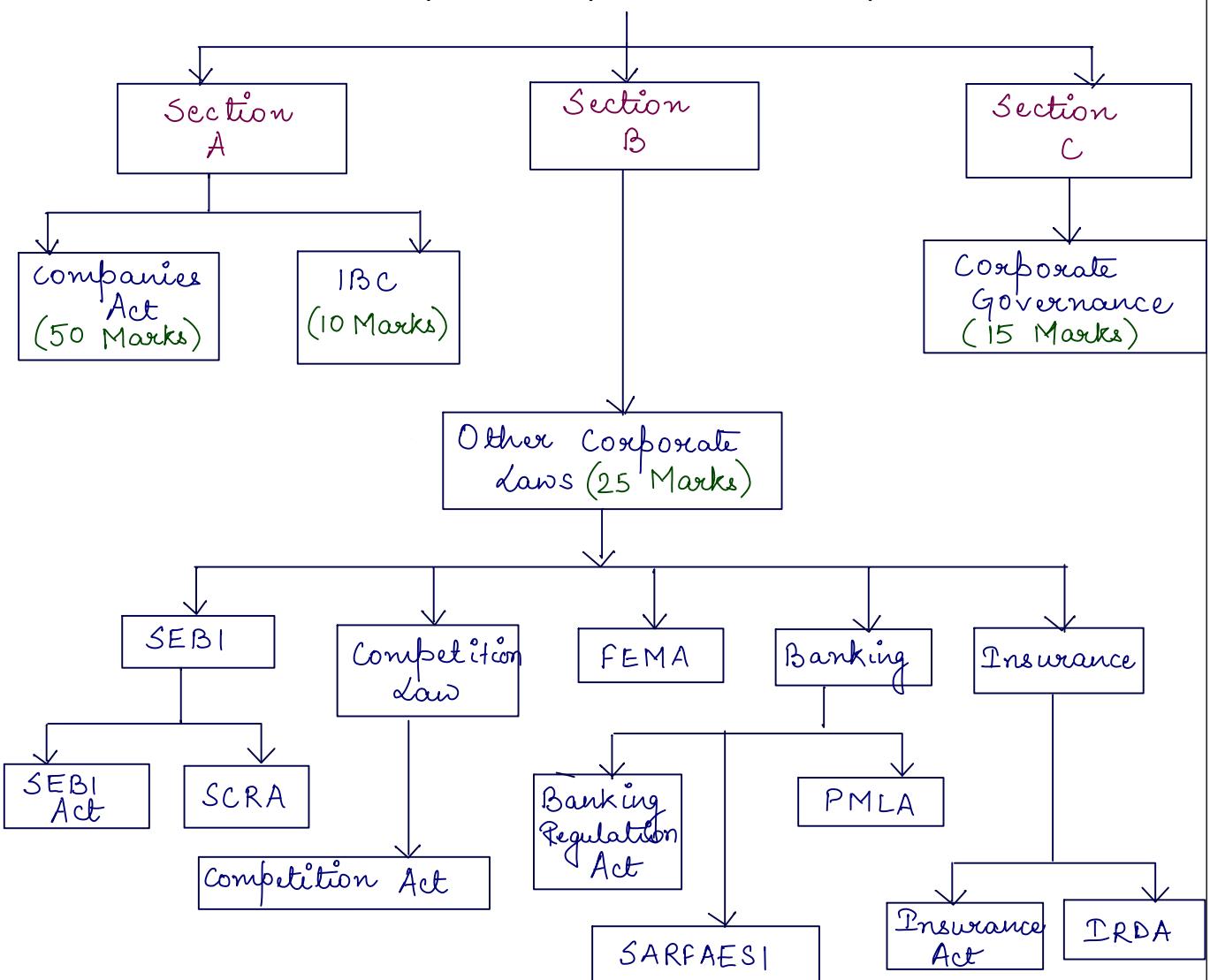
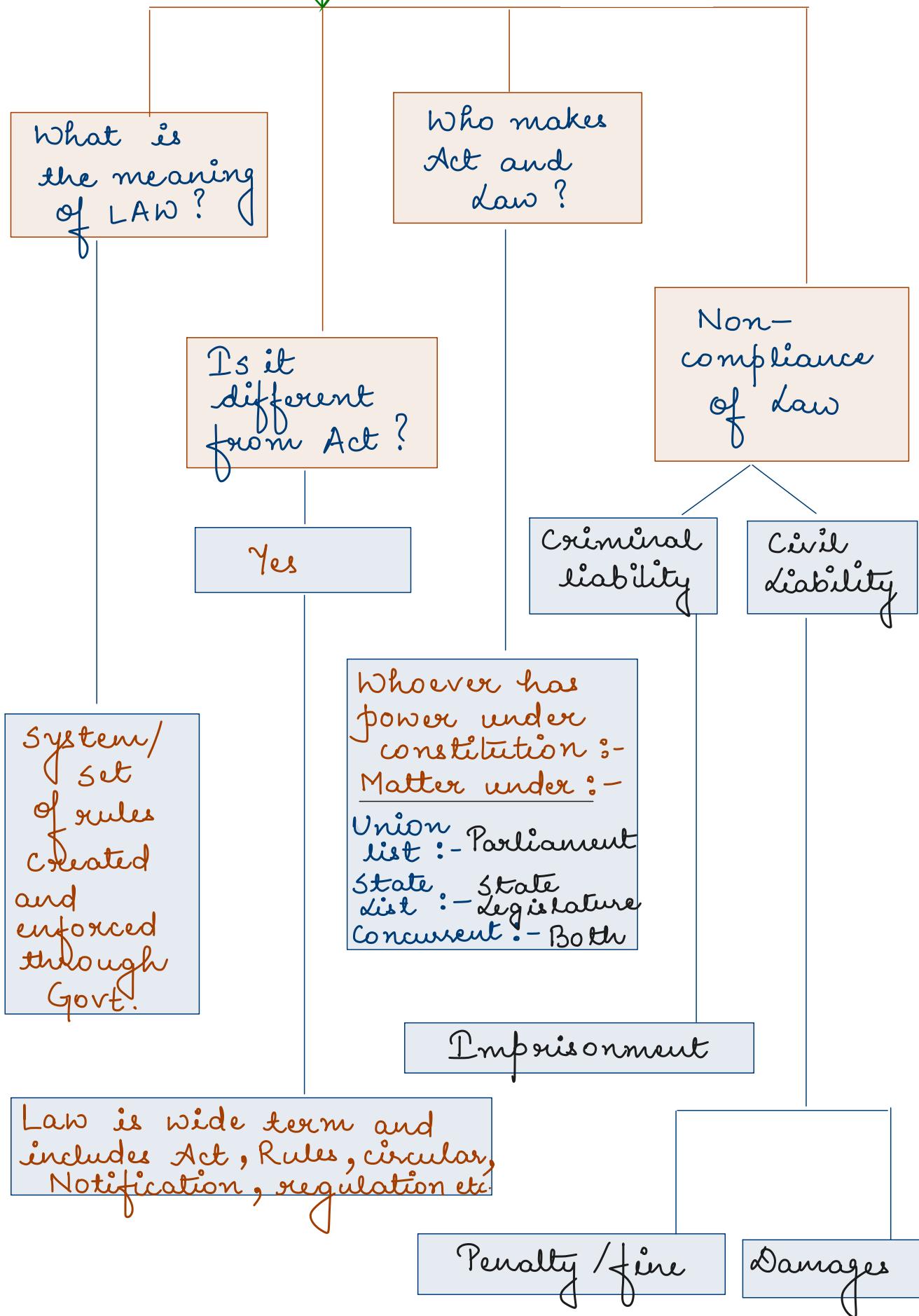


CMA Final Law

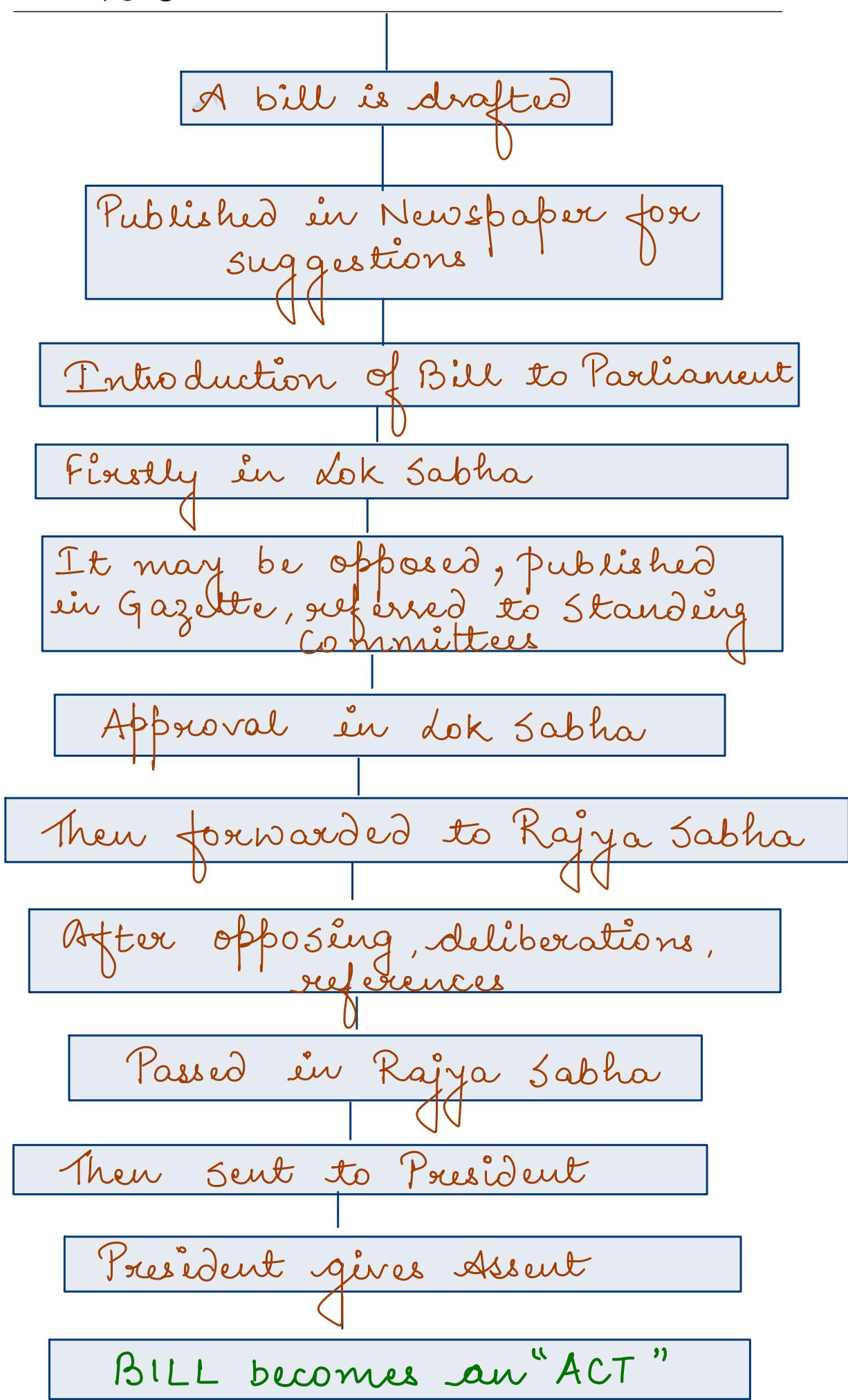
Paper 13- Corporate Laws & Compliance



Corporate LAWS and Compliance



How an Act is Passed ?



Corporate law

Companies Act, 2013

By power under Entry 97 of
Union list, Parliament got Power

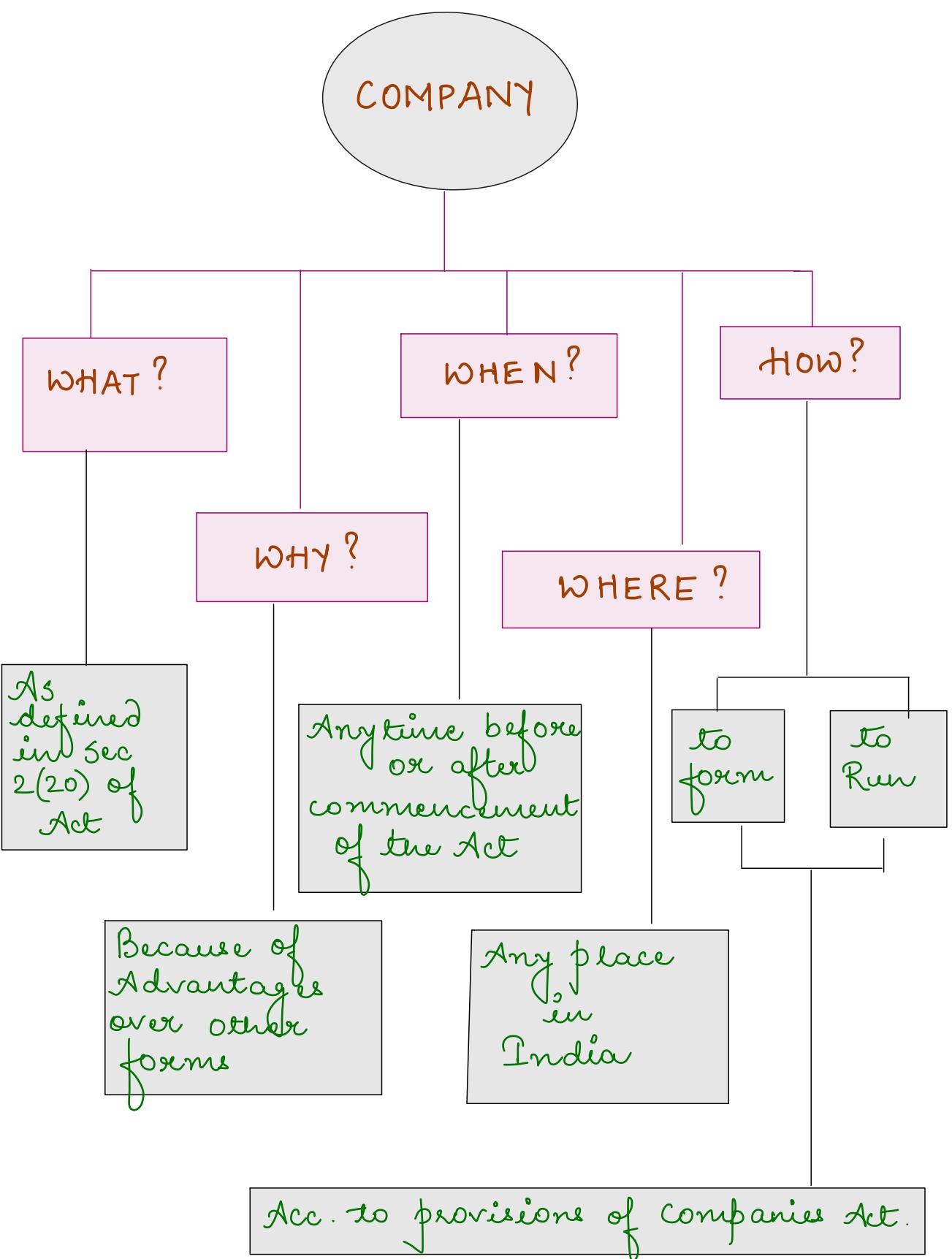
Introduced in 2008 but
after rejections of
referals, got
approved in

Dec. 2012 → by Lok Sabha
Aug 2013 → " Rajya Sabha
29 Aug 2013 → By President

Bill became Companies Act, 2013
to regulate

this form of Business Organisation

COMPANY



Companies Act, 2013

Chapters

Schedules

XXIX

VII

containing 470 sections

read with a lot of rules

In CMA final law Syllabus -

Parts of chapter I, II, IV, VII, IX, X, XI, XII, XIII, XIV, ~~XV~~, XVI, XX, XXIA, XXII, XXVI, XXVII, XXVIII

Preliminary, Incorporation, Deposits, Dividends, Accounts, Audit, Directors, Board Meetings, Inspection, compromises, Oppression foreign co, Nidhi, Windup, Producer co., NCLT, Special court.

Act was notified in Parts :-

Section 1 notified on 30th Aug 2013

98 sections n n 12th Sep. 2013

183 n n 1st April 2014 and so on..

