

F. No. 1/1/2013-CL.II  
Government of India  
Ministry of Corporate Affairs

Ext-COPY

Shastri Bhawan,  
5th Floor, 'A' Wing,  
Dr. Rajendra Prasad Marg,  
New Delhi,

Dated: 22-08-2013

To,

- The Members of CMC on Vanishing Companies -  
(1) Secretary, Ministry of Corporate Affairs, New Delhi  
(2) Chairman, SEBI, Mumbai  
(3) Regional Director, Southern Region/ Eastern Region/ Western Region/ North  
Western Region/ South Eastern Region/ Northern Region  
(4) General Manager, Deptt. of Non-Banking Supervision, RBI, Mumbai


Sub.: Minutes of 27<sup>th</sup> meeting of CMC on Vanishing Companies

Sir,

I am directed to forward herewith minutes of 27<sup>th</sup> meeting of CMC on Vanishing Companies held on 23-07-2013 and to request you to furnish action taken report on the decisions taken in the meeting within 30 days.

Yours faithfully,

Encl.: as above

  
(Sanjay Sood)  
Deputy Director (Insp.)  
Ph.: 011-23389745  
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Copy to:

1. Director, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi
2. Director, Serious Fraud Investigation Office, Paryavaran Bhavan, Lodhi Road, New Delhi

  
(Sanjay Sood)  
Deputy Director (Insp.)

Copy to Sr.PPS to Secretary, MCA and PS to Additional Secretary, MCA, for information.

**Minutes of the 27<sup>th</sup> Meeting of the Co-ordination and Monitoring Committee (CMC) on Vanishing Companies held on 23.07.2013 at 10.30 A.M. in the Conference Room, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi**

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The 27<sup>th</sup> Meeting of the Co-ordination and Monitoring Committee (CMC) on Vanishing Companies was held on 23.07.2013 at 10.30 AM under the Chairmanship of Secretary, Ministry of Corporate Affairs. The list of officers who attended the meeting is placed at Annexure-I. The Agenda discussed is at Annexure-II.

The following decisions were taken:

**27.1 Confirmation of the minutes of the 26<sup>th</sup> meeting held on 20-11-2012.**

27.1.1 Minutes of the 26<sup>th</sup> meeting of the CMC held on 20-11-2012, were confirmed and approved.

**27.2 Review of Action taken on the decisions taken in the 26<sup>th</sup> meeting**

27.2.1 The Chairman, expressed concern over the fact that physical verification of premises of vanishing companies were not conducted by the RDs for the past 8 months. He stressed the need for the physical verification of premises of such companies at the earliest, and all efforts must focus on tracing the whereabouts of the directors of these companies. RDs should also monitor whether such directors have appeared before the courts concerned where cases have been filed under IPC provisions.

(Action: All RDs)

27.2.2 After review of the Action Taken Reports submitted by RDs, the following decisions were taken:

- i) Wherever Directors are traced, police authorities should be informed about their whereabouts since, cases under IPC are pending in various Courts;
- ii) All RDs must ensure that physical verification of premises of vanishing companies is completed, either through ROC's staff or by outsourcing, within a reasonable time frame;
- iii) Wherever the companies are traced and are compliant with requirements of filing of their documents, RDs/ RTFs must ascertain whether there are appropriate evidence of utilisation of IPO proceeds in their books of account. Further, there is need to ensure that there is no misutilisation/ misappropriation of such proceeds by vanishing company, before RDs recommend cases for deletion from the list of vanishing companies;

(Action: All RDs)

### 27.3 Review of working of the Task Forces:

All RDs presented the working of respective Task Forces in their region.

Following issues were discussed:

- (i) RD-ER stated that sanction of the Ministry was awaited for filing prosecutions under Section 628 in respect of few companies without stating as to whether any such proposal was sent to the Ministry. It was

clarified by the DII that in respect of vanishing companies, the RDs were authorised to sanction prosecutions under Sections 62/ 63/ 68/ 628 of the Act. The RD-ER was, therefore, advised to take suitable action in the matter without any further delay and submit his report. RD-ER was asked to ensure that physical verification of registered offices was carried out. The Chairman also desired that in cases where the directors have been traced, it must be ensured that they appeared before the Court and the police authorities are informed.

