Numbers	
		Office	Residence
<b>Shri Salman Khurshid</b>	<b>Hon'ble Minister of Corporate Affairs</b>	<b>23073804 23073805 23073806 (Fax) 23017152 (PH)</b>	<b>26322720 26849662</b>
Shri R.K.Yadav	PS to MCA	-do-	23388888
Shri Giri Ketharaj	Addl. PS to MCA	-do-	26672677
Shri Anand Singh	APS to MCA	-do-	-
Shri M.S.Bisht	PA to MCA	-do-	-
Shri Anurag Goel	Secretary	23382324 23384017 23384257(Fax)	23071190
Shri G.C.Pandey	Sr. PPS	-do-	24652211
Shri S.P.S. Rawat	P.A.	-do-	24621782
Shri P.D.Sudhakar	Addl. Secretary	23381226 23389088(Fax)	26882653
Shri Jagjit Singh	PS to AS	-do-	25117014
Shri A.K.Srivastava	Joint Secretary	23383180	24105445
Shri Vinod Soota	PS to JS(S)	-do-	-
Smt. Renuka Kumar	Joint Secretary	23074056	24364256
Shri B.B.Tuli	PS to JS( R )	-do-	-
Dr. Joseph Abraham	Economic Adviser	23385010	26115803
Shri Sandeep Ambastha	PA to EA	-do-	-
Shri R. Vasudaven	DII	23389602	26260888
Shri Diwan Chand	DII	23384502	0124-2305658
Shri Jaikant Singh	Director	23389227	26890808
Shri M.K. Arora	Director	23389403	0120-2789791
Dr.(Smt.) Sunita Chitkara	Director(Statistics)	23389204	27314462
Shri Sajjan Singh Yadav	Deputy Secretary	23384470	23812020
Smt. S. Prabhakar	Deputy Secretary	23070954	29223637

Name	Designation	Telephone Numbers	
		Office	Residence
Shri A.K. Sharma	Deputy Secretary	23389263	24649929
Shri U.K.Jindal	Deputy Secretary	23382386	0124-2328662
Shri R.C.Meena	Joint Director	23389622	26198440
Shri K.L.Kamboj	Joint Director	23385285	22727187
Dr.Navrang Saini	Joint Director	23384657	24107686
Shri B.N.Harish	Joint Director	23385285	-
Shri V.N.Gaba	Under Secretary	23389782	26891079
Shri N.K. Vig	Under Secretary	23385381	0120 43070241
Shri V.K.Mehta	Under Secretary	23073017	0120- 4100399
Shri J.S. Gupta	Under Secretary	23389782	25226814
Shri R.C. Tully	Under Secretary	23073734	-
Shri Rajinder Singh	Under Secretary	23389298	-
Mrs. Reeta Dogra	Under Secretary	23386065	-
Shri J.B.Kaushish	Under Secretary	23387939	95124-2333763
Shri L.K.Trivedi	Under Secretary	23389782	-
Shri B.P.Bimal	Under Secretary	23381243	-
Shri Sanjay Shorey	Deputy Director	23389522	-
Shri R.K.Meena	Deputy Director	23387263	-
Smt. P. Sheela	Deputy Director	23386065	45635447
Shri P.K.Malhotra	Deputy Director	23387263	-
Shri K.Ananda Rao	Deputy Director	23382386	-
Shri Vinod Sharma	Deputy Director	23385382	-
Shri N.K. Dua	Asstt. Director	23387263	-
Shri Sanjay Sood	Asstt. Director	23386065	25467148
Shri M.S. Pachouri	Asstt. Director	23387263	-
Shri L.B. Gupta	Asstt. Director(OL)	23388512	27933211
<b>Research &amp; Analysis Division</b>			
Shri S.N. Tobria	Director(R&A)	23318973 (Tele-Fax)	23233052
Shri Radhey Shyam	Director (R&A)	23318972 (Tele-Fax)	26176765
Shri D.C. Garg	Asstt. Director	23318970	23812556