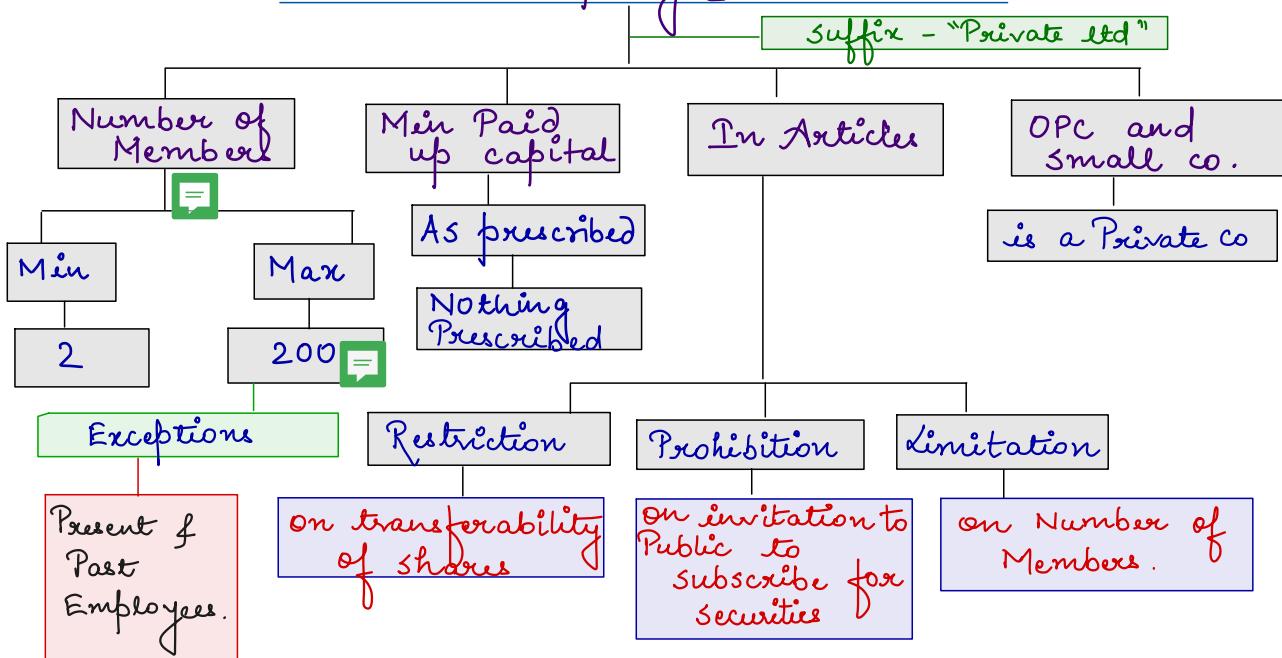
Companies Act, 1956 has been completely repealed and New Act has been now implemented completely.

Extends to whole of India. Applicable also to Banking, Insurance, Electricity co's so far provisions are consistent with respective Laws

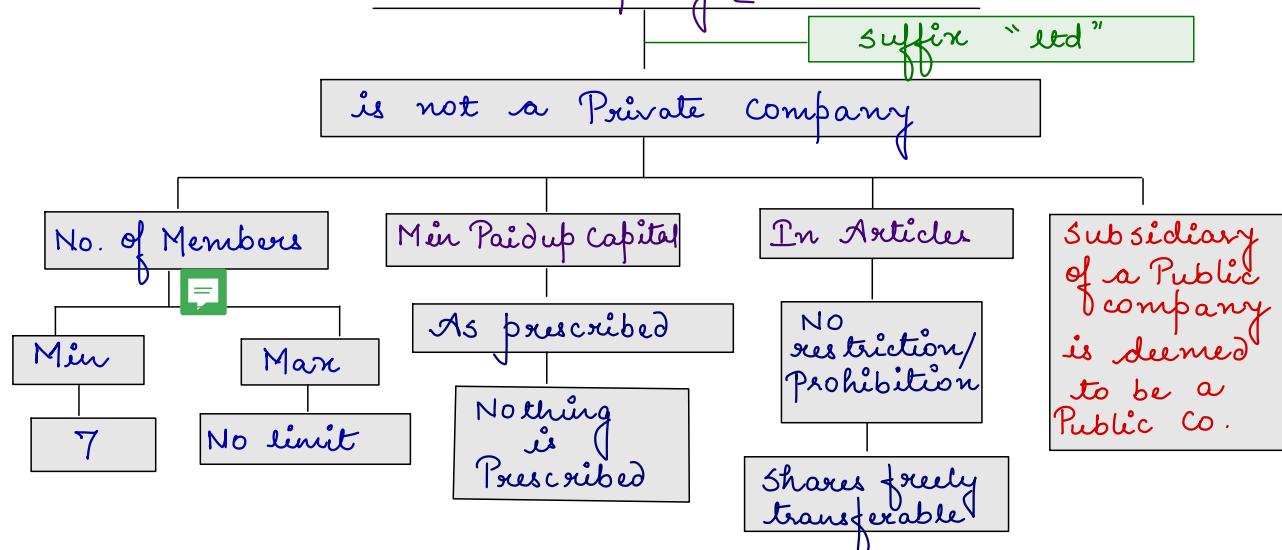
Chapter I~ Preliminary [Section 1 & 2]

Section 2 :- Definitions

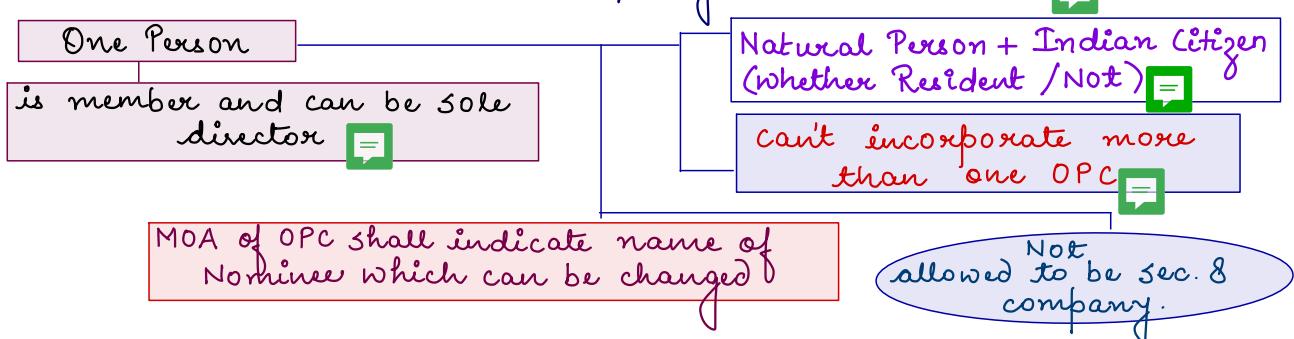
Private company [Section 2(68)]



Public Company [Section 2(71)]



One Person Company [Section 2(62)]



Holding Company [Section 2(46)]

In relation to other company

is a company of which such companies

are subsidiary companies

Subsidiary Company [Section 2(87)]

Company

in which Holding company

either

control composition
of BOD

OR

control more than half
of Voting Power at own
or with Subsidiaries.

No company shall have more than 2 layers of subsidiaries.

Associate Company [Section 2(6)]

In relation to another company

in which other co. [which is not subsidiary]

BUT

has significant influence

is joint
venture
or

significant influence $\geq 20\%$
of Voting Power
or control

Voting
Power =
Total votes
at Poll

Small Company [Section 2(85)]

A Private Company

Not being :-
Section 8 Company
Holding " "
Subsidiary " "
Co. by special Act

PUC \leq 50 lakhs / sum Prescribed

AND

Max 10 crores can be Prescribed

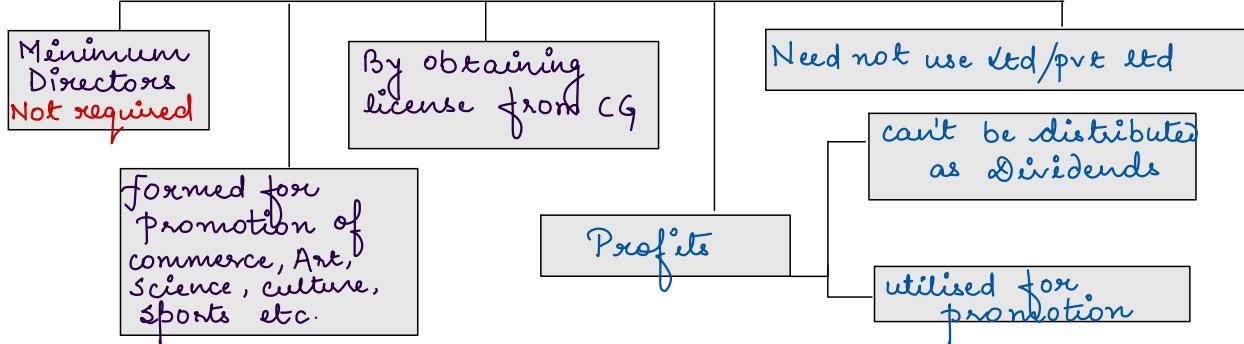
Turnover \leq 2 crores / sum Prescribed

Amount Prescribed :- 4 crores

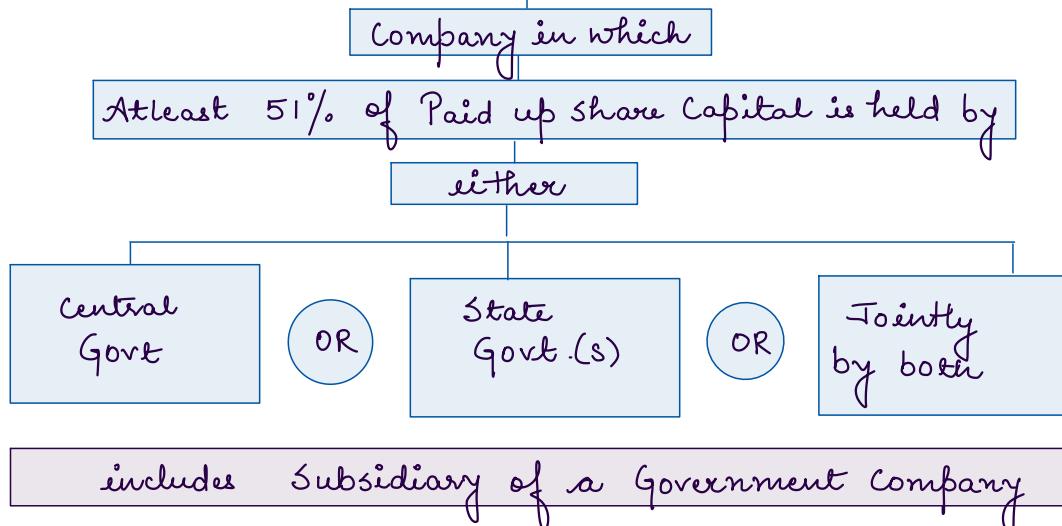
Max 100 crores can be Prescribed

Amount Prescribed :- 40 crores

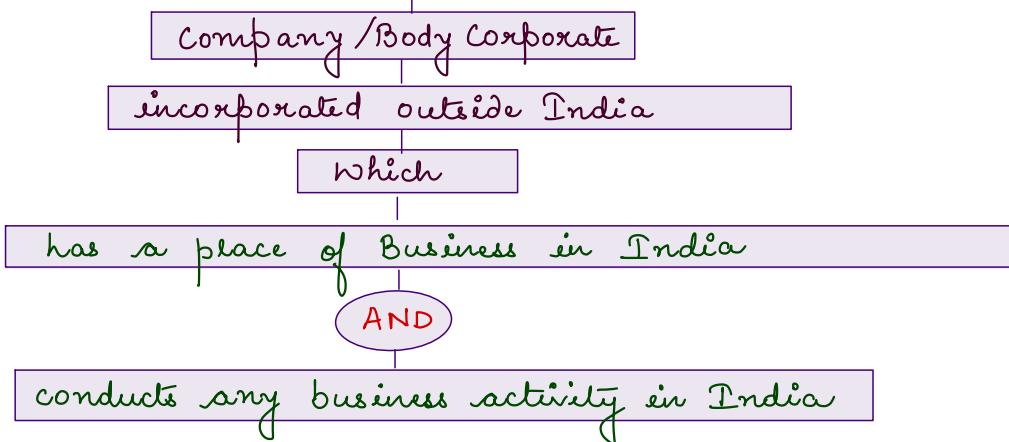
Section 8 Company



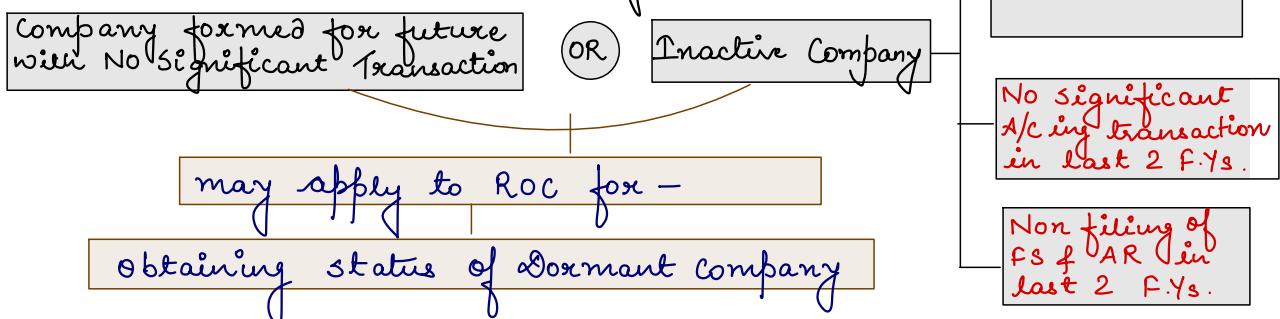
Government Company [Section 2(45)]



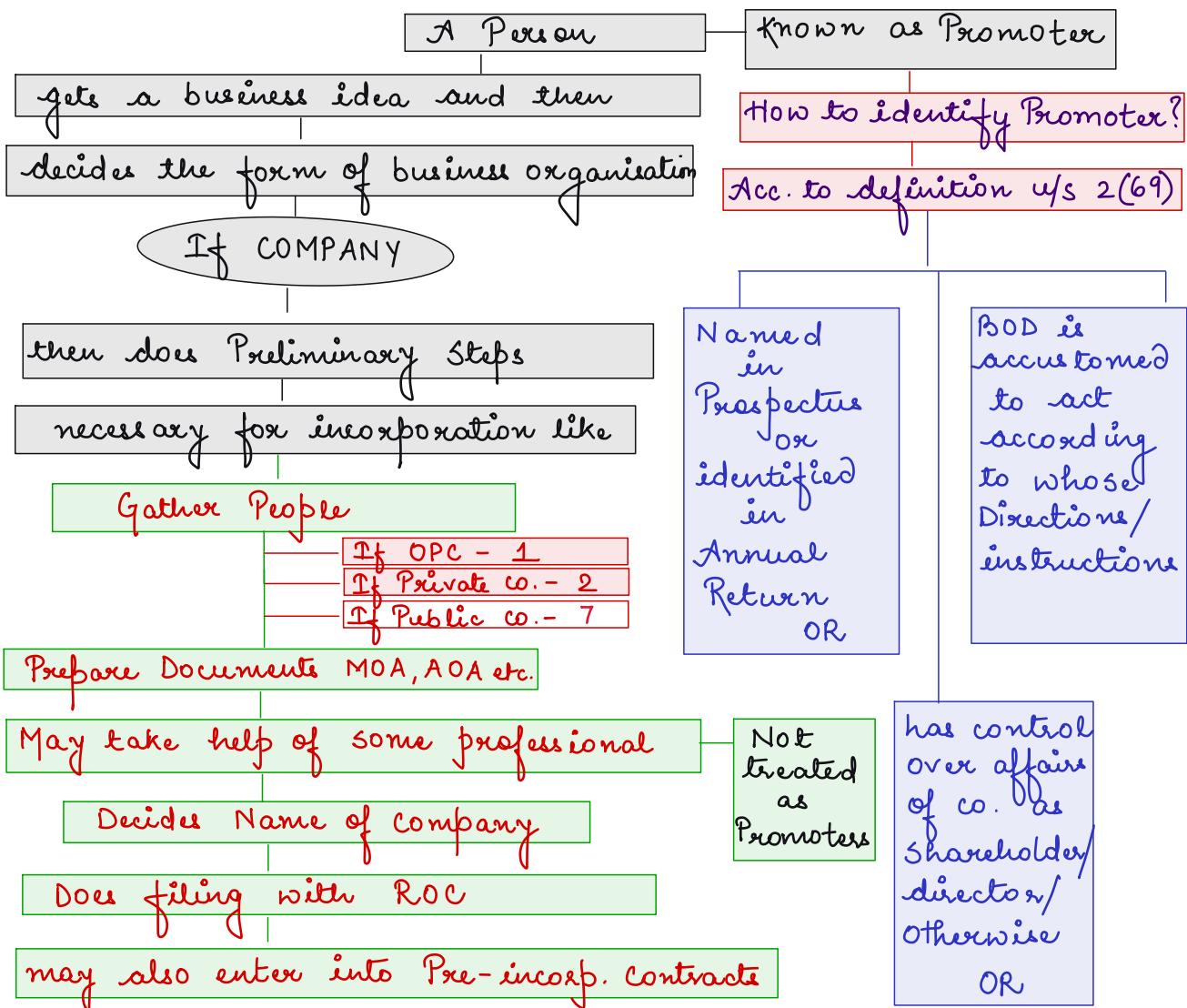
Foreign Company [Section 2(42)]