(Action - RD-ER)

- (ii) RD-SER informed that physical verification was still pending. Chairman desired that the verification process be completed at the earliest.

(Action - RD-SER)

- (iii) RD-NWR informed that physical verification has been completed for the companies whose registered offices were located in Ahmedabad. However, for companies whose registered offices were located outside Ahmedabad, the same was yet to be completed. It was further informed that six companies had been proposed for deletion from the list of vanishing companies, on the basis of recommendations of the RTF. It was decided that the matter would be taken up at the time of discussing Agenda item No. 27.7.

(Action - RD-NWR)

- (iv) RD SR informed that a joint inspection of the registered offices of Vanishing Companies in the region had been completed. RD-SR further

informed that there was a recent court order, vide which the FIRs filed against the Directors have been quashed on the grounds that the filing of FIRs was beyond the jurisdiction of the Ministry. Chairman remarked that such an order of the Court appeared to be unlikely, as filing of FIRs could not be questioned by the Court. However, as RD SR did not have the copy of the order, the Chairman desired that a copy of the same be submitted to him. Such an order would have a significant impact on the action being taken by the Ministry on defaulting directors besides requiring examination from the legal point of view.

(Action: RD-SR)

- (v) RD-NR informed that physical verification was on going in the region. Till date two vanishing companies were identified.

(Action: RD-NR)

- (vi) RD-WR also informed that physical verification was still continuing in the region.

(Action: RD-WR)

Chairman noted the working of the Regional Task Forces and emphasised that physical verification must be completed by RDs at the earliest and the FIRs filed with the respective Police Stations under relevant IPC sections. He further directed that meetings of the RTFs be held regularly as decided by the CMC.

(Action: All RDs)

## 27.4 Presentation by SEBI:

27.4.1 Regarding orders of debarment issued by SEBI under Section 11B of the SEBI Act against 102 companies and 391 of its promoters/ directors for a period of five years which were not renewed, following information was placed before the Committee:

i) SEBI had issued Orders of debarment in the past against 60 of the existing 87 vanishing companies, while no order was passed against the remaining 27 companies

a) Out of the 60 companies against which Orders have been issued, 30 companies were neither listed on BSE nor on NSE (i.e. on stock exchanges with nationwide trading terminals) and 16 companies had been compulsorily delisted from BSE. Of the remaining 14 companies, 6 companies were mostly compliant. *SEBI proposes to refer these companies to respective RTFs. Thus action would need to be initiated (in the form of issuance of SCN) against 8 companies (14-6 companies) who were non-compliant with various provisions of listing agreement.*

b) Out of 27 companies against which no order was issued, 11 companies were neither listed on BSE nor on NSE (i.e. on stock exchanges with nationwide trading terminals) and 3 companies had been compulsorily delisted from BSE. Of the remaining 13 companies, 6 companies are mostly compliant. *SEBI, thus, proposes to refer these companies to respective*

*RTF's and initiate action (in the form of issuance of SCN) against 7 companies (13 - 6 companies) which are non-compliant with various provisions of listing agreement.*

27.4.2 In view of the above, SEBI would be taking the following course of action:

- a) referring 12 companies which were partly compliant with various provisions of listing agreement to respective RTFs;
- b) initiating action, viz., issuance of SCN against 15 companies.

27.4.3 Regarding nominating representatives from local offices to the respective Task Forces, Sh. Sundaresan, CGM, SEBI informed that regional managers have been nominated as representatives to the Task Forces. Chairman desired that the names of such nominated officers be shared with the respective Regional Directors.

(Action: SEBI)

#### 27.5 Presentation by RBI:

27.5.1 Sh. Manish Parashar, representative of RBI informed that out of the list of 87 Vanishing Companies, only one company i.e., M/s SSK Fiscal Services Ltd. was an NBFC that had been identified as 'Vanishing Company' by RBI also. Regarding action taken by RBI against the Company, it was informed that after being identified as a Vanishing Company, the Certificate of Registration was cancelled by RBI. Chairman enquired whether RBI has moved a petition for winding up of this Company under the provisions of the RBI Act.