Name	Designation	Telephone Numbers	
		Office	Residence
<b>Cost Audit Branch</b>			
Shri B.B.Goyal	Advisor(Cost)	23386003 23386284(Fax)	24100365
Shri G.G.Mitra	Joint Director	23386349	-
Shri Tarun Das	Deputy Director	23386349	28546479
Shri G.Venkatesh	Deputy Director	23386349	-
<b>Serious Fraud Investigation Office</b>			
Shri Ajay Nath	Director	24365787 24365809(Fax)	24616762
Shri R.Yadav	Addl. Director	24369595	22628007
Smt. Medha.H.Dalvi	Addl. Director	24369247	26031125
<b>Competition Commission of India</b>			
Shri Dhanendra Kumar	Chairman	26177175, 26701605, 26169278(Fax)	-
Shri H.C. Gupta	Member	26162110, 26103853 (Fax)	24102447
Shri R. Prasad	Member	26162085	22725371
Shri P.N. Parashar	Member	26162097	0120-4573029
Dr. Geeta Gauri	Member	26162107	26535457
Shri S.L. Bunker	Secretary	26701619	65128080
Shri Augustine Peter	Adviser (Economic)	26701614	-
Shri K.K. Sharma	Adviser (Law)	26701671	64515859
Shri K.M. Damodaran	Director	26701616	65635174
Shri R.K. Varma	Director	26701618	22010161
<b>Director General of Investigation and Registration</b>			
Shri Rananjay Singh	DGI&R	23384326 23384965(Fax)	23782038
Smt. P.Ramachandran	PS to DG	-do-	-
Shri Subodh Prashad Deo	Addl. DGI&R	23384322, 23385960	26252122
Shri C. Shanmugam	A.D.G	23385970	-
Dr. K.S. Yadav	A.D.G	-do-	-
Shri Rakesh Vashist	A.D.G	-do-	-

Name	Designation	Telephone Numbers	
		Office	Residence
<b>Monopolies and Restrictive Trade Practices Commission</b>			
Shri M.M.K. Sardana	Member	23385301	24673164
Shri D.C. Gupta	Member	23385311	26115975
Shri S.D.Singh	Secretary	23385977	-
Ms. Bina Rani Vij	DS	23385978	-
Shri I.S.Sain	Joint Director (E)	23381685	26870372
Shri V. Sreenivas	Deputy Director (Eco)	-	-
<b>Integrated Finance &amp; Accounts Wing</b>			
Shri S. Chandra	AS&FA	23062756 23062101(Fax)	-
Sri A.N. Bokshi	CCA	24698646	-
<b>Company Law Board</b>			
Sh.S.Balasubramanian	Chairman	23382265(T.fax)	23382309
Sh. K.K. Balu	Vice Chairman	044-25262791 044-25262794 (Fax)	044-22444419
Smt. Vimla Yadav	Member	23385874	23386983
Shri Kanthi Narahari	Member	044-25262792	-
Shri V.S. Rao	Member	022-22619636	022-23679803
Shri A. Samanta Rai	Secretary(CLB)	23383452	24363526
Smt. Nimmi Dhar	Under Secretary (CLB)	23383662	24620774
<b>Indian Institute of Corporate Affairs (IICA)</b>			
Shri Jitesh Khosla	OSD	-	-
Shri N.S.Oberoi	Executive Asstt. to OSD	-	-
Shri M.K. Arora	Director	23389403	0120-2789791

**Addresses of Regional Directors, Registrar of Companies and Official Liquidators****Regional Directors****EASTERN REGION**

SHRI U.C.NAHATA  
NIZAM PALACE  
II MSO BUILDING, 3RD FLOOR,  
234/ 4 A.J.C.BOSE ROAD  
KOLKATA-700020  
PHONE- 033-22877390, 22873156  
FAX - 033-22470958  
[rdeast@sb.nic.in](mailto:rdeast@sb.nic.in)  
[uttam.nahta@mca.gov.in](mailto:uttam.nahta@mca.gov.in)

