

Minutes of the 25th Meeting of the Co-ordination and Monitoring Committee (CMC) on Vanishing Companies held on 27.03.2012 at 11.00 A.M. in the Conference Hall at the Head Quarter, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi.

The 25th Meeting of the Co-ordination and Monitoring Committee (CMC) on Vanishing Companies was held on 27.3.2012 at 11.00 AM under the Chairmanship of Secretary, Ministry of Corporate Affairs, New Delhi. The Chairman, SEBI (co-chairman of CMC) could not attend the meeting. However, Executive Director, SEBI attended the meeting on his behalf and co-chaired the meeting. The list of officers who attended the meeting is given at Annexure-II.

The Committee took up the Agenda items for deliberation and following decisions were taken:

25.1 Confirmation of the minutes of the 24th meeting held on 16.11.2011 -

The minutes of the 24th meeting of the CMC, were confirmed and approved.

25.2 Review of Action taken on the decisions taken in the 24th meeting.

The concerned members of the Committee took note of the action taken report (Annexure-I) on the decisions of 24th CMC Meeting.

25.3 Review of the working of Task Forces:

The Committee reviewed the working of all Regional Task Forces and desired all RDs to immediately issue directions to concerned ROCs to take timely action against the companies which were defaulting in filing their Statutory Returns so as to stop the vanishing acts of such defaulting companies in future and physically verify the Registered office of the company. For this purpose, ROCs should not wait for three continuous years to check statutory filing by such companies. Further, the regulatory action initiated against vanishing companies (including the companies under watch list) and its directors must be completed

expeditiously. For such action, necessary request/ approvals, if any, required from the Ministry, be also submitted expeditiously.

(Action by all RDs/ ROCs)

25.4 Addition/deletion in the list of vanishing companies.

SEBI representative objected to the proposal of RD, NWR for deletion of names of 07 companies, on the ground that the IPO proceeds shown as Loans & Advances has not been recovered till date. Moreover, the proposal was not in line with the decision taken in the previous meeting of CMC on the criteria laid down for deleting of companies from the list of vanishing companies. The SEBI representative desired that RTF to revisit the proposal and check up (i) whether money is utilized for the purpose stated in the prospectus, (ii) whether any complaint is pending, (iii) whether management is changed, (iv) whether there is any change in shareholders, (v) whether loans & advances are recoverable and also (vi) to obtain comments of auditor in this regard. With these observations, proposal of RD, NWR was not approved. RD, NWR & RTF were advised to re-look in to the proposal in keeping with the decisions taken in previous meetings.

(Action by all RDs/ ROCs/Stock Exchange (s))

Annexure I

Action Taken Report on the decisions of the 24th CMC meeting.

S. No.	Extracts of Minutes	Action to be taken by	Action Taken
1.	<p>Review of Action taken on the decisions taken in the 24th CMC meeting –</p> <p>(a). Setting up of Regional Task Force (RTF) for North Western Region: RD (NWR) to expedite the process of setting up of the Regional Task Force (RTF) in the Region</p> <p>(a). Action taken for Speedy disposal of Court Cases/ FIRs: For Speedy disposal of Court Cases/ FIRs, Committee desired that priority should be given to those cases in which investor complaints were received. Further, the Committee desired that the RDs should make efforts to redress all the complaints received against the vanishing companies and take action for filing of prosecutions for non filing of Annual Returns, Balance-Sheets. Further, RDs were advised to instruct all RoCs within their jurisdiction to monitor these cases for early disposal.</p> <p>(b). Engaging Private Agency to know the whereabouts of Directors/ Promoters of Vanishing Companies: The Committee desired that SFIO to engage private detective Agency to trace the whereabouts of the missing directors irrespective of the fact whether the ROCs had furnished the report of action taken u/s 82/ 83 of CrPC or not</p> <p>(c). Implementation of recommendations of Expert Group on utilization of IPO funds: Committee desired that 10 recommendation of Expert Group be implemented as early as possible.</p>	<p>Action by RD-NWR</p> <p>Action by all RDs</p> <p>Action by SFIO and all RDs</p> <p>Action by SEBI/ DEA/ MCA</p>	<p>CMC took note of the fact that RTF for North Western Region is set up.</p> <p>RDs to furnish action taken report to the Ministry periodically indicating the progress of the cases pending in the Court.</p> <p>SFIO to furnish progress report in the matter.</p> <p>SEBI to take up the matter in next Board meeting and to take up with advisory committee</p>

			for amending their Regulations.
2.	<p>Review of the working of Regional Task Forces (RTF):</p> <p>The committee desired that all RDs immediately issue directions to ROCs concerned to take timely action against the companies which were defaulting in filing their Statutory Returns so as to stop the vanishing acts of such defaulting companies in future. Further, the committee desired that the regulatory action initiated against vanishing companies (including the companies under watch list) and its directors must be completed expeditiously. For such action necessary request/ approvals, if any, required from the Ministry, be also submitted expeditiously.</p>	Action by all RDs/ ROCs	DII (DR) to see whether the action taken report on the decisions of the 24 th CMC meeting and point out deficiencies, if any. RDs also to furnish action taken report/ progress on decisions of the 25 th CMC meeting within one months time from the date of issue of minutes.
3.	<p>Setting up of Regional Task Force (RTF) for South Eastern Region:</p> <p>The Committee directed that RTF should be constituted immediately for the new regions to monitor the progress of action taken against vanishing companies falling under its jurisdiction and also to take such decisions as are done by other Task Forces on vanishing companies.</p>	Action by RD - SER	RD, SER intimated that the particulars of RBI nominee is awaited. Chairman directed RD to take up the matter with Deputy Governor, RBI through Ministry. RD promised that immediately after nomination meeting of RTF will be held. Representative of RBI has also stated that he will take up the matter with Central office, Mumbai for early decision. RD (SER) to furnish progress in the matter and date of meeting of RTF, if already fixed.

4.	<p>Compounding of offences:</p> <p>The Committee directed that only after due diligence, the cases may be compounded with the permission of the Court, only for those companies which have non made good all the reported violations wherever feasible, and the decision for allowing compounding be done on merit of the case.</p>	<p>Action by all RDs</p>	<p>All RDs took note of the directions of CMC for compliance.</p>
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Annexure-II

List of officers who attended the 25th meeting of the Coordination & Monitoring Committee (CMC) on Vanishing Companies held on 27.03.2012 at 11.00 AM in the Conference room, Ministry of Corporate Affairs, New Delhi.

1	Shri Naved Masood, Secretary - in chair
2	Shri Sudhir Mittal, Additional Secretary
3	Shri Dhan Raj, DII
4	Shri B K Bansal, RD(NR)
5	Shri SMA Millath, RD(WR)
6	Shri E. Selvaraj, RD(SER)
7	Dr. Navrang Saini, RD (ER)
8	Shri K.L. Kamboj, RD (NWR)
9	Shri Mahesh Kuvadia, RD (SR)
	Securities & Exchange Board of India
1	Ms. Usha Narayanan, ED – in co-chair
2	Ms. Varsha Aggarwal, AGM
	SFIO
1	Sh. Rajesh Sharma, Addl. Director, SFIO
2	Sh. N.K. Bholra, Addl. Director, SFIO
	Reserve Bank of India
1	Sh. S.K. Pable, Deputy General Manager, RBI
	Other officers of the Ministry.
1	Shri U C Nahata, DII (Policy)
2	Shri B.K. L. Shrivastava, JD (L)
3	Shri L.R. Meena, JD
4	Shri M.S. Pachouri, DD