Sh. Parashar informed that no such action was taken so far by RBI against the company. Chairman desired that the matter be examined by RBI.

(Action: RBI)

## 27.6 Further identification of Vanishing Companies:

27.6.1 The Chairman observed that the CMC was entrusted with the task of monitoring the status of Vanishing Companies as well as action taken by the regulators against the promoters/ directors of such companies as had misutilised/ misappropriated the proceeds of IPO during the years 1992 to 1995. He added that the CMC had been discussing this issue as a matter of routine with the result that in the last eighteen years no fresh 'vanishing company' has been identified. He therefore urged that an exercise needs to be undertaken for identification of fresh vanishing companies, if any, from among the present listed companies. He informed that this issue was taken up with SEBI. It was ascertained that there were 2397 listed companies which had defaulted in filing their Balance Sheets under the XBRL mode. Of these, there were 1012 companies which were listed on BSE/ NSE, and the remaining companies are likely to be listed in the Regional Stock Exchanges. The list of 1012 companies consisted of 508 delisted companies and 394 companies which were suspended from trading, while 110 companies are being actively traded. Chairman observed that the list of 508 listed companies which had been delisted, appeared to be of most dubious companies and most (if not all) from this category will turn out to be 'Vanishing Companies'.



27.6.2 After discussion, following decisions were taken:

- i) CL-II Section of the Ministry will identify and list out the names of 508 listed companies which have been reported as delisted. This list must be sent to RDs for physical verification of their premises either through engaging outside agencies or through deploying ROC staff, jointly with officers of local offices of SEBI. Chairman desired that the report of RDs should be submitted within three weeks from the date of receipt of list from the Ministry, i.e., latest by 22-08-2013;
- ii) After receipt of the reports from RDs, non-traceable companies would be identified as 'Vanishing Companies' and would be added to the list of existing vanishing companies after due process of receiving the proposals from RTFs;

(Action: All RDs)

## 27.7 Deletion from the list of Vanishing Companies

27.7.1 RD-NWR explained the proposal sent by RTF regarding deletion of following six vanishing companies. It was informed by the RD that in all these cases, the proceeds of IPOs were indicated in the books of account, and there was no instance of diversion or misuse of proceeds/ funds in these six cases:

- i) M/s Frontline Financial Services Ltd.
- ii) M/s Citizen Yarn Ltd.
- iii) M/s Naisargik Agritech (India) Ltd.
- iv) M/s Tirth Plastics Ltd.
- v) M/s Shreeji Dychem Ltd.
- vi) M/s Super Domestic Machines Ltd.

27.7.2 It was further explained that RTF had made an unambiguous and clear recommendation for deletion of the above mentioned six companies as per the criterion for deletion of vanishing companies and putting the same in the 'Watch List'. After discussion, it was decided to delete the names of the above mentioned six companies and place them under 'Watch List'.

(Action: MCA/ RTFs/ SEBI/ RBI)

#### **27.8 Deletion of Companies from the 'Watch List':**

27.8.1 Chairman remarked that the listed companies placed under 'Watch List' also required due attention of the RDs and RTF in monitoring their status w.r.t. their filing position and performance. He observed that not much attention has been paid for monitoring of these companies by the RDs/ RTFs. After discussion, it was decided that the RDs should ascertain the filing position of the Balance Sheets and Annual Returns by the said companies and legal action be initiated against the defaulting companies.

(Action: All RDs)

The meeting ended with a vote of thanks to the Chair.