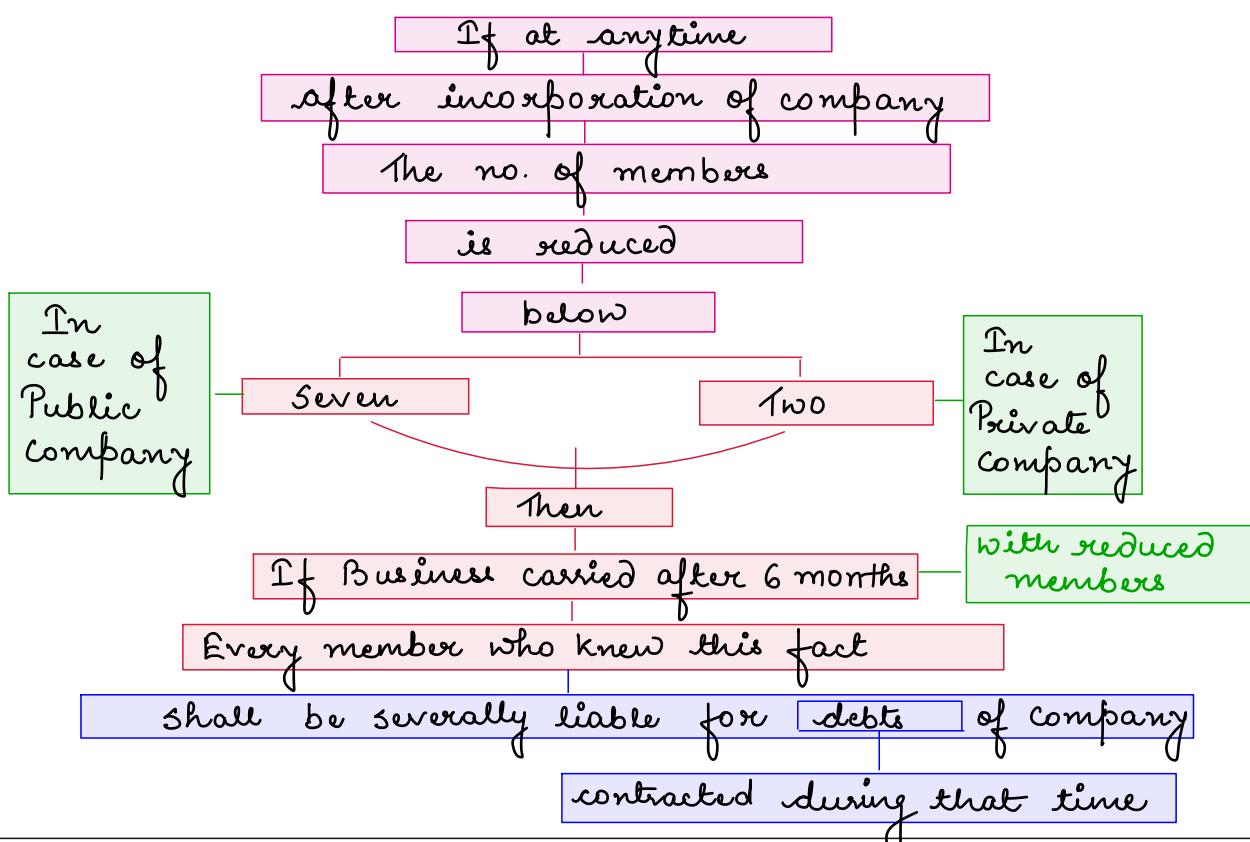
Dormant Company [Sec. 455]



Incorporation of Company and Matters Incidental thereto



Members liable in Certain Cases [Section 3A]



Memorandum Of Association

[Section 4]

Memorandum

As defined
u/s 2(56)

It is a document containing fundamental Prov. of constitution

Name Clause	Situation Clause	Object Clause	Liability Clause	Capital Clause	Succession Clause
Name of Company with ltd/pvt ltd	State in which registered (No full address)	Purpose for which co. is incorporated	Liability/Amt. on shares or Amount undertaken to contribute	Registered Share capital with division	In case of OPC Name of Nominee

Respective forms specified in Schedule I

Printed, signed, divided into Paragraphs, numbered, witnessed

Must be prepared by every company

required at the time of registration

can be altered later according to sec. 13 by passing SR.

Articles Of Association

[Section 5]

Articles

As defined
u/s 2(5)

The internal regulations of company for own Governance

A company may adopt all or any of Provision

given in respective Tables of Schedule I

Printed, signed, divided into Paragraphs, numbered, witnessed

Must be prepared by every company

required at the time of registration

be altered later according to sec. 14

can be made more strict by adding

Entrenchment Provision

at the time of formation of co.

OR Later on by Amendment

file INC 32

In Private Company

In Public Company

SPICE+

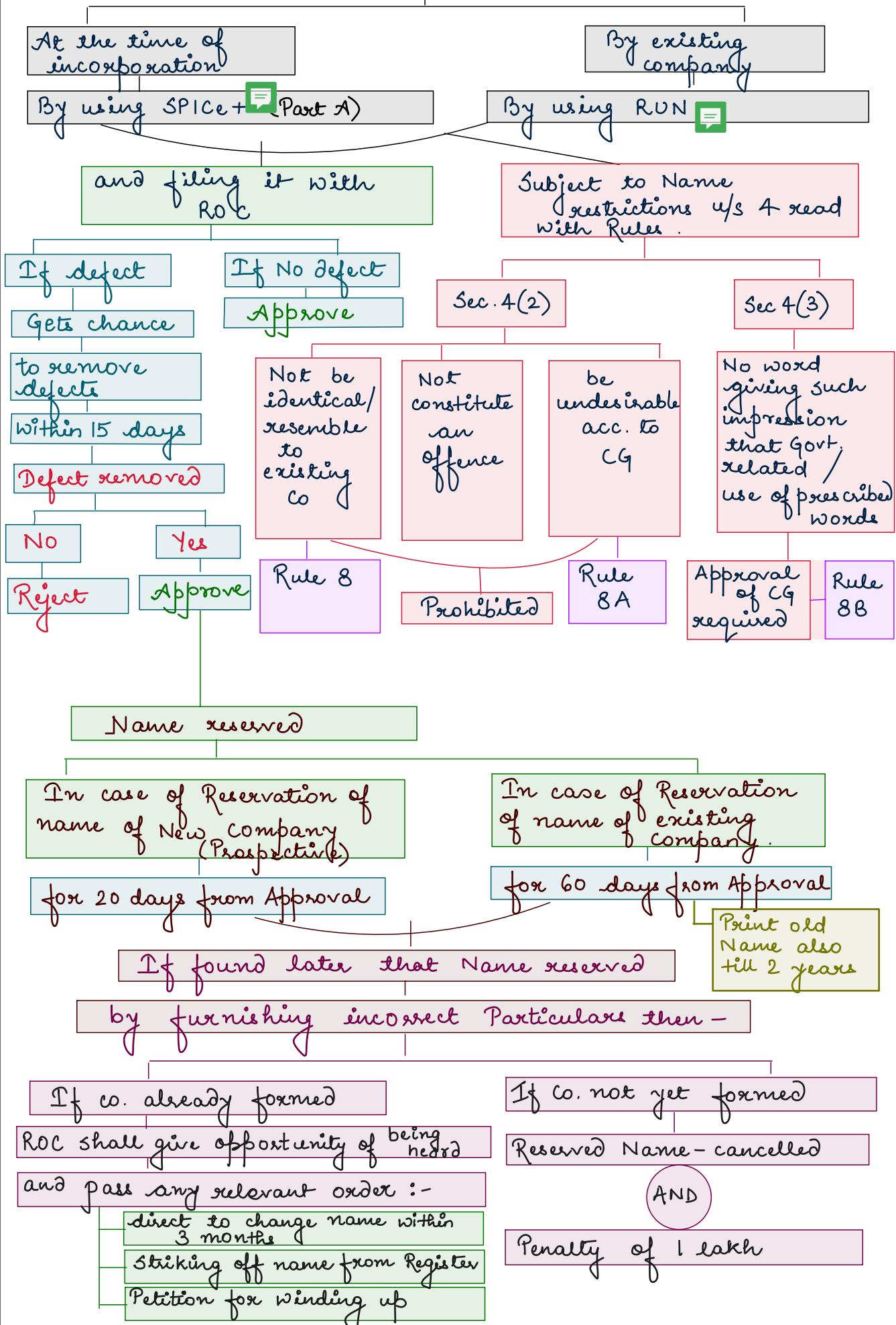
If agreed by all members

If SR passed

file MGT-14

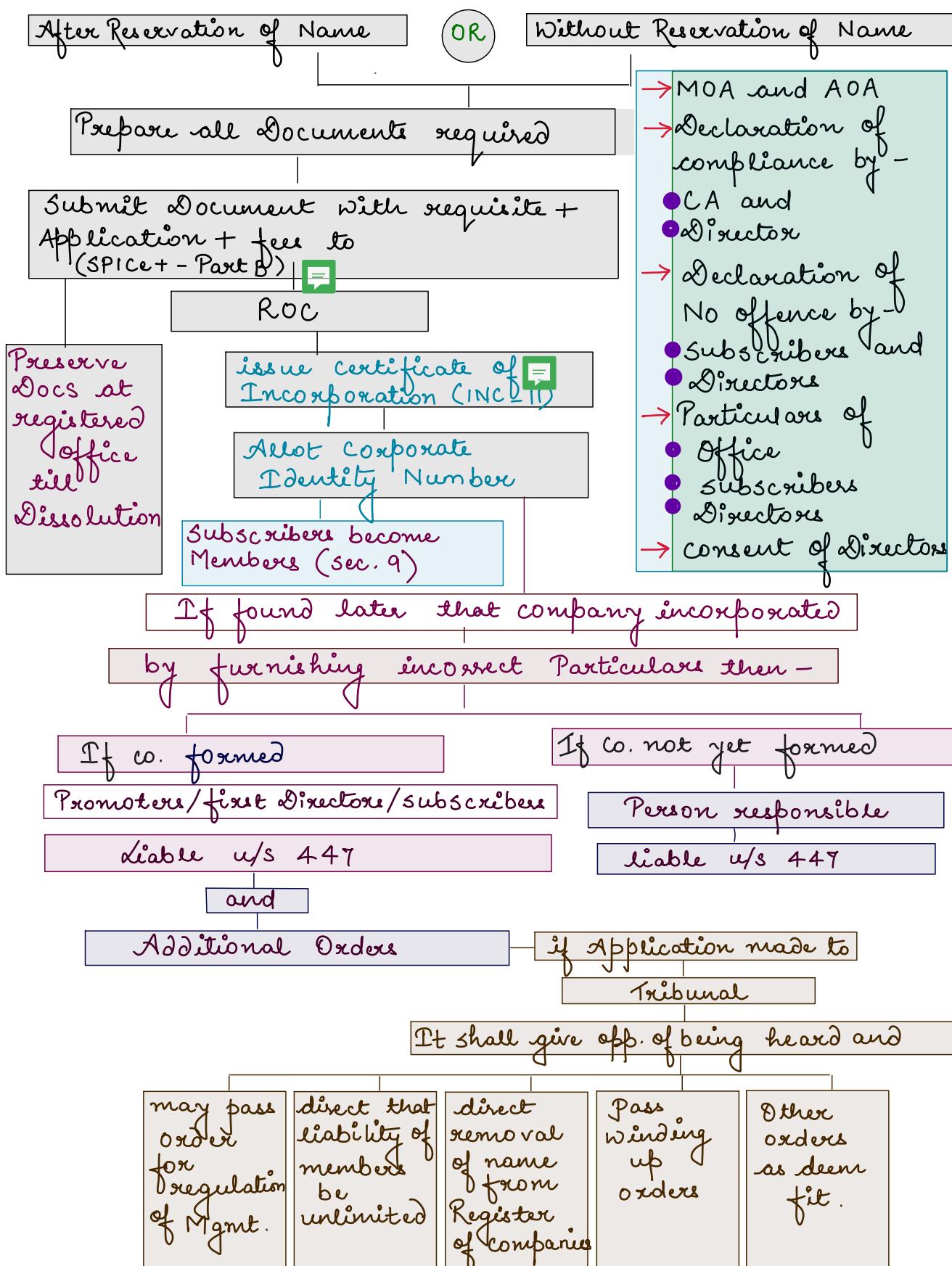
Process of Incorporation

Step 1:- Name Reservation

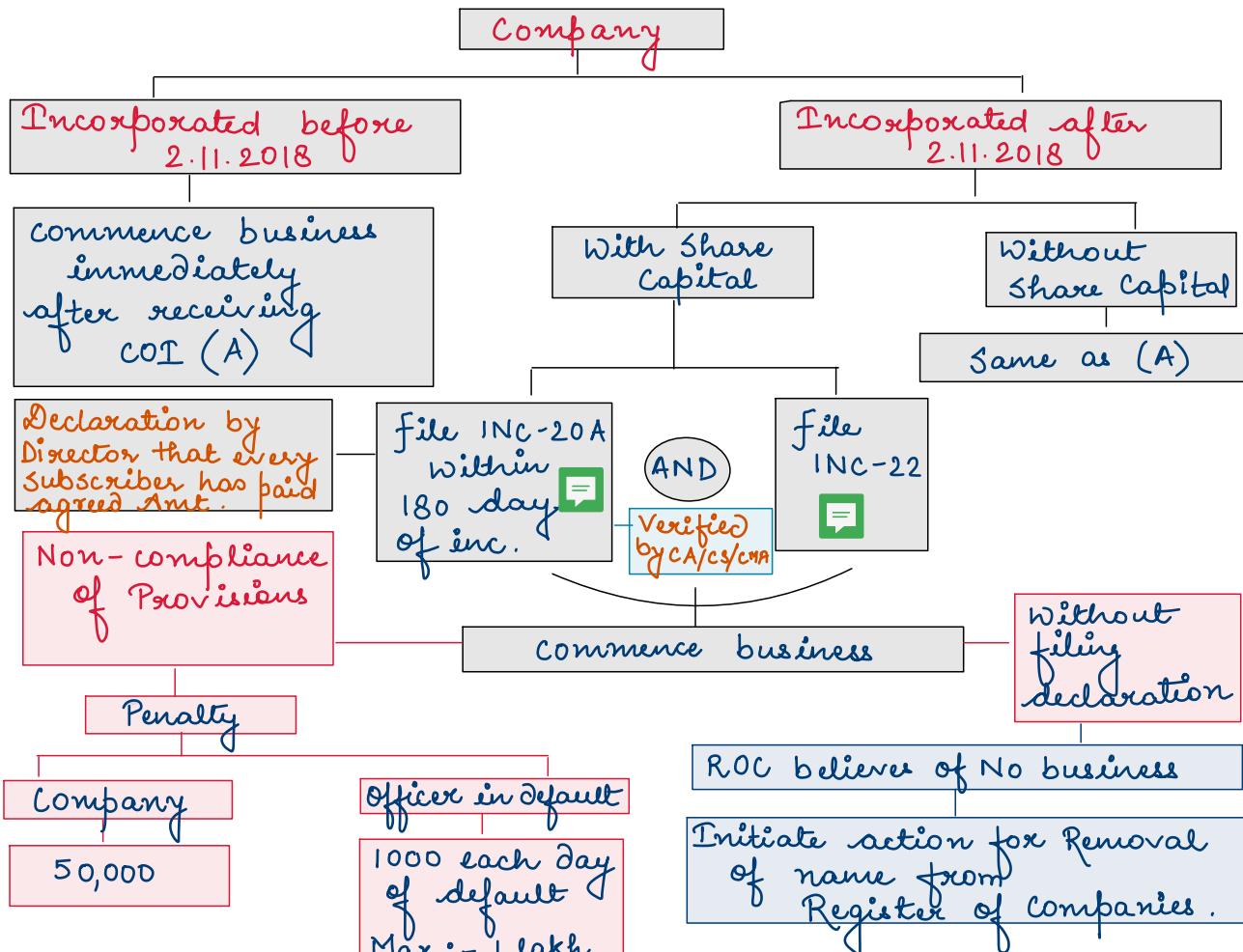


Process Of Incorporation

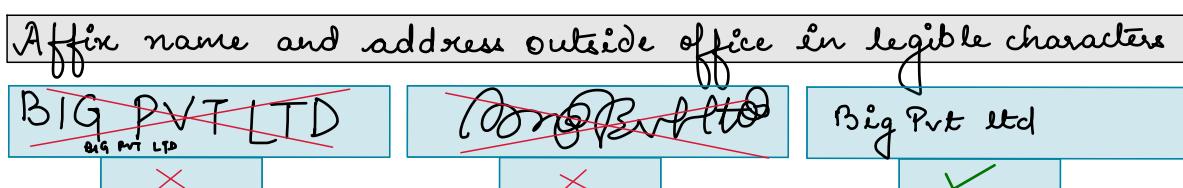
Other steps



Commencement of Business [Section 10A]



Publication of Name & Registered office [Section 12]