**SOUTHERN REGION**

SHRI B.K.BANSAL  
5TH FLOOR, SHASTRI BHAWAN  
26, HADDOWS ROAD  
CHENNAI- 60000  
PHONE- 044-28276381, 28276682  
FAX- 044-28280436  
[rdsouth@sb.nic.in](mailto:rdsouth@sb.nic.in)  
[bk.bansal@mca.gov.in](mailto:bk.bansal@mca.gov.in)

**NORTHERN REGION**

SHRI R.VASUDEVAN  
A-14, SECTOR-I,  
PDIL BHAWAN,  
NOIDA- 201301 ( UP)  
PHONE -0120-2445342/43  
FAX - 0120-2445341  
[rdnorth@sb.nic.in](mailto:rdnorth@sb.nic.in)  
[r.vasudevan@mca.gov.in](mailto:r.vasudevan@mca.gov.in)

**WESTERN REGION**

SHRI RAKESH CHANDRA  
EVEREST, 5TH FLOOR,  
100, MARINE DRIVE,  
MUMBAI - 400002  
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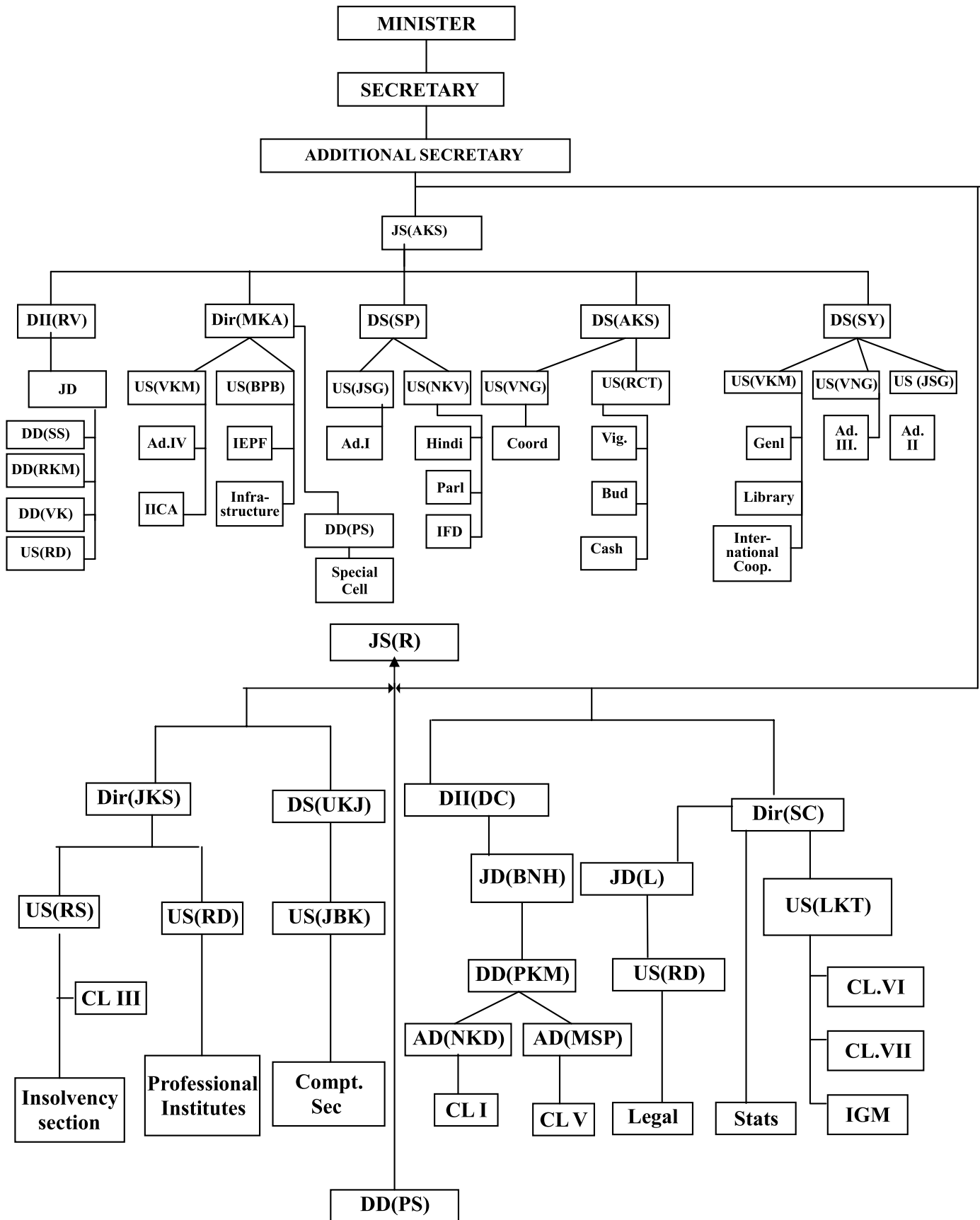
**UTTAR PRADESH & UTTARAKHAND**