**List of Officers who attended the meeting on 23-07-2013**

1.	Shri Naved Masood, Secretary, MCA - In chair
2.	Sh. M.J. Joseph, Additional Secretary, MCA
3.	Shri U.C. Nahta, DII, MCA
4.	Dr. Navrang Saini, RD (ER), MCA
5.	Shri B.N. Harish, RD (NR), MCA
6.	Shri Mahesh Kuvadia, RD (WR), MCA
7.	Shri E. Selvaraj, RD (SR), MCA
8.	Shri N.K. Bholā, RD (SER), MCA
9.	Shri K.L. Kamboj, RD (NWR), MCA
10.	Shri V.S. Sunderesan, CGM, SEBI
11.	Shri Manish Parashar, Deputy General Manager, RBI, Mumbai
12.	Ms. Richa Kukreja, Joint Director, SFIO, MCA
13.	Shri Sanjay Sood, DD, MCA

## Annexure-II

**Agenda for the 27<sup>th</sup> Meeting of the Co-ordination and Monitoring Committee (CMC) on Vanishing Companies to be held on 23.07.2013 at 10.30 A.M. in the Conference Hall, 5<sup>th</sup> Floor, 'A' Wing, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi**

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### **27.1 Confirmation of the minutes of the 26<sup>th</sup> meeting held on 20.11.2012**

Draft minutes of the 26<sup>th</sup> meeting of the CMC, already circulated amongst all the members may be confirmed. Copy of the draft minutes is however enclosed as **Annexure – A**.

### **27.2 Review of Action taken on the decisions taken in the 26<sup>th</sup> meeting.**

A report on action taken on the decisions taken in the 26<sup>th</sup> meeting of the CMC as per **Annexure – B**. The Committee may kindly review.

### **27.3 Review of the working of Task Forces:**

The Regional Directors to make a presentation on the functioning of the respective Task Forces and progress made in taking action against vanishing companies and also against the companies deleted from the list of vanishing companies. A statement showing Region-wise details of action taken against 87 vanishing companies under the Companies Act, 1956 and IPC is given below:

	Northern	North West	Western Region	Eastern Region	Southern Region	South Eastern	Total
Number of Vanishing Companies	12	31	09	10	10	15	87
Companies against which prosecutions filed u/s 62/63, 68 & 628 of the Companies Act, 1956	12	31	09	10	10	13	85
Companies where FIRs filed/ registered under IPC	12	31	09	10	10	15	87

#### **27.4 Presentation by SEBI**

SEBI's representative to make a presentation regarding action taken by SEBI against the vanishing companies.

#### **27.5 Presentation by RBI**

RBI's representative to make a presentation regarding action taken by RBI against the vanishing companies which are non-banking finance companies.

#### **27.6 Addition to the list of vanishing companies**

No proposal has been received from RDs/ RTFs for addition to the list of Vanishing Companies. However, the Ministry, jointly with SEBI, has taken up an exercise to identify the listed companies which have defaulted in filing their Balance Sheets under XBRL mode with a view to ascertain probable vanishing companies. As per a list forwarded by SEBI, there are total 2397 companies which have defaulted in filing of their Balance Sheets under XBRL mode. It has further been informed by SEBI that out of these 2397 companies, 1012 companies are found to be listed on BSE/ NSE. Regarding remaining companies, SEBI is in the process of collecting information from Regional Stock Exchanges.

As per further analysis of 1012 defaulting companies listed on BSE/ NSE, 508 companies have been delisted, 394 companies have been suspended from trading (which include 6 companies already in the test of Vanishing Companies') and 110 companies are actively being traded. A list of these companies has already been mailed to all RDs.

Discussion on identifying the most suspicious companies from the point of view of identifying 'Vanishing Companies' is required, for necessary action by the Ministry SEBI and RBI. RDs to state the filing position in respect of the companies falling their respective regions.

### **27.7 Deletion from the list of vanishing companies**

CMC in its meeting held on 20-11-2012 had desired that the proposal regarding deletion of the names of 07 companies from the list of vanishing companies be re-examined by the Regional Task Force and unambiguous and clear recommendations for deletion of names of these companies from the list of Vanishing Companies be made to CMC. In compliance, Regional Director, North Western Region has furnished minutes of the meeting of Regional Task Force held on 14-03-2013. The minutes of the meeting are enclosed for kind perusal of the members. As per the minutes of meeting of RTF and clarification received from SEBI, names of following companies have been recommended for deletion from the list of Vanishing Companies:

- i) M/s Frontline Financial Services Ltd.
- ii) M/s Citizen Yarn Ltd.
- iii) M/s Naisargik Agritech (India) Ltd.
- iv) M/s Tirth Plastics Ltd.
- v) M/s Shreeji Dychem Ltd.
- vi) M/s Super Domestic Machines Ltd.