If Registrar has reasonable cause to believe

that company is not doing business

Registrar will do Physical Verification

Upon Verification

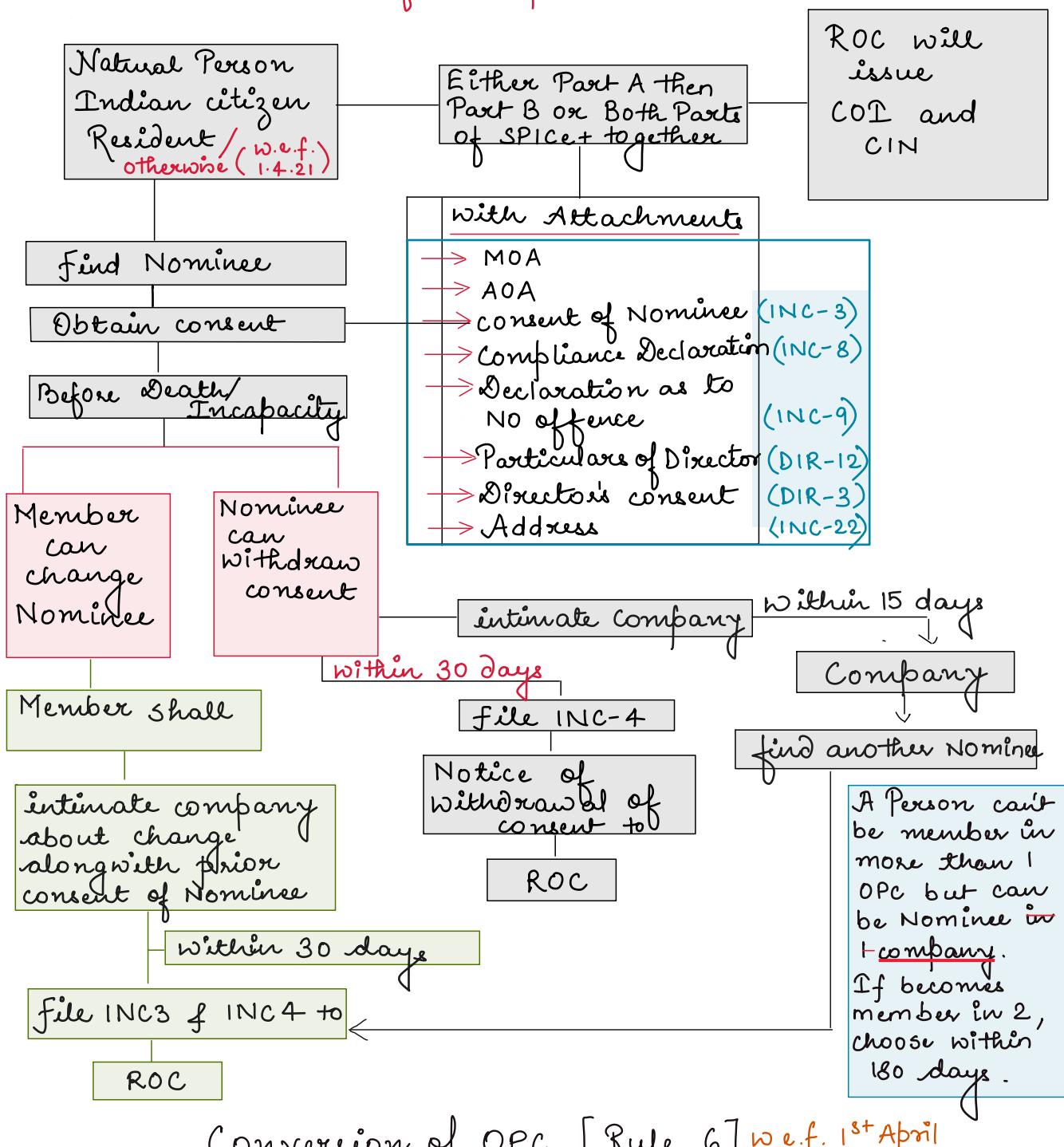
Default found

No default

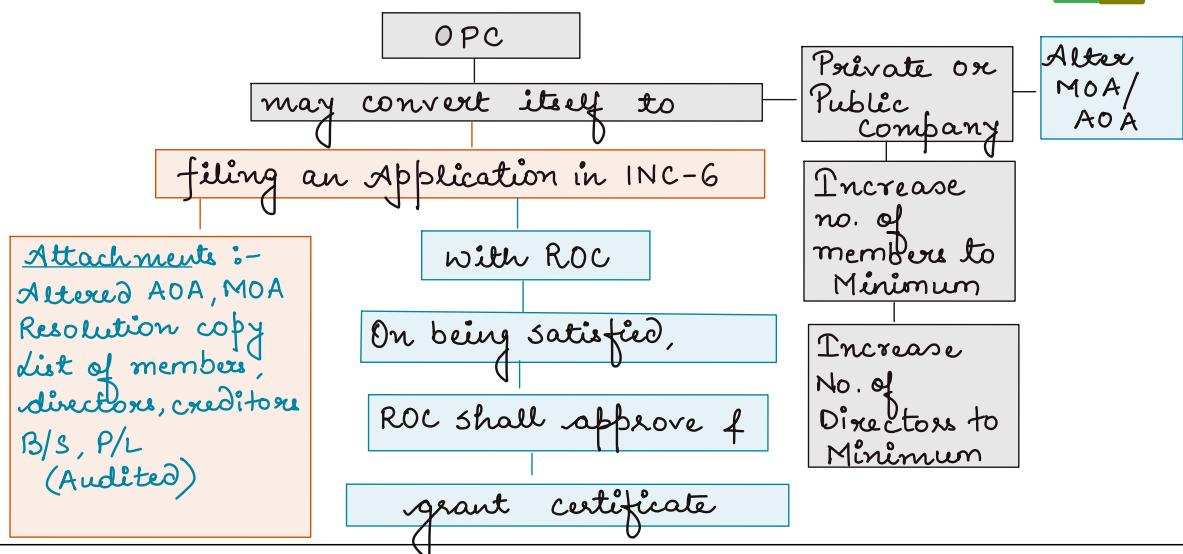
Registrar to remove name of Company from Register

One Person Company

Procedure of Incorporation

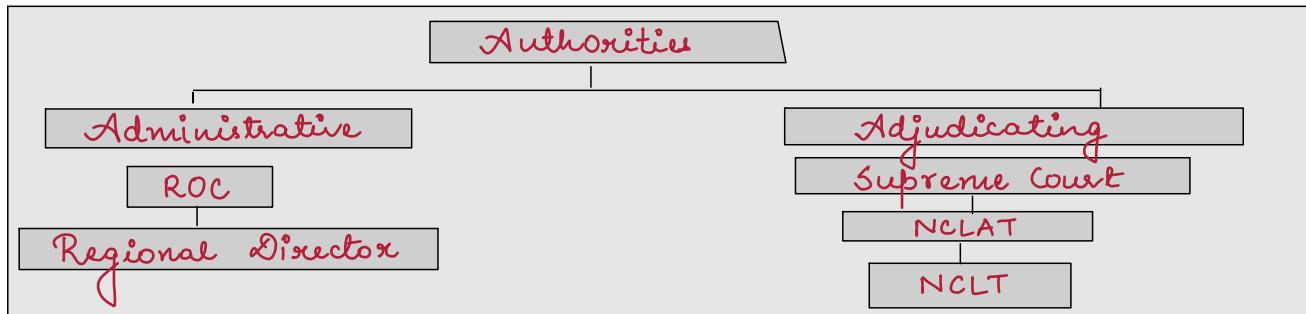
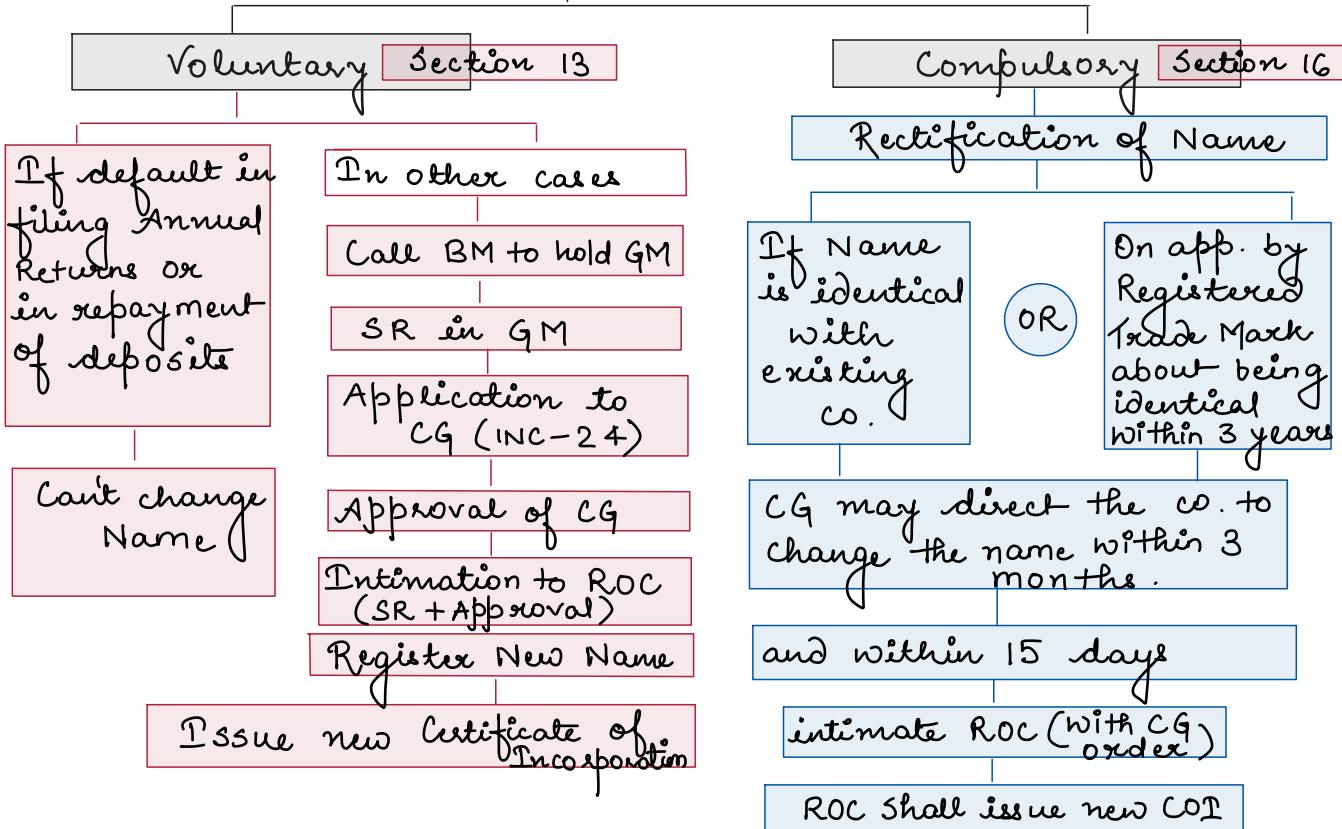


Conversion of OPC [Rule 6] w.e.f. 1st April 2021

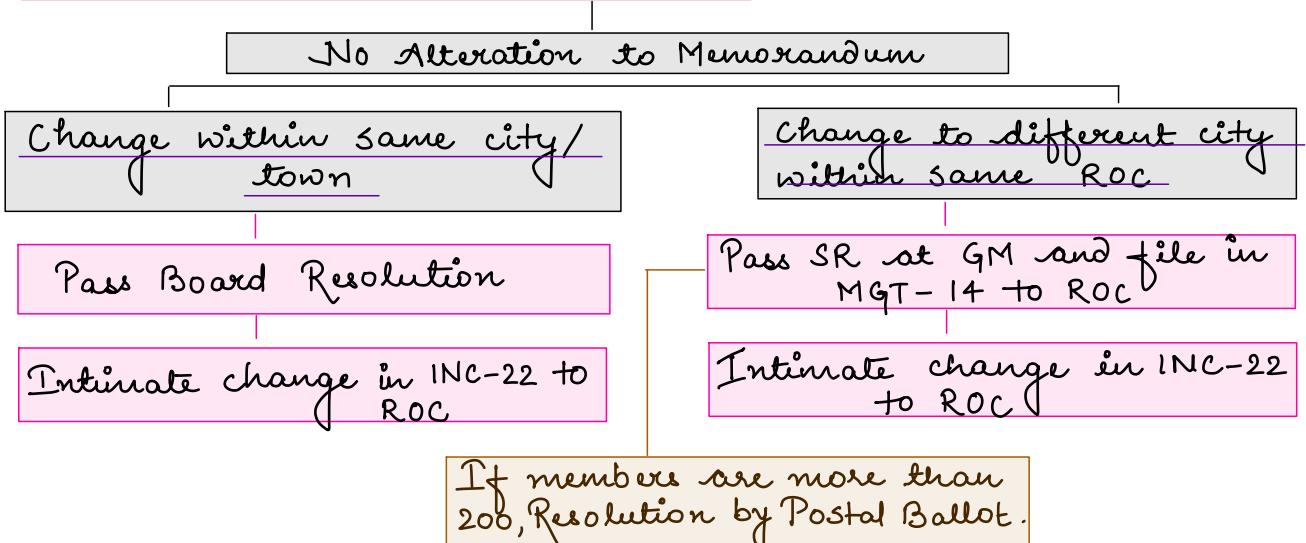


Alteration of Memorandum (Section 13)

