No. 45011/1/2009-Ad.III
Government of India
Ministry of Corporate Affairs

Room No. 530, 'A' Wing, Shastri Bhawan,
New Delhi-110001.

Dated 13th August, 2009

OFFICE MEMORANDUM

Subject: Outsourcing of work of technical scrutiny of balance sheets.

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In view of the manpower constraint in the Offices of Registrar of Companies, it has been decided to outsource the work of technical scrutiny of the balance sheets filed with the ROCs under the Companies Act, 1956 to the professionals i.e. Chartered Accountants, Company Secretaries and Cost & Works Accountants.

2. The outsourcing will be for the financial year 2009-10. The outcome and impact of the same will be reviewed after the end of current financial year to decide about its further continuation.

3. The fee payable per Balance Sheet for scrutiny of Balance Sheet and examining subsequent replies of the company will be as under:

Companies with Paid up capital Rs. 5 Cr - 50 Crores	- Rs. 2,500/-
Companies with Paid up capital Rs. 50 Cr - 250 Crores	- Rs. 5,000/-
Companies with Paid up capital Rs. 250 Cr - 500 Crores	- Rs. 7,500/-
Companies with Paid up capital above Rs. 500 Crores	- Rs.10,000/-

4. The following procedure will be followed by the ROCs to outsource the work:-

a. Each ROC will prepare panel of professionals in consultation with the local chapter/unit of the three professional institutes (i.e. ICAI, ICSI and ICWAI) and obtain approval of the concerned Regional Directors.

b. An agreement will be signed by the ROC with the person concerned containing the outline of the tasks to be carried, schedule for completion of tasks, deliverables and suitable penalty clauses for failing to deliver the tasks assigned in accordance with the prescribed time schedule.

c. The outsourced professional shall give a declaration to maintain absolute integrity in respect of any assignment under the agreement.

d. The outsourced professional shall be required to take oath of confidentiality and breach of this condition shall make the person concerned liable for penal action under IPC, Cr.PC or any other relevant provision besides, action for breach of agreement.

e. Scrutiny of Balance Sheet of a company will be assigned to a professional who is neither related to the subject company or its competitor.

f. The assigned professional will be supplied with a copy of Balance Sheet and any other required document for thorough scrutiny.

g. Balance Sheets of only listed companies having paid up capital above Rs. 5 crores as per latest Balance Sheet will only be assigned (in other cases, assignment will be done on specific directions of the RD/MCA).

h. ROC will prepare guidelines/ checklists to help the professionals in thorough scrutiny and provide the same to the professionals.

i. Professional will also help in examining/analysing the replies submitted by the company in response to the letter(s)/notice(s) regarding irregularities/ violations detected.

j. Work of only technical scrutiny will be outsourced to the professionals but subsequent sovereign functions like issue of notices, investigations and filing prosecutions will remain with the ROC and his staff.

k. Only the ROC or an authorised officer will issue any letter or notices to the company based on the findings of Technical Scrutiny. The professional shall not sign any such communication.

l. The professional will complete the scrutiny work and submit his report within the time limit prescribed by the ROC.

5. The system will be reviewed on monthly basis at RD's level and on quarterly basis at Ministry level for ongoing improvements and assessment.

6. This has been concurred by AS&FA vide Diary No. 724 dated 17.6.09.

7. This issues with the approval of Secretary, MCA.

(Sajjan Yadav)
Director
Tele: 23384470

To,

All Regional Directors
All ROCs

Copy for information to :
Sr. PPS to Secretary, MCA
PS to AS, MCA
JS(S)
JS(R)