Approval of CMC is required for deletion of the names of above mentioned 6 companies from the list of Vanishing Companies.

### **27.8 Deletion of companies from the 'Watch List':**

A proposal has been received from RD-SR regarding deletion of two companies – M/s Kayesvee Education Limited and M/s. Betala Global Securities Limited from the 'Watch List' (*A list of such companies which were deleted from the list of Vanishing Companies as the criterion formed for treating the said companies as 'Vanishing Companies' were no longer applicable to them*). It has been mentioned that prosecutions filed u/s 63, 68 and 628 were disposed by imposing fine of Rs 10,000 and the companies have filed Balance Sheets and Annual Returns up to the year 2012.

Committee to discuss the proposal of RD-SR.

### **27.9 Any other matter with the permission of the Chair.**

Annexure-A

Minutes of the 26<sup>th</sup> Meeting of the Co-ordination and Monitoring Committee (CMC) on Vanishing Companies held on 20.11.2012 at 11.00 A.M. in the Chamber of Secretary, Ministry of Corporate Affairs, Shastri Bhawan, New Delhi

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The 26<sup>th</sup> Meeting of the Co-ordination and Monitoring Committee (CMC) on Vanishing Companies was held on 20.11.2012 at 11.00 AM under the Chairmanship of Secretary, Ministry of Corporate Affairs, New Delhi. Chairman, SEBI (co-chairman of CMC) could not attend the meeting. However, Chief General Manager, SEBI attended the meeting on his behalf. The list of officers who attended the meeting as per Annexure-I.

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

**26.1 Confirmation of the minutes of the 25<sup>th</sup> meeting held on 27-03-2012**

26.1.1 Minutes of the 25<sup>th</sup> meeting of the CMC held on 27-03-2012, were confirmed and approved.

**26.2 Review of Action taken on the decisions taken in the 25<sup>th</sup> meeting**

26.2.1 Chairman, CMC while reviewing the action taken report, expressed concern over the issue regarding physical verification of the premises of such vanishing companies which had defaulted in filing of statutory returns. He emphasised the need for having such mechanism of verification of premises of such companies which default in filing of statutory returns and suggested that where such verification appeared to be not feasible by the ROCs due to staff

constraints, the option of getting such verification done through outside agency on outsourcing-basis, needs to be explored.

(Action: All RDs)

26.2.2 It was decided that the matter regarding verification of premises of defaulting listed companies may be referred to Policy Cell, MCA to explore the option of engaging outside agencies on outsourcing basis.

(Action: CL-II/ CL-V Sections of MCA)

26.2.3 It was further decided that the format/ language of verification to be used by qualified professionals in eForms 1, 18, 32 and DIN-I need to be re-examined by the Policy Cell of MCA to ensure that there is no ambiguity in the relevant verifications and it becomes crystal clear that the professional concerned is personally satisfied about the facts verified on the basis of named documents which need to be uploaded along with the verification.

(Action: CL-II/ CL-V Sections of MCA)

### 26.3 Review of working of the Task Forces:

All the RDs being chairmen of the Regional Task Forces (RTFs) made presentations about working of the Task Forces. After detailed discussions, the following decisions were taken:

26.3.1 Wherever any vanishing company has started filing statutory returns regularly, joint physical inspection by the representatives of Stock Exchanges/ ROCs be taken up.

(Action: All Stock Exchanges/ ROCs)



26.3.2 Wherever local Stock Exchanges have become non-functional, SEBI to nominate representatives for the respective Task Forces.

(Action: SEBI)

26.3.3 Vanishing Companies which have started filing statutory returns regularly, such status be indicated on the website of MCA, in the list of the vanishing companies.