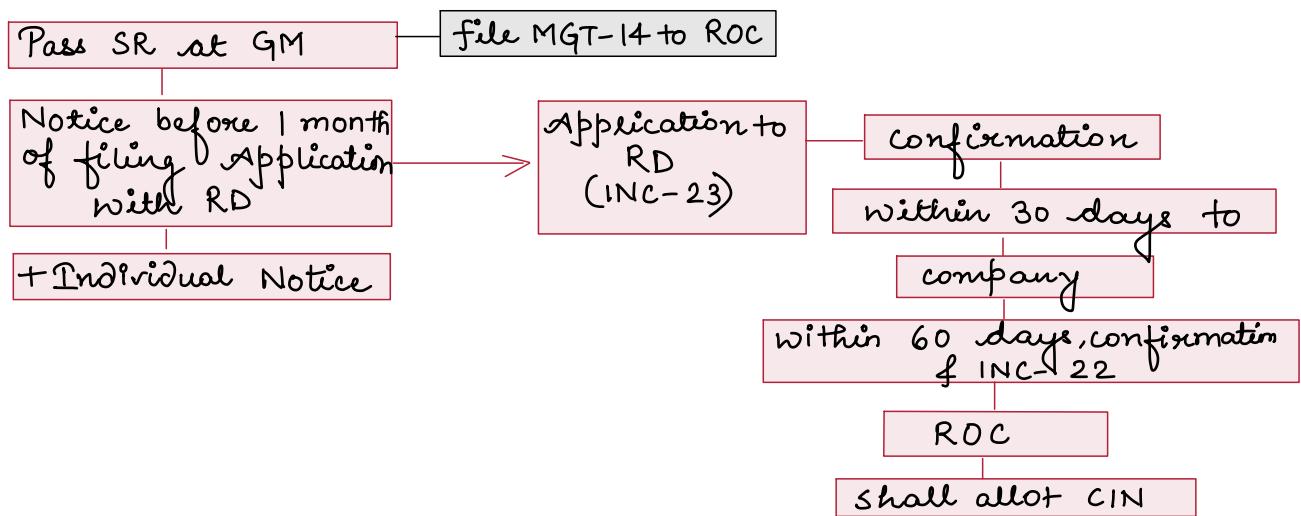
① Alteration of Name Clause :-



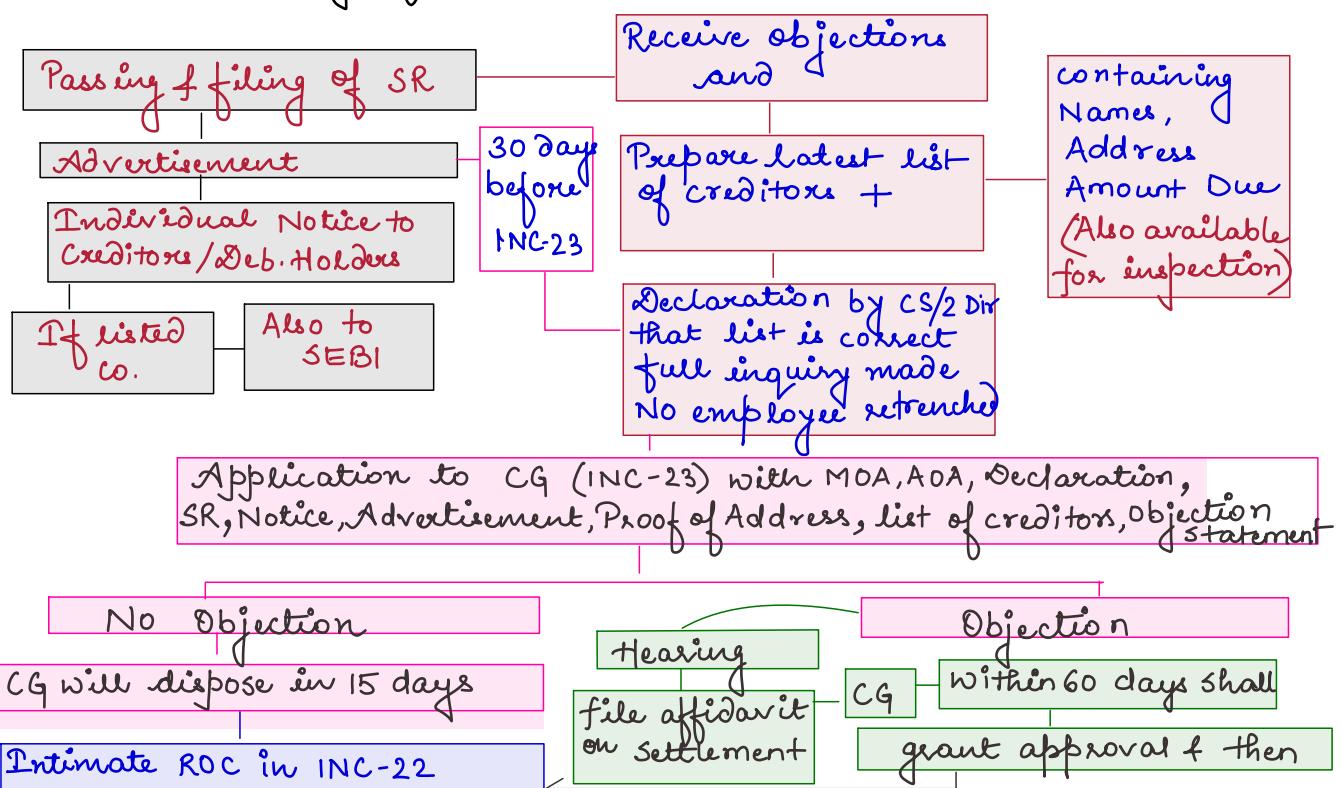
② Alteration to Situation Clause :-



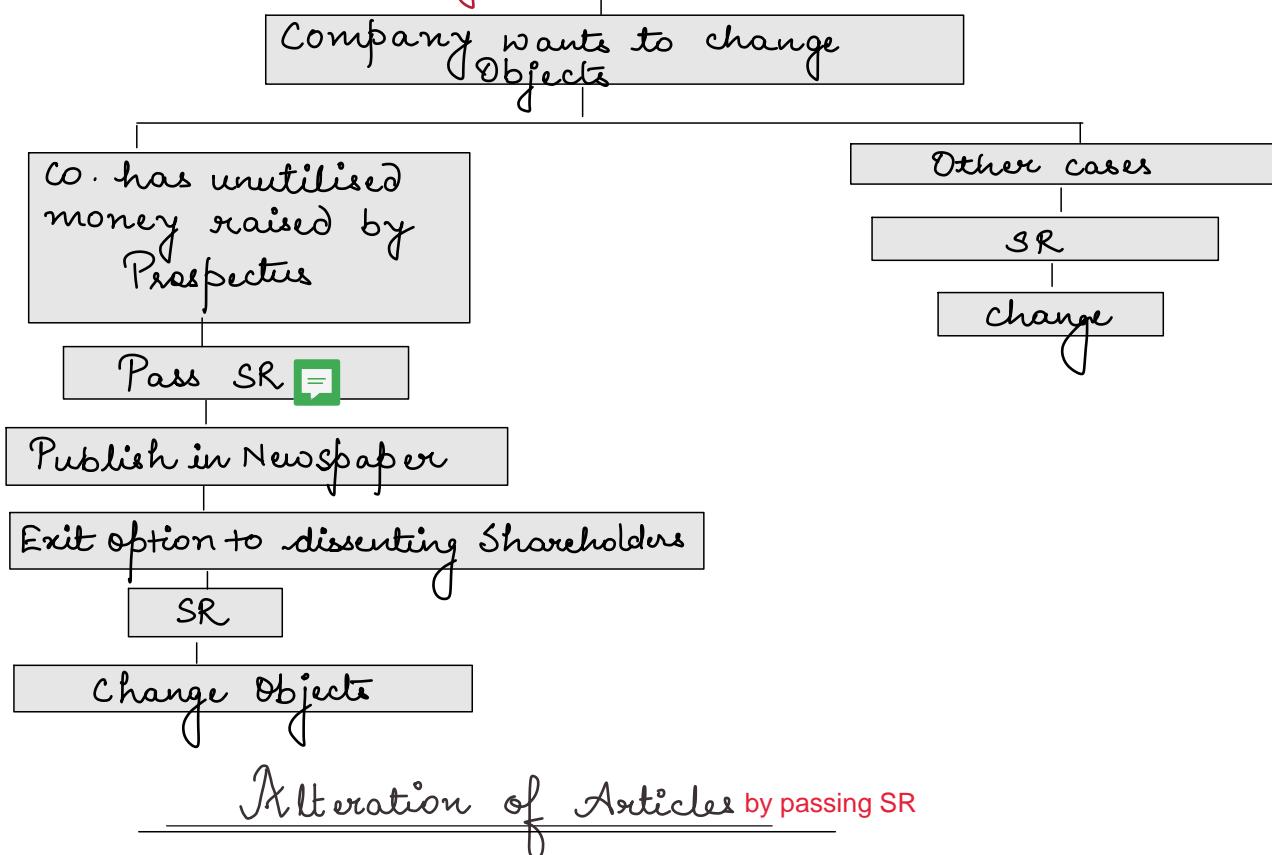
Change from one ROC to another within State



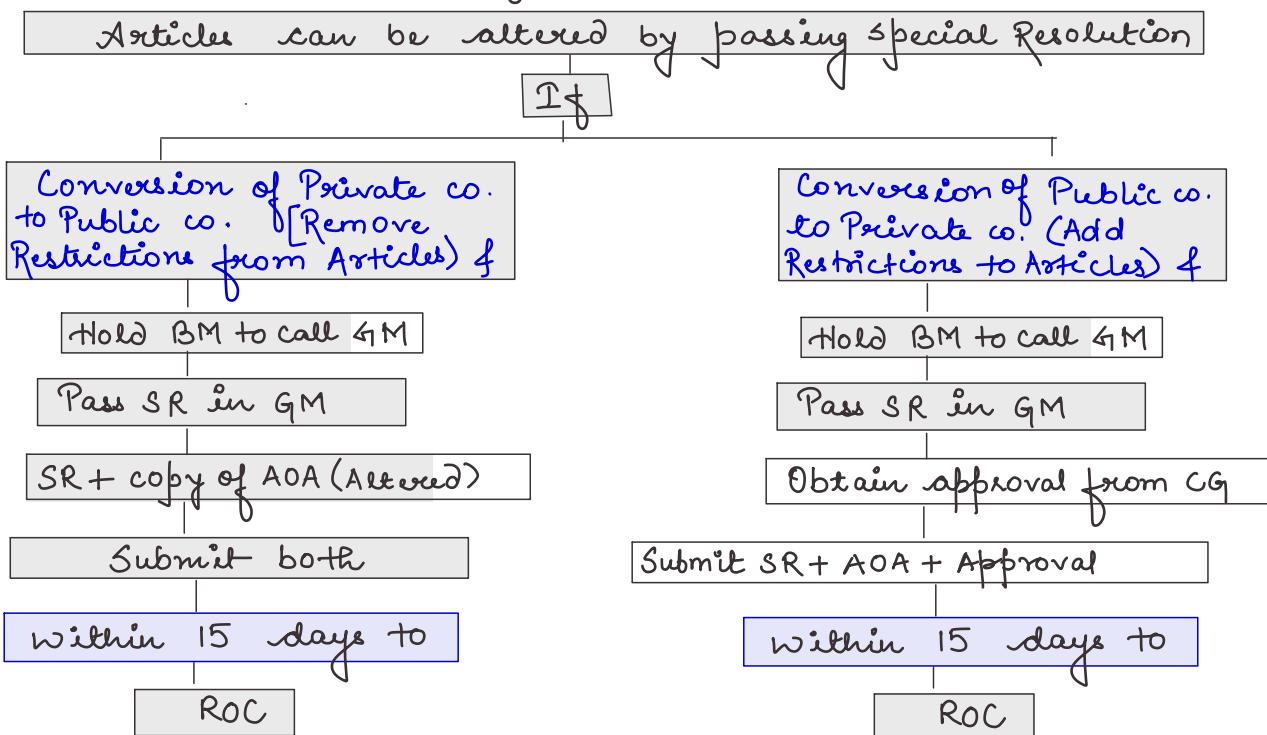
Change from one ROC to another outside State



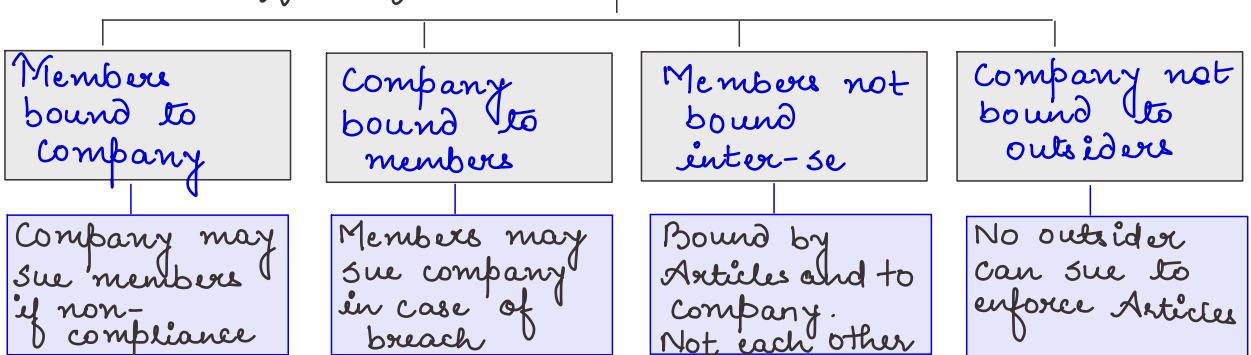
③ Alteration to Object Clause :-



Alteration of Articles by passing SR



Effect of Memorandum of Articles [Section 10]



Doctrine of Ultra Vires.

Whatever not stated in Object Clause of MOA is ultra Vires.
Ultra Vires act is void.
Neither company nor contracting party can sue on it.
Members can't ratify.

Doctrine of Constructive Notice

Person dealing with co. → Presumed to know internal problems of company.

Doctrine of Indoor Management Protects outsider.

Person dealing with co. → Not presumed to know internal problems of company.

Exceptions :-

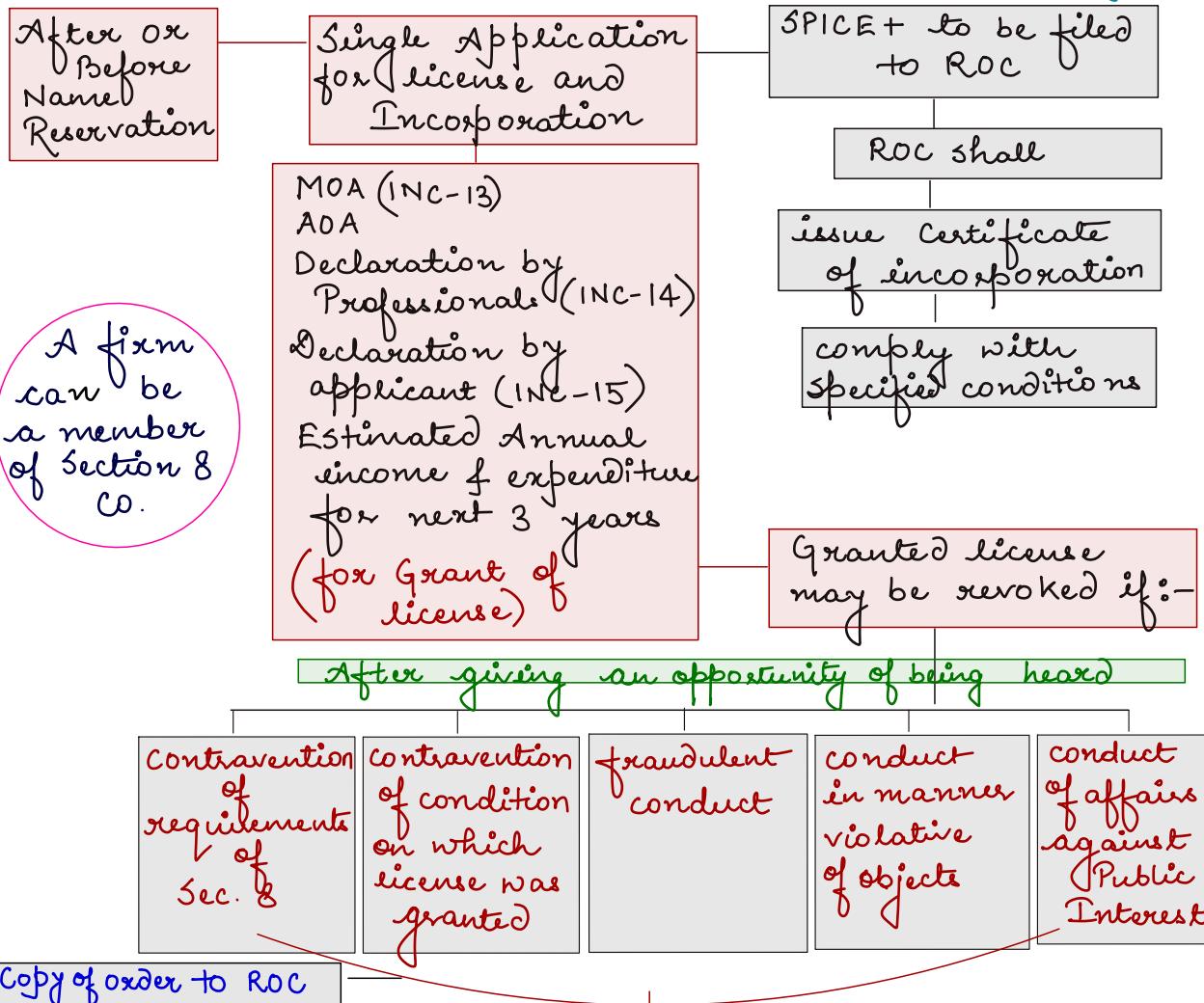
Knowledge of Irregularity

Negligence

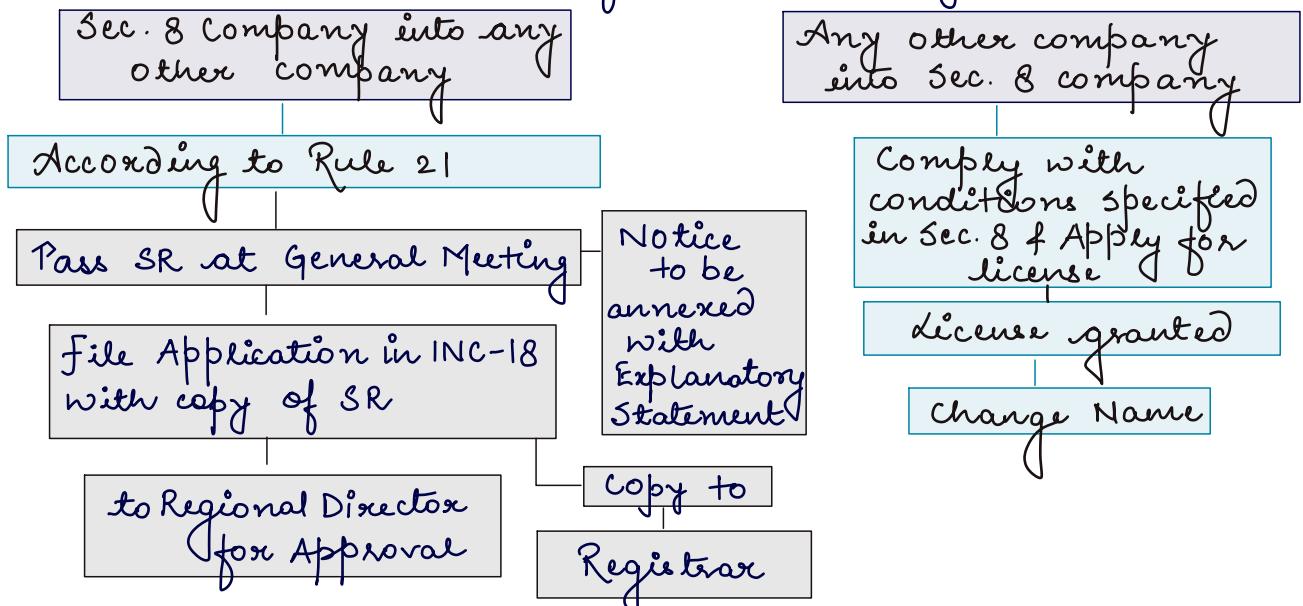
Forgery

Section 8 Company Procedure of Incorporation

can be formed
as Private/Public
company



Conversion of Section 8 Company



Nidhis- Chapter XXVI of Companies Act, 2013- Section 406 with Rules

Section No.	Topic	Content
Rule 4	Incorporation	Public Company- Minimum Capital 5 lakhs
	Suffix	last words 'Nidhi Limited'
	Preference share	Not allowed
	Object	Savings
Rule 5	Minimum Number of Members, Net Owned Fund	Within 1 year Not less than two hundred members. (2) Net Owned Funds of ten lakh rupees or more. Un-encumbered term deposits of not less than ten per cent of the outstanding deposits Ratio of Net Owned Funds to deposits of not more than 1:20
	file a return of statutory compliances	With ROC within 90 days from close of First FY certified by CA/CS/CMA in practice 
Rule 6	Prohibition	business of chit fund, hire purchase finance, leasing finance, insurance or acquisition current account with its members acquire another company by purchase of securities or controlling BOD carry on any business other than the business of borrowing or lending in its own name accept deposits from or lend to any person, other than its members. pledge any of the assets lodged by its members as security. take deposits from or lend money to anybody corporate. enter into any partnership arrangement in its borrowing or lending activities. issue or cause to be issued any advertisement in any form for soliciting deposit. pay any brokerage or incentive for mobilising deposits from members or for deployment of funds or for granting loans.
Rule 8	Membership	not admit a body corporate or trust or minor as a member.
	Acceptance of Deposits	not accept deposits exceeding twenty times of its Net Owned Funds (NOF) as per its last audited financial statements.
Rule 12	Deposits	Fixed Deposits Period- Minimum- 6 Months, Maximum- 60 Months Recurring Deposits Period- Minimum- 12 Months, Maximum- 60 Months
	maximum balance in a savings	one lakh rupees, ROI on savings- not exceed two per cent above the rate of interest payable on savings bank account by nationalised banks.
	rate of interest on deposits	not exceeding the maximum rate of interest prescribed by the Reserve Bank of India which the Non-Banking Financial Companies can pay on their public deposits.
Rule 14	Unencumbered Deposits	Invest in scheduled commercial bank or post office atleast 10% of the deposits outstanding at the close of business on the last working day of the second preceding month.
Rule 15	Loans	Only to members against securities specified within limits