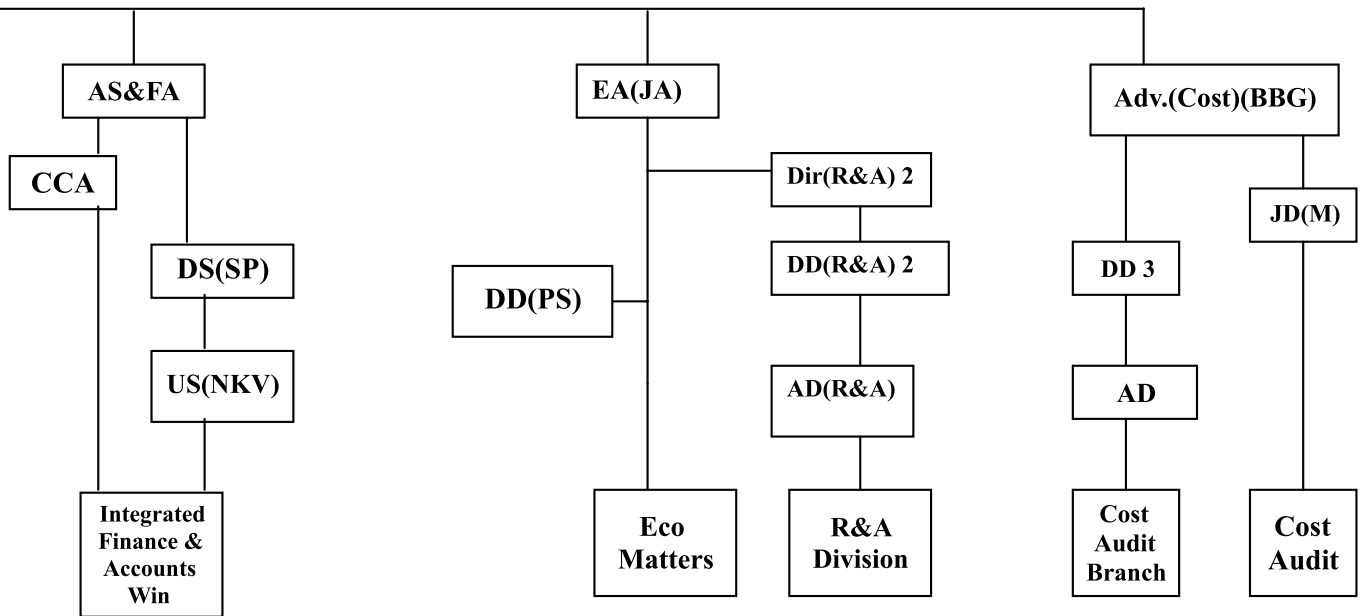
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