(Action: CL-II/ E-Governance Cell of MCA)

26.3.4 The names of companies which have been taken out of the list of Vanishing Companies and have been placed under 'Watch List' be also displayed separately on the Ministry's website.

(Action: CL-II/ E-Governance Cell of MCA)

26.3.5 As per the existing instructions, meetings of the Regional Task Forces are required to be held once in three months. It was however, noticed that meetings of the some of the task forces, such as ER & NWR were not being held regularly. RDs were, therefore, advised to hold the meetings of the RTFs regularly. Further, regions, which have higher number of vanishing companies, such meetings may be held more frequently.

(Action: All RDs)

#### 26.4 Presentation by SEBI:

26.4.1 Representative of SEBI explained the steps taken by SEBI in identification of vanishing companies and action taken against such companies. It was informed that SEBI had issued 'orders of debarment' of the promoters/ directors in respect of each of the vanished companies. Upon being asked

about the period of applicability of such orders, it was informed that such orders were applicable for a period of five years and in none of the cases, these orders were renewed or reviewed. As these orders were passed in the years 2000-2002, the time period of such orders might have already been over. It was therefore decided that SEBI may examine the issue regarding renewal/ review of such orders and take appropriate action and furnish status in the next meeting of CMC.

(Action: SEBI)

#### **26.5 Presentation by RBI:**

26.5.1 Representative of RBI explained the steps taken by RBI in identification of vanishing companies which are NBFCs and informed that RBI also maintains a separate list of such vanishing companies which are displayed on its website. However, it was informed that RBI was not having a list of vanishing companies being maintained by MCA/ CMC. It was therefore, decided that a copy of such list be shared with RBI and RBI may examine the same and find out such vanishing companies which exist in both the lists, i.e., the one maintained by MCA/ CMC and the other maintained by RBI and share the information with MCA for appropriate action under the guidance of CMC. RBI representative was also requested to state the action, if any, taken by the RBI in respect of the vanishing companies which are/ were NBFCs.

(Action: RBI)

## **26.6 Addition to the list of Vanishing Companies:**

26.6.1 The matter regarding addition of the name of M/s Bafna Spinning Mills & Exports Ltd., which was earlier a vanishing company but was later on taken out of the list of Vanishing Companies and put on the 'watch list' was taken up. It was however, observed that proposal of ROC Coimbatore was not discussed by the respective RTD and such recommendation had not come from RTF. It was therefore decided that all such cases where the names of the companies are proposed to be added to the list of Vanishing Companies, the same need to be examined and verified by the respective Task Forces and specific recommendations of the Task Forces in each individual case be submitted for consideration of the CMC. The recommendations of Task Force, in such cases should be unambiguous and clear.

(Action: All RTFs)

## **26.7 Progress of long pending cases**

26.7.1 RDs informed that the progress in respect of pending cases before the police authorities as well as Courts has been very slow. The Committee discussed various options for expeditious disposal of such cases and noted that the pendency was on account of loopholes in the legal system and the relevant laws which were being misused by the vanishing companies and their directors for prolonging disposal of such matters before the police authorities as well as courts. It was, therefore, decided that the members may examine the relevant laws and propose amendments which may enable to fast track such cases which may then be forwarded to the Law Commission.

(Action: MCA/ RTFs/ SEBI/ RBI)

## 26.8 Deletion from the list of Vanishing Companies:

26.8.1 The Committee noted that though the representations of eight companies were examined by RTF of North-Western Region yet no specific recommendation has been made by the Task Force and instead it had decided that the facts & circumstances of each company be placed before the CMC for suitable decision with respect to deletion of their names from the list of vanishing companies. It was therefore decided that RTF, should may re-examine the representations and give unambiguous and clear recommendations for deletion of the names of the companies from the list of vanishing companies.

(Action: All RTFs)

26.8.2 Sh. U.C. Nahta, DII, MCA pointed out that in case of one of the companies - M/s Super Domestic Machines Ltd., which has been recommended by RD(NWR) for deletion from the list of vanishing companies, the public issue was not fully subscribed and in fact it could secure public subscription of less than 75%. As per SEBI guidelines, in case a company receives less than 90% public subscription, then all the money collected has to be refunded. However, in this case, the company appeared to have utilized the under subscribed proceeds and had not returned the money collected. It was decided that the matter needs to be examined by SEBI and its report be submitted to the CMC for necessary action in the matter.