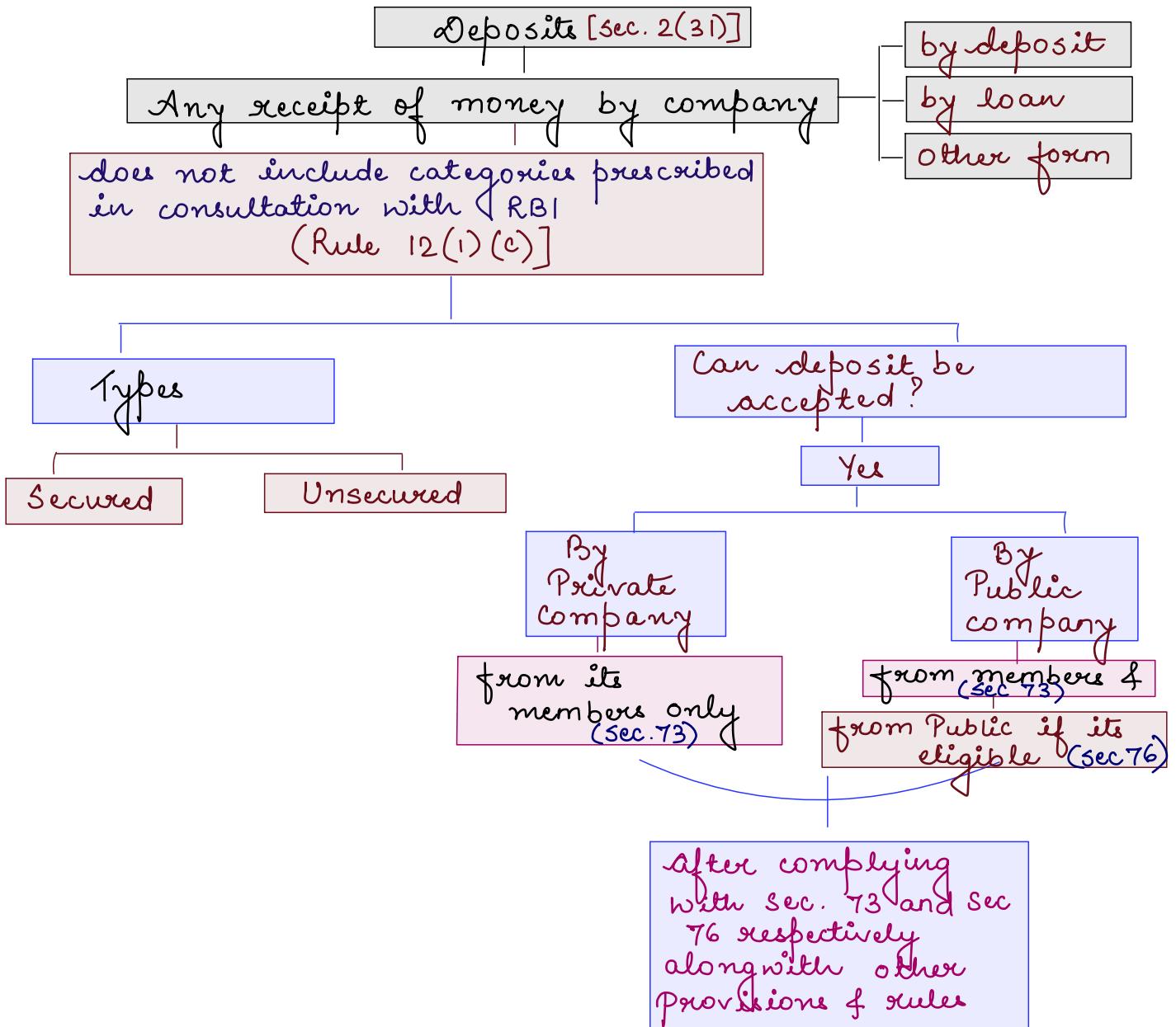
Rule 16	rate of interest on loan given by Nidhi	not exceed seven and half per cent above the highest rate of interest offered on deposits by Nidhi and shall be calculated on reducing balance method.
Rule 18	Dividend	Not more than 25% / Prescribed Only when equal amount is transferred to General Reserve, No default of deposits, compliance to rules
Rule 19	Auditor	Individual- 1 term of 5 years  Firm- 2 terms of 5 years
Rule 22		Auditor to furnish certificate of Compliance
Rule 21	Half Yearly Return	Form NDH-3 within thirty days from the conclusion of each half year duly certified by a CS/CA/CMA

Producer Company- Chapter XXIA of Companies Act, 2013

Section No.	Topic	Content
Section 378B	Objects and Formation	<p>production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the members or import of goods or services</p> <p>processing</p> <p>manufacture, sale or supply of machinery, equipment or consumables</p> <p>providing education</p> <p>rendering technical services, consultancy services, training, research and development</p> <p>generation, transmission and distribution of power</p> <p>insurance of producers or their primary produce</p> <p>promoting techniques of mutuality and mutual assistance</p> <p>welfare measures</p> <p>any other ancillary activity,</p> <p>financing of procurement, processing, marketing or other activities</p> <p>Registration similar as applicable for all companies.</p>
	Membership and voting rights	A person, who has any business interest which is not in conflict with business of the Producer Company, shall become a member
Section 581E	Benefits to member	<p>The members of the producer company initially will receive the value for the produce pooled and supplied as determined by the directors. This amount will be given out later in the form of cash/ kind/ equity shares.</p> <p>The members of the producer company will be entitled to get bonus shares in the same proportion to the shares held by them.</p> <p>The surplus (after providing provision for payment of limited return and reserves) may be given as patronage bonus* to the members of the producer company.</p>
Section 581F	Memorandum of Producer Company	<p>name of the company with 'Producer Company Limited' as the last State</p> <p>Main Objects</p> <p>Names and addresses of subscribers and Directors</p> <p>Share capital</p> <p>Limited Liability</p> <p>States where objects extend</p>
Section 378G	Articles of Association	<p>qualifications for member, manner of ascertaining the patronage and voting right based on patronage, manner of constitution of the Board, its powers and duties, election of the Chairman, term of office of directors, voting, etc.</p>
Section 378C	Members	Any 10 or more producers (individuals) can join together to form a production company but there is no upper limit on the number of members.
	Directors	minimum of 5 directors (maximum of 15)
	Capital	minimum capital of Rs. 500,000 is required to incorporate a producer company
378S	General Meetings	<p>approval of budget and adoption of annual accounts</p> <p>approval of patronage bonus.</p> <p>issue of bonus shares.</p>

		declaration of limited return approval of any transaction reserved in the articles
378Z	Voting Right	every member shall have one vote and in the case of equality of votes, the Chairman or the person presiding shall have a casting vote
378Y	Quorum	one-fourth of the total membership

Acceptance of Deposits by Companies

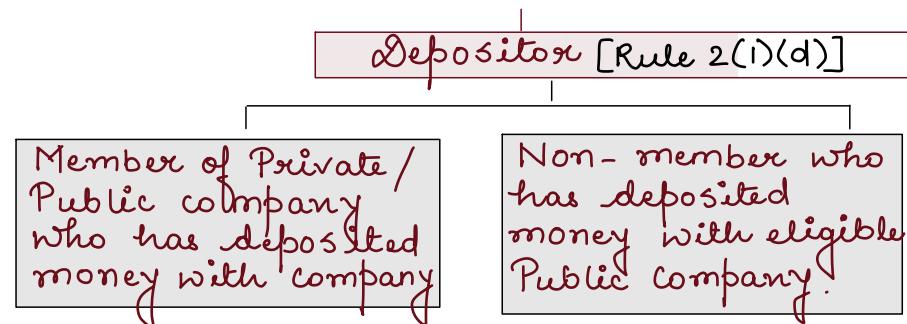


Amounts not considered as Deposits [Rule 2(1)(c)]

★	Received from Government	CG / SG / source guaranteed by them / local Authority / Statutory Authority
★	Received from foreign source	foreign Govt, foreign banks, Multilateral financial Institution, foreign citizen etc.
★	loan / facility	from Banking co. / SBI / co-operative banks
★	loan	from Public financial Institutions (PFI)

	Issue of instruments from Company	Commercial Paper/ Other Instrument in accordance with RBI
		Amount received from any other company.
	Amount towards Subscription of Securities (including Application money)	Money Pending Allotment treated as deposit if - Money → No Allotment received till 60 days ↓ Not refunded in next 15 days
	Received from Director/ relative of Director of Private Company	Such person must provide a declaration in writing that money is not borrowed funds co. disclose in Board's report.
	Issue of Secured/ convertible Bonds / Debentures	Security - sufficient, either first charge / Par Passu with 1st charge. Convertible - within 10 years
	Listed Debentures	if Non-convertible, non-secured but listed on RSE .
	Received from Employee	not exceeding Annual salary & no interest (Under Contract)
	Received in trust	Non-interest bearing .
	Trade Advances	for Goods/Services - Appropriate within 365 days. for immovable property under agreement & adjusted accordingly. Security deposit for performance of contract. Long term projects for supply of Capital goods. in the form of warranty for future services under agreement. as allowed by sectoral regulator for subscription towards publication.
	Received from Promoter	If loan brought because of stipulation by bank. Exemption till repayment of bank loan.

	Received by Nidhi company	in accordance with Rules u/s 406 of co.'s Act.
	Chit fund	by way of subscription under chit fund Act, 1982.
	CIS	Collective Investment Scheme in compliance with SEBI
	Received by Start-up if -	Min Amount - 25 lakhs from a person. Repayable - within 10 years Amount received by way of convertible note.
	Received from -	AIF, DVCF, IIT, REIT, Mutual funds registered with SEBI.



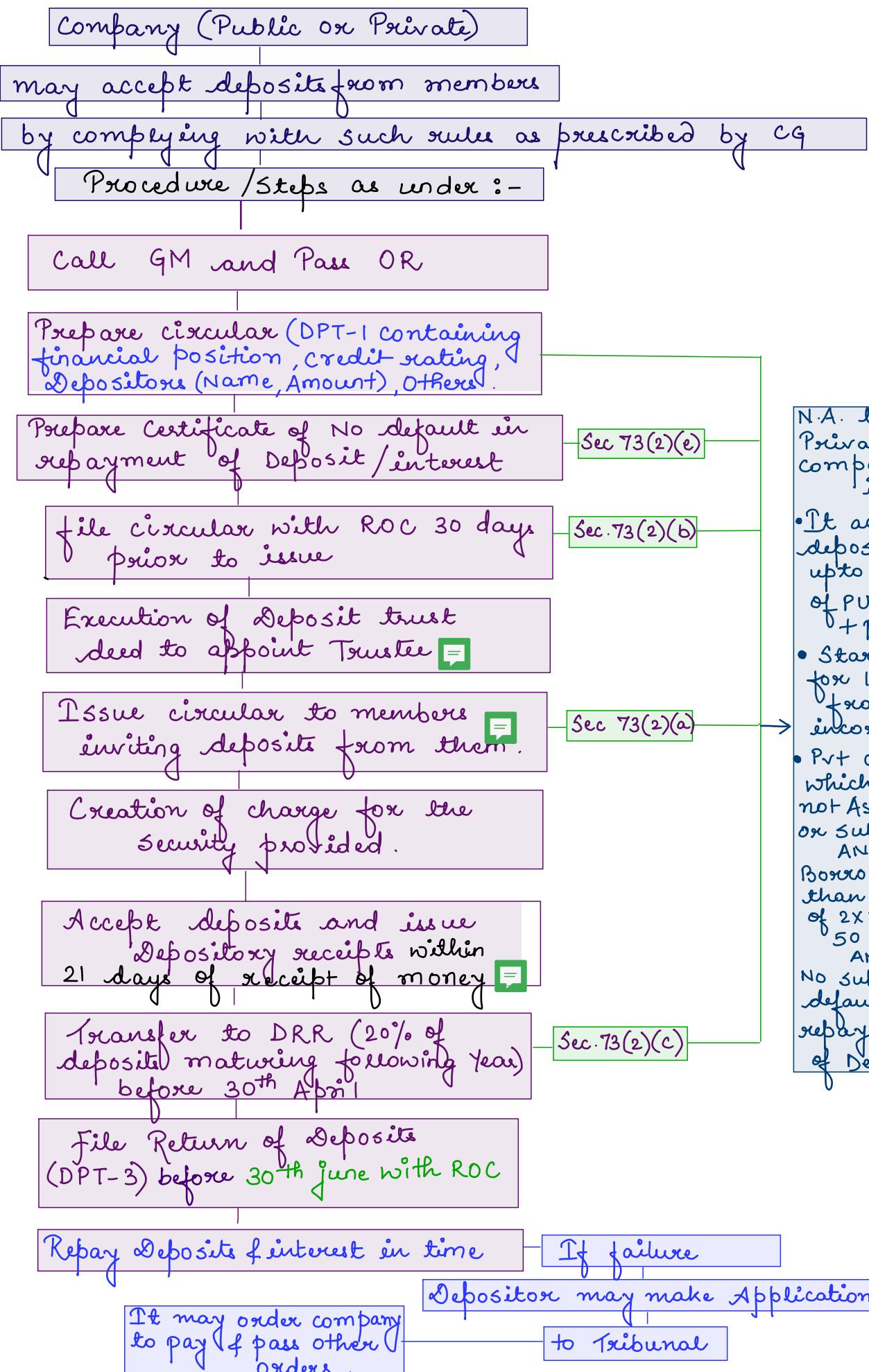
Following types of companies are exempted from Deposit provisions -

(ie. Such companies can accept any receipt of money from anyone without compliance to this chapter)

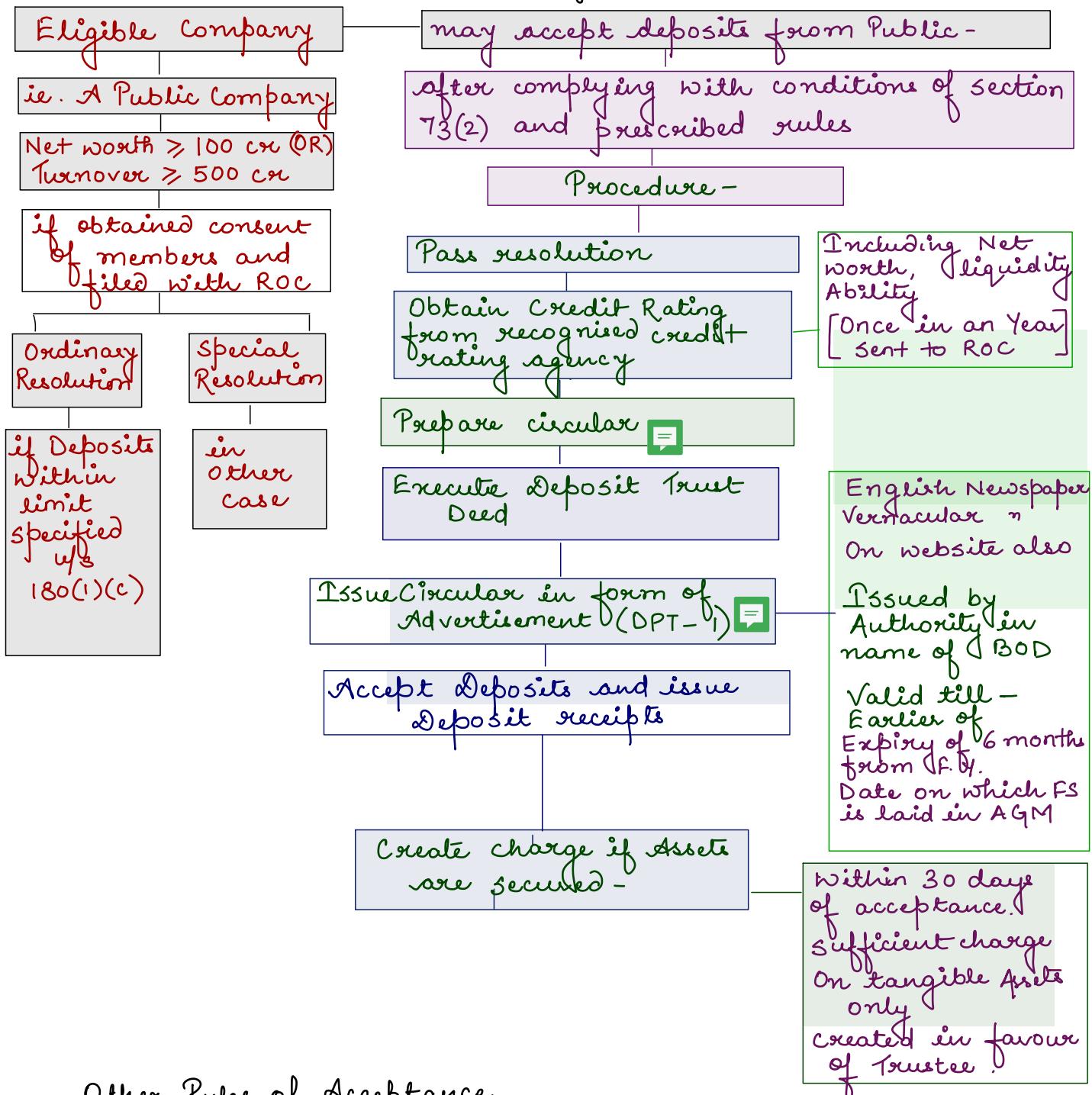
Exempted Companies - (Sec. 73(1))

- Banking company
- Non-Banking financial company
- Housing finance company
- Other company specified by CG in consultation with RBI.

Acceptance of Deposits from its Members [Section 73]



Acceptance of Deposits from Public (Section 76)



Other Rules of Acceptance

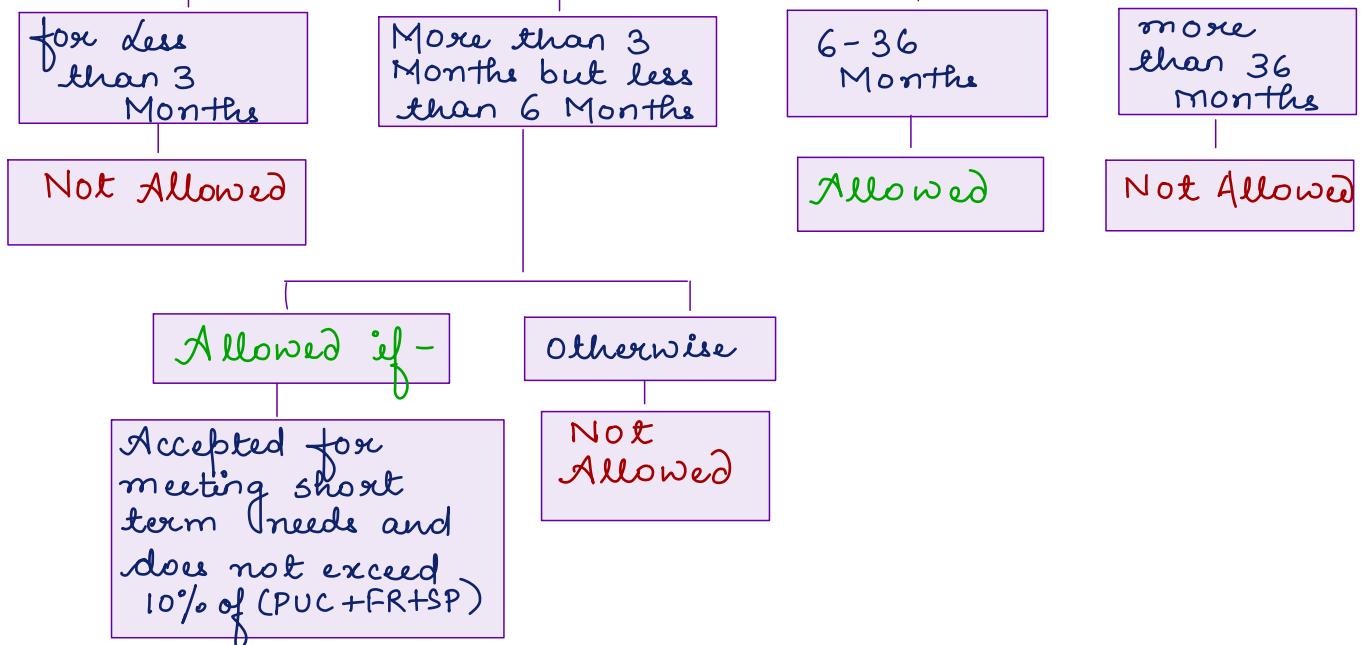
Maintain deposit register containing name, address, PAN of depositor, Date, Amount, interest, duration, charge, Nominee
Preserved for 8 years, kept at registered office.

Disclosure in financial Statement :-

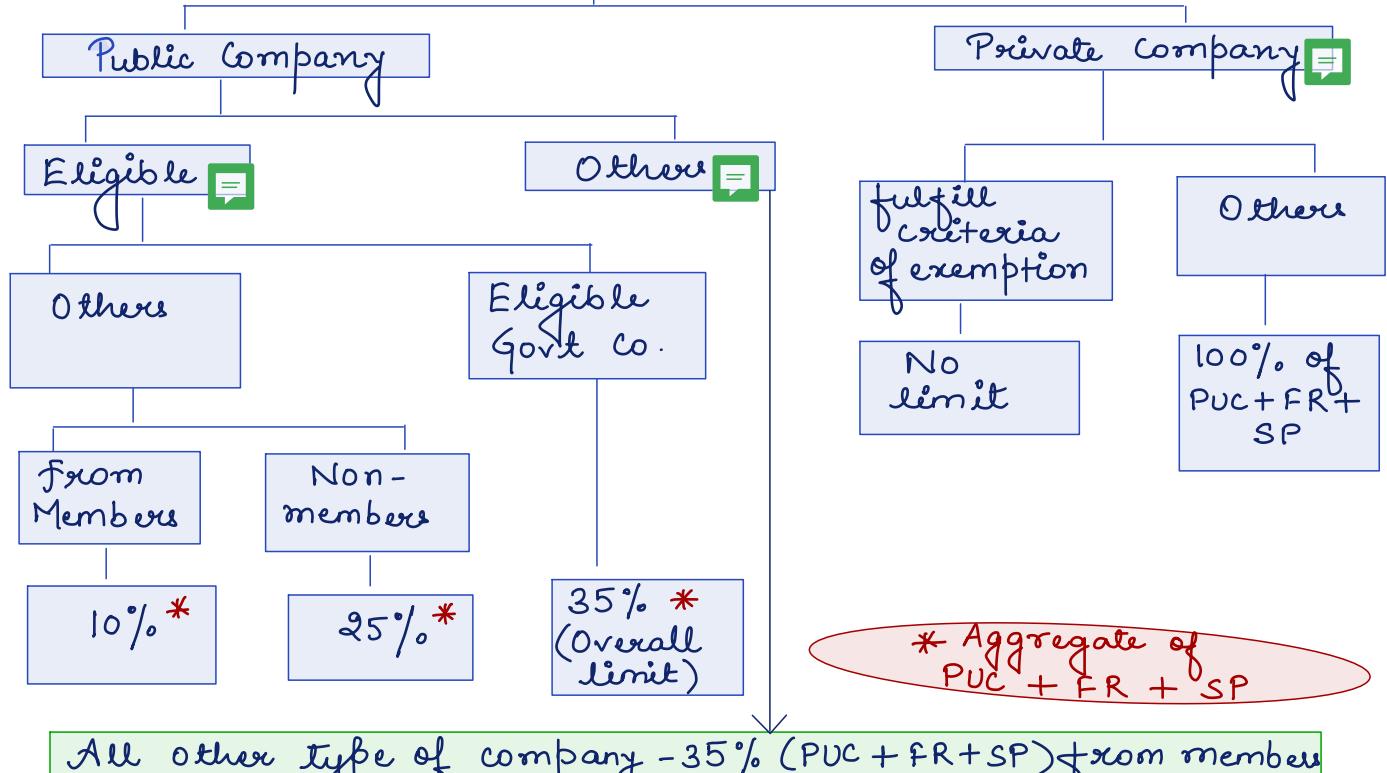
Amount received from Directors by way of notes [Public Company]

Amount received from Directors & relatives of Directors by way of notes [Private Company]

Tenure of Deposite



Limit on Deposite



Deposits may be accepted in joint names not exceeding 3.

Rate of interest not more than rate specified by RBI
for NBFCs

Appointment of Trustee for Depositors

Before issuing circular to members / Public -

Find Deposit Trustee

Obtain written consent

Execute Trust Deed (DPT-2)

7 days prior to issue

Issue circular with statement that consent received

Discharge duties as prescribed

Disqualified if -

He is a depositor in co.

He is Director / KMP or

Ec of C/H/S/A

He is indebted to

C/H/S/A / subsidiary

of holding

He has material pecuniary

relation

given guarantee of Depositor

Relative of above

Appointed for fixed Term

Removal before expiry of term

with board meeting.

Duties :-

Ensure that security is sufficient.

Ensure correct info in circular

Ensure No breach call meeting of

depositors

Procure remedy of breach

Protect interest of depositors

possible only when

In case of Independent Director

Other cases

All directors present
1 Independent Director
must give consent

All directors present must give consent

Repayment of Deposits accepted before Commencement of Act [Sec. 74]

Any unpaid deposit on commencement

OR

Any amount becomes due after

Within 3 months from commencement

file with ROC a statement of all deposits.

Earlier of - Due date / 3 years of commencement

Repay

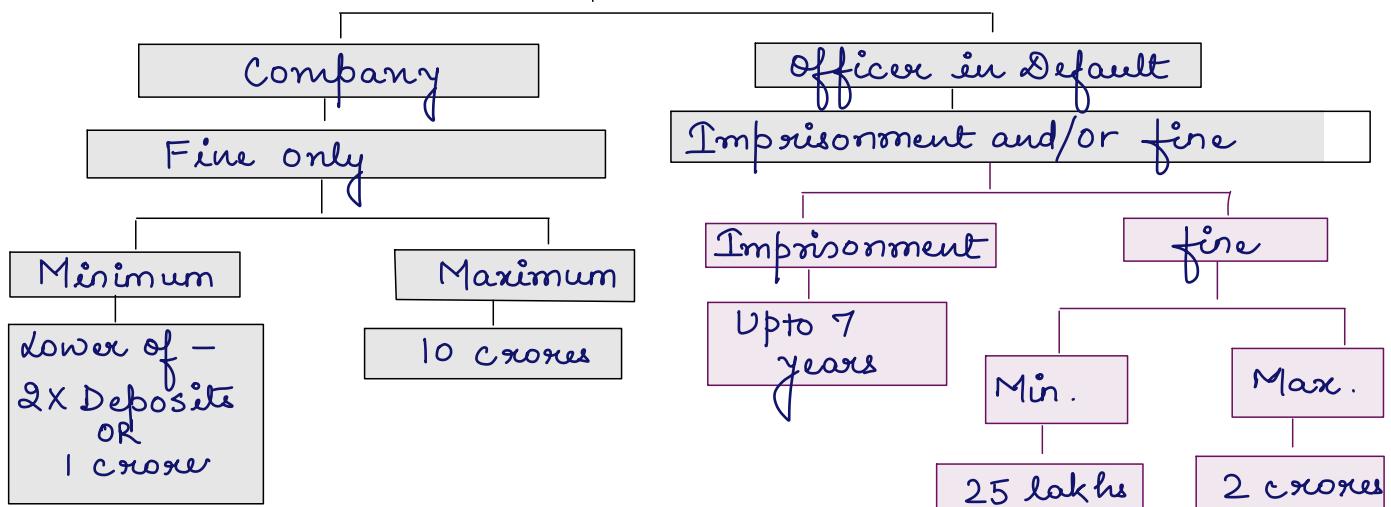
if not

may apply to Tribunal

may grant extension

after considering financial condition & Amount

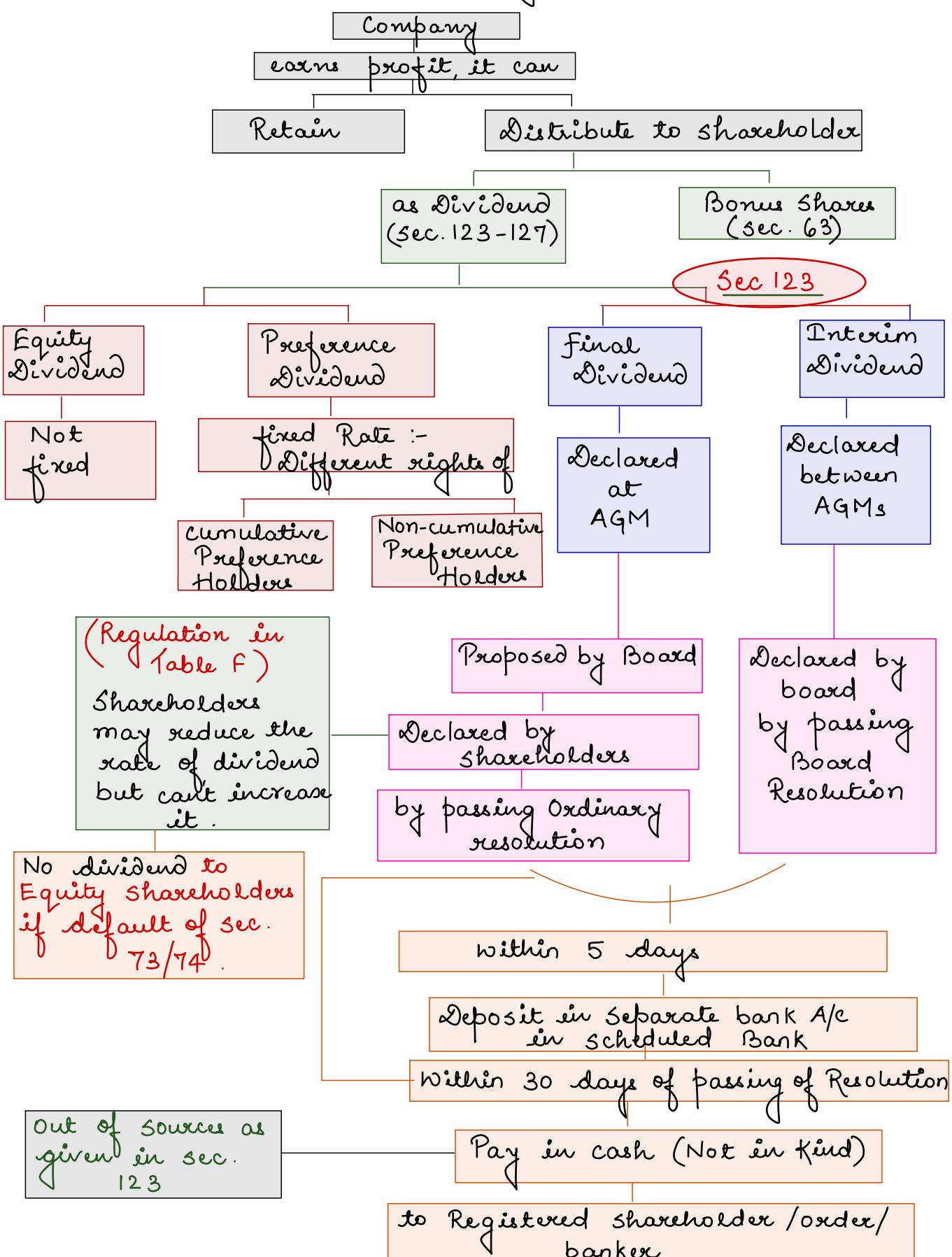
Contravention of Section 73 or 76 or rules



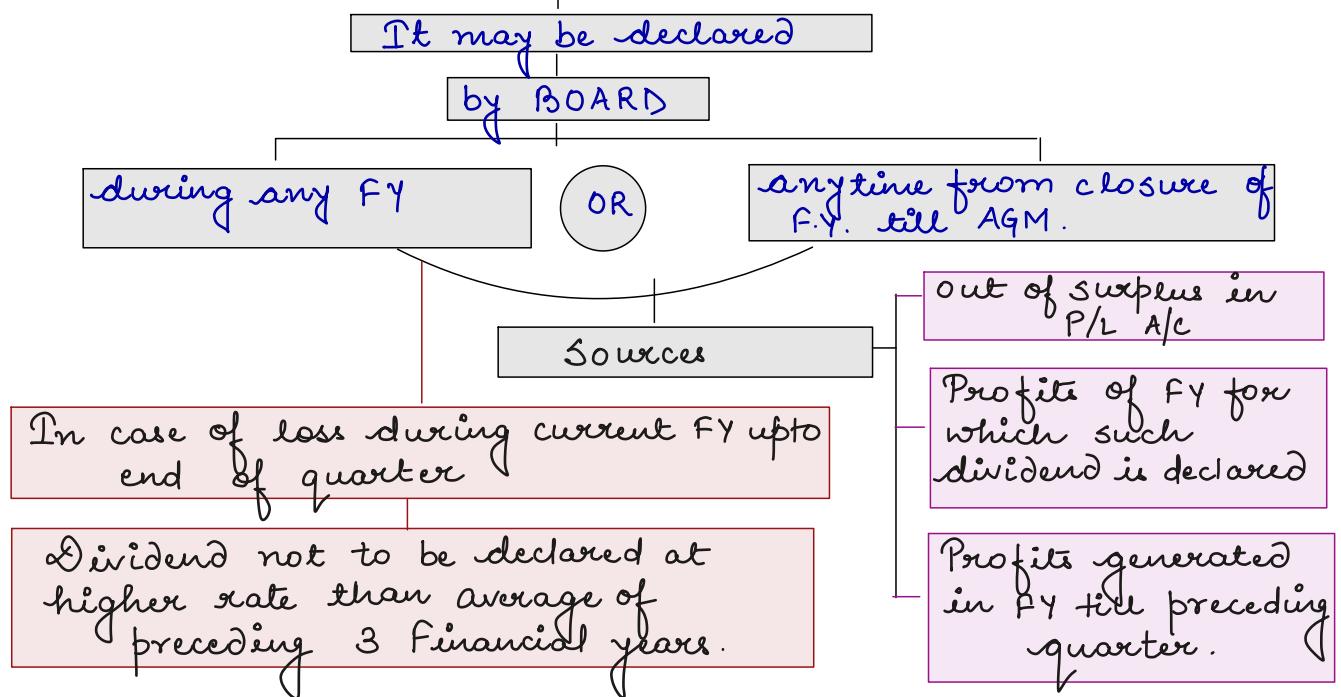
Liable u/s 447 if intention to deceive proved.

