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Companies Directors Identification Number (Amendment) Rules, 2013 notified

The Ministry of Corporate Affairs (MCA) vide its notification G.S.R.173 (E) dated March 15, 2013, amended the Companies (Directors Identification Number) Rules, 2006. These Rules may be called as Companies Directors Identification Number (Amendment) Rules, 2013. Through this amendment the MCA seeks to incorporate an additional rule, i.e. Rule 8 which provides for Cancellation or Deactivation of DIN, in continuation to the seven rules which currently form the part of the DIN Rules, 2006.

The Central Government or Regional Director (Northern Region), Noida or any officer authorized by the Regional Director, upon being satisfied on verification of particulars of proof attached with the application received from any person seeking cancellation or deactivation of DIN, shall, cancel or deactivate such DIN in case -

- the DIN is found to be duplicate;
- the DIN was obtained by wrongful manner or fraudulent means
- of the death of the concerned individual
- the concerned individual has been declared as lunatic by the competent Court
- if the concerned individual has been adjudicated an insolvent

Companies (Acceptance of Deposits Amendment) Rules, 2013

MCA vide its notification dated March 21, 2013 exercising its power conferred in section 58A, read with section 642 of the Companies Act, 1956 amends the Companies (Acceptance of Deposits) Rules, 1975. These rules may be called the Companies (Acceptance of Deposits Amendment) Rules, 2013.

A brief comparative analysis of the Companies (Acceptance of Deposits) Rules, 1975 and Companies (Acceptance of Deposits Amendment) Rules, 2013 is as follows:

Rules	Companies (Acceptance of Deposits) Rules, 1975	Companies (Acceptance of Deposits Amendment) Rules, 2013
Rule 2, in clause (b), for sub-clause (x)	Any amount raised by the issue of bonds or debentures secured by the mortgage of any **immovable property** of the company or with an option to convert them into shares in the company.	Any amount raised by the issue of bonds or debentures secured by the mortgage of **any fixed assets referred to in Schedule VI of the Act excluding intangible assets** of the company or with an option to convert them into shares in the company.

	Provided that in the case of such bonds or debentures secured by the mortgage of any **immovable property** the amount of such bonds or debentures shall not exceed the market value of such immovable property.	Provided that in the case of such bonds or debentures secured by the mortgage of **any fixed assets referred to in Schedule VI of the Act excluding intangible assets** the amount of such bonds or debentures shall not exceed the market value of such fixed assets.
Rule 11A	The **Regional Director** of the Department of Company Affairs shall be authorized officer to make complaints under sub-section (2) of section 58AAA of the Act.	The **Regional Director or Registrar of Companies** or any other officer of the Central Government shall be authorized to make complaints under sub-section (2) of the section 58AAA of the Act

Clarification u/s 372A(3) of the Companies Act, 1956

The Ministry of Corporate Affairs vide its General Circular No. 06/2013 dated 14.03.2013, has issued a clarification with respect to Section 372A (3) of the Companies Act, 1956 that prohibits lending of money to Bodies Corporate at a rate lower than the prevailing bank rate.

The Union Budget 2013-14 allows the Central Government to raise Rs. 50,000 Crores in the form of Tax Free Bonds which carry a lower rate of interest (presently 6.75% to 7.5%) which is tax free under Sections 10(15) (iv)(h) of the Income Tax, 1961. Such a provision was also made in Budget 2012-13 but it received poor acceptance owing to restrictions posed by Section 372A (3) of the Companies Act, 1956. The Ministry of Finance therefore drew the attention of MCA to the said section in order to remove obstacle in effective implementation of this provision.

As such, MCA has clarified that the said Section will not be considered contravened if the effective yield or rate of return on tax free bonds is greater than the yield on prevailing bank rate.