(Action: SEBI)

**26.9 Any other matter**

26.9.1 Sh. U.C. Nahta, DII, MCA pointed out that about three years ago, SFIO was required to trace the whereabouts of the promoters/ directors of some vanishing companies through some private agency. SFIO had submitted a report which had been circulated to all the RDs. As per the said report, SFIO, with the help of the private agency, was able to trace the promoters/ directors of some of the vanishing companies. It was decided to explore the possibility of doing the said exercise again.

(Action: CL-II Section of MCA/ SFIO)

The meeting ended with a vote of thanks to the Chair.

**Annexure-B**

**Action Taken Report on the minutes of 26<sup>th</sup> meeting of CMC**

Item No.	Decision taken in 26 <sup>th</sup> CMC meeting	Action Taken by RDs	Action Taken by CL-II	Action Taken by Policy Cell	Action Taken by SEBI	Action Taken by RBI	Action Taken by SFIO
26.2.1	Chairman, CMC emphasised the need for having such mechanism of verification of premises of such companies which default in filing of statutory returns and suggested that where such verification appeared to be not feasible by the ROCs due to staff constraints, the option of getting such verification done through outside agency on outsourcing-basis, needs to be explored.  (Action: All RDs)	ATR received from all RDs. Comments: SER: Instrn. issued to ROCs to complete physical verification; SR: Info awaited NR, WR & ER: noted & complied NWR: Companies located in Districts to be verified by ROCs; companies located in other areas, verification to be outsourced.	---	---	---	---	---
26.2.2	It was decided that the matter regarding verification of premises of defaulting listed companies may be referred to Policy Cell, MCA to explore the option of engaging outside agencies on outsourcing basis. (Action: CL-II/ CL-V Sections of MCA)	---	---	ATR received from Policy Cell stating that no policy angle is involved and ROCs to do the verification.	---	---	---
26.2.3	It was further decided that the format/ language of verification to be used by qualified professionals in eforms 1, 18, 32 and DIN-I need to be re-examined by the Policy Cell of MCA to ensure that there is no ambiguity in the relevant verifications and it becomes crystal clear that the professional concerned is	---	---	ATR received from Policy Cell stating that it would review any form whenever ambiguity is reported from any corner.	---	---	---







	unambiguous and clear. For example, M/s Bafna Spinning Mills & Exports Ltd., which was earlier a vanishing company but was later on taken out of the list of Vanishing Companies and put on the 'watch list'. (Action: All RTFs)						
26.7.1	RDs informed that the progress in respect of pending cases before the police authorities as well as Courts has been very slow. As such, the members may examine the relevant laws and propose amendments which may enable to fast track such cases which may then be forwarded to the Law Commission. (Action: MCA/ RTFs/ SEBI/ RBI)	ATR received from all RDs. However, no suggestions received.	---	---	ATR received from SEBI stating that the matter may to be examined in consultation with its Legal Department.	No comments received.	---
26.8.1	RTF to re-examine the representations of eight companies and give unambiguous and clear recommendations for deletion of the names of the companies from the list of vanishing companies. (Action: All RTFs)	ATR received from all RDs. Recommendation of RTF from RD-NWR received and included in the agenda for 27 <sup>th</sup> meeting of CMC.	---	---	---	---	---
26.8.2	M/s Super Domestic Machines Ltd. appeared to have utilized the under subscribed proceeds (less than 75%) and had not returned the money collected. It was decided that the matter needs to be examined by SEBI and its report be submitted to the CMC for necessary action in the matter. (Action: SEBI)	---	---	---	ATR received from SEBI. It has been clarified that the issue of the company was not under-subscribed.	---	---

26.9.1	SFO to trace the whereabouts of the promoters/ directors of vanishing companies through some private agency. (Action: CL-II Section of MCA/SFO)	---	---	---	---	---	ATR awaited from SFO.
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