Declaration & Payment of Dividend

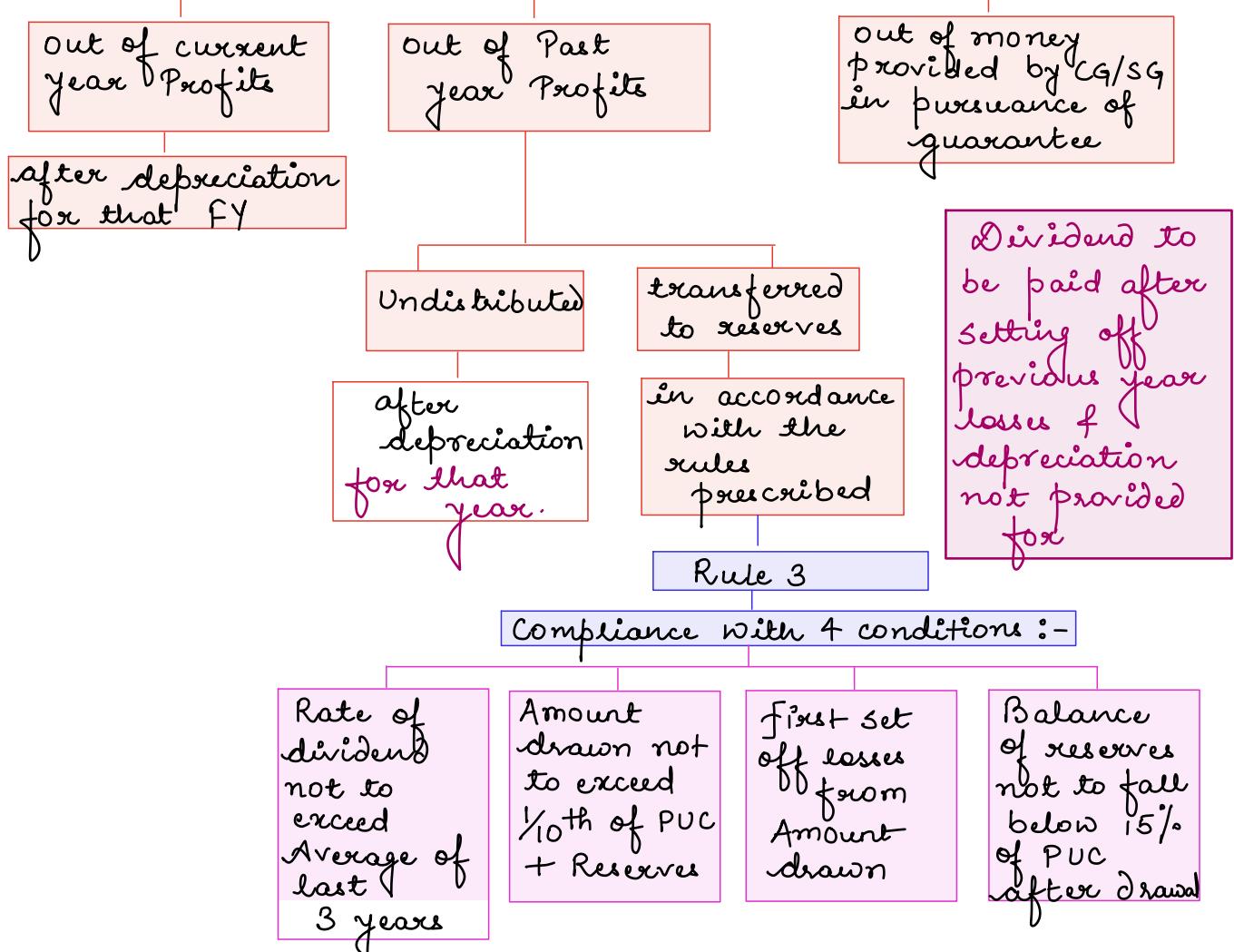
Chapter VIII (containing sections 123-127)



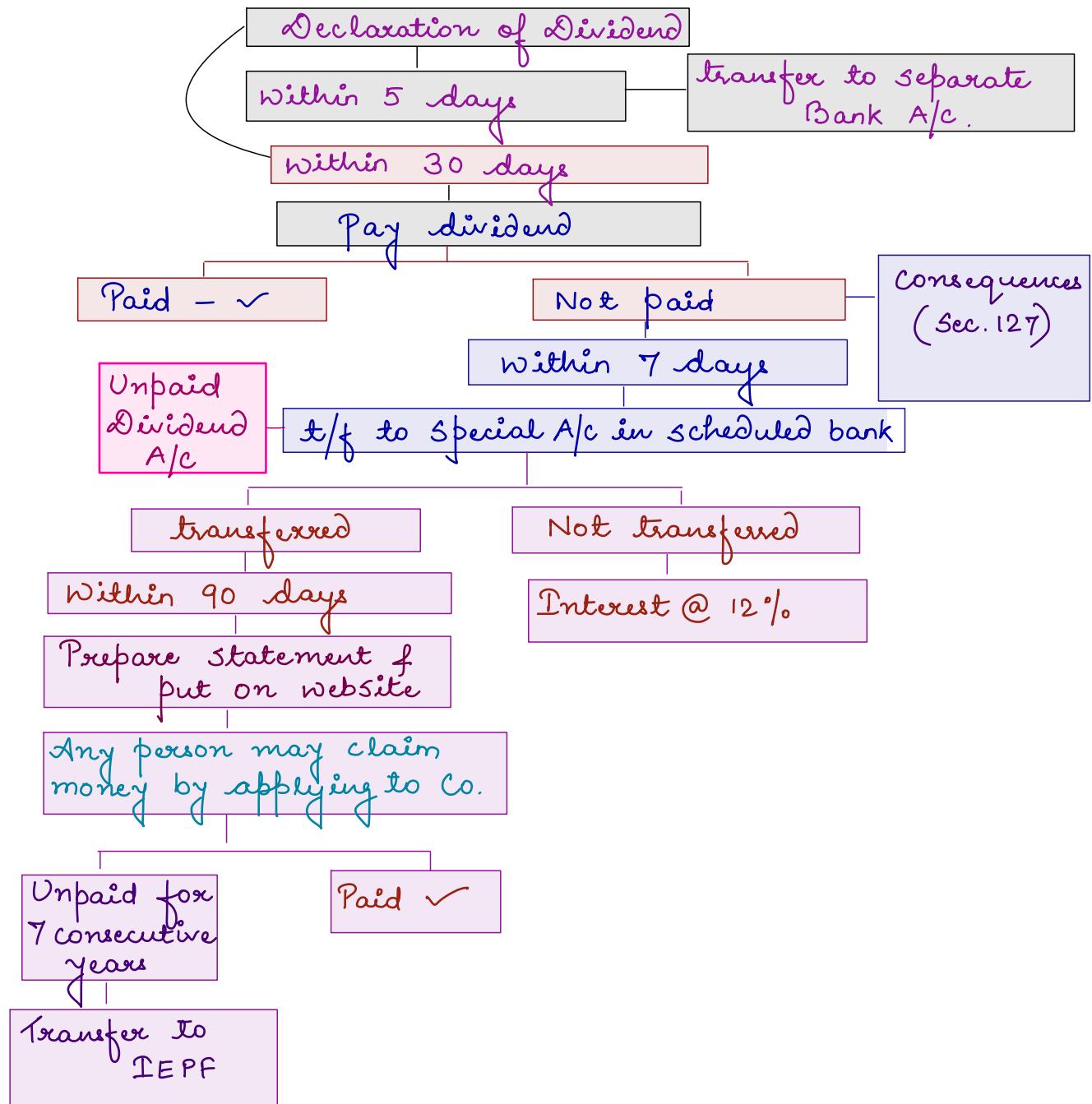
Interim Dividend



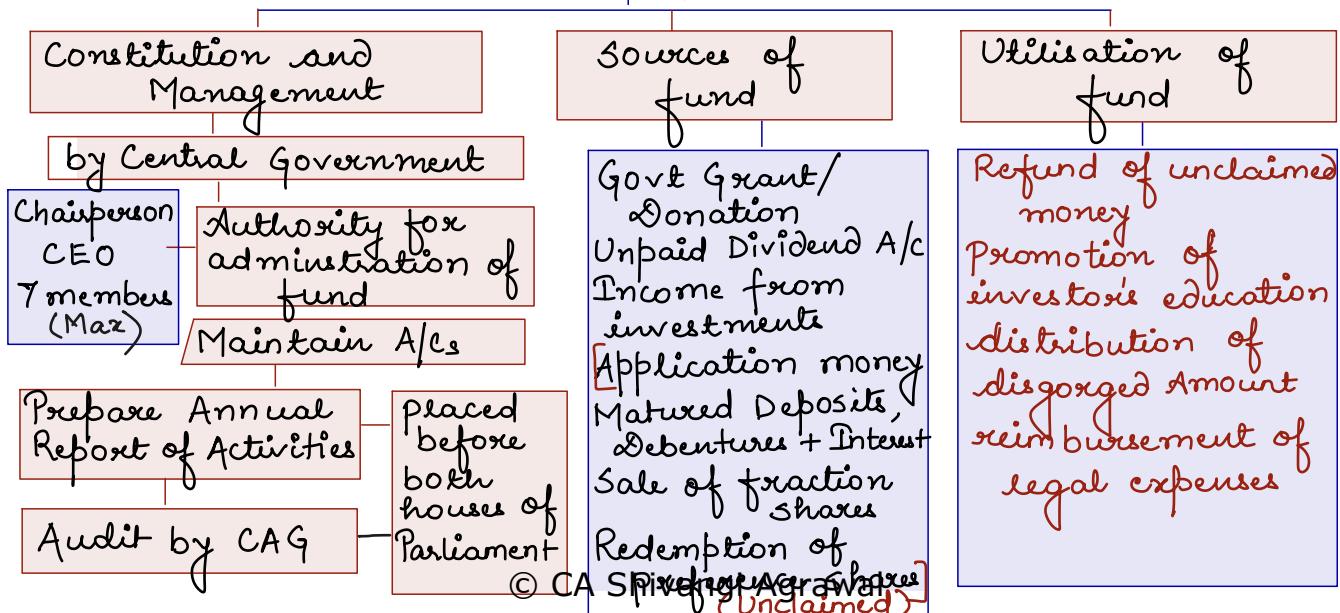
Sources of Dividend



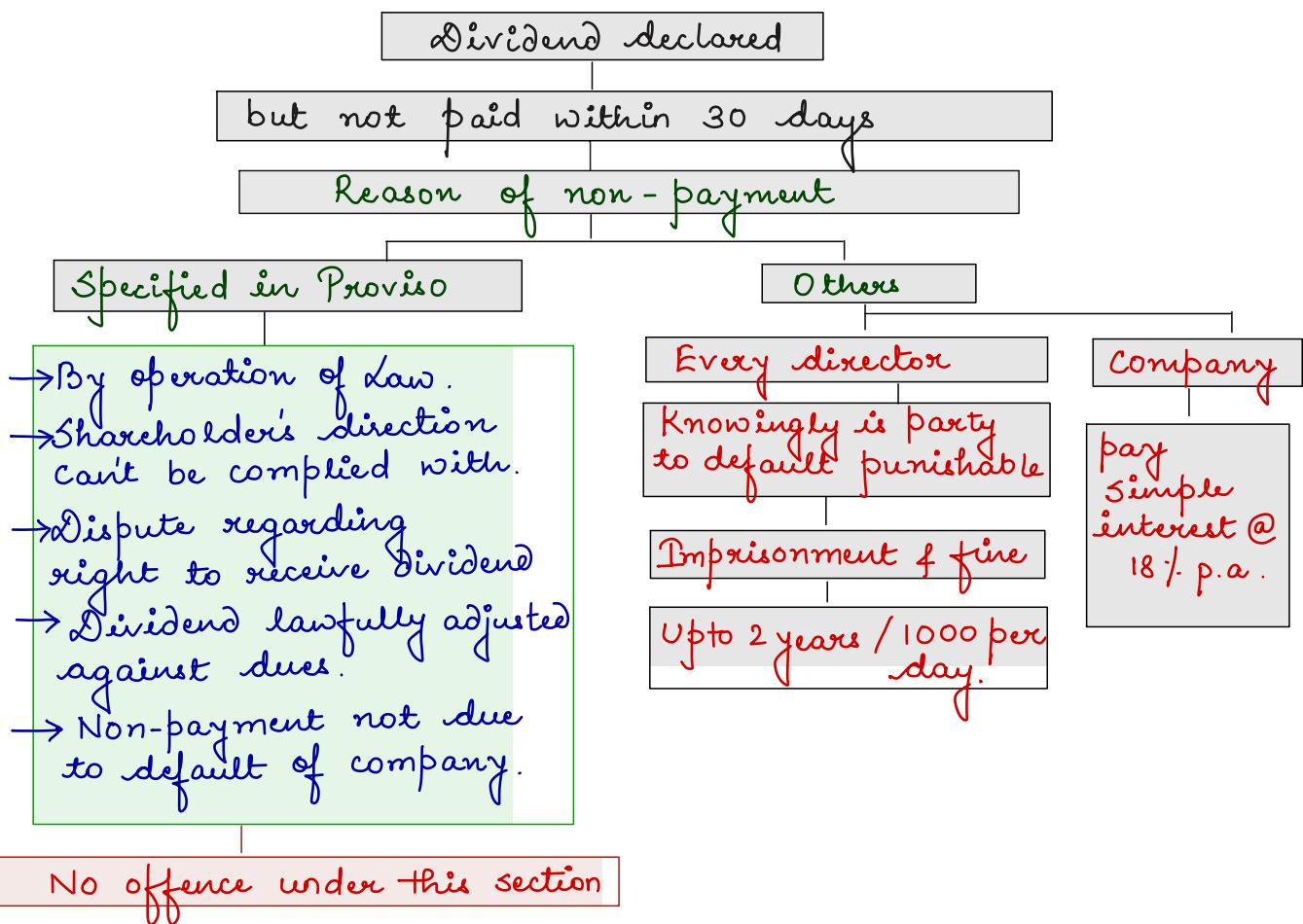
Unpaid Dividend (Sec. 124)



Investor Education & Protection Fund (IEPF) [Sec. 125]



Failure to distribute Dividend [Sec. 127]

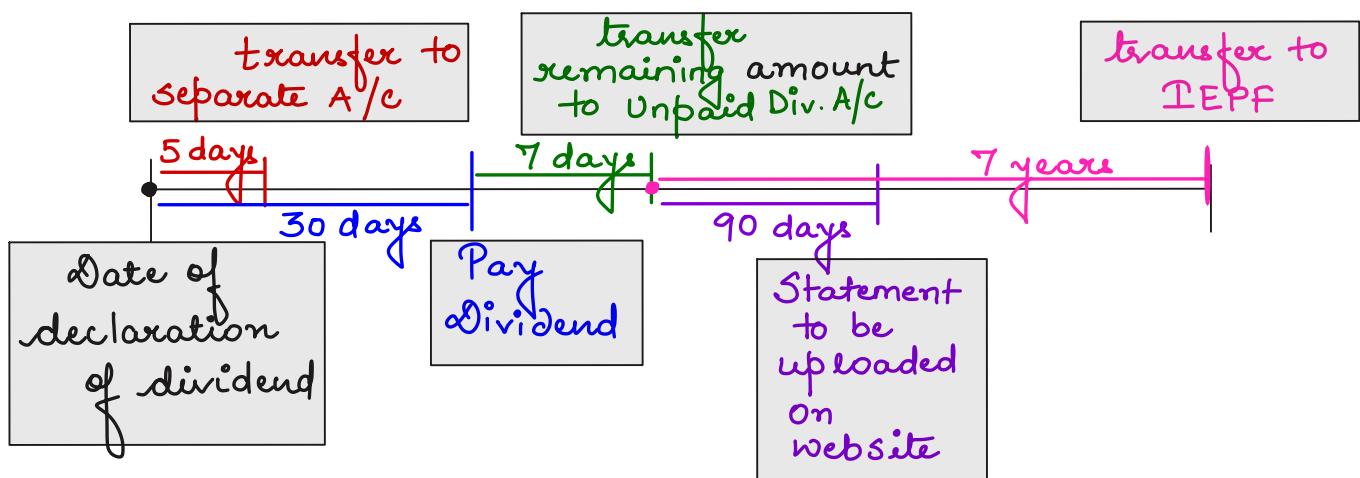


Other Points related to Dividend :-

If transfer not registered, pay to transferee if authorised by registered holder in writing or else transfer to Unpaid dividend A/c [Sec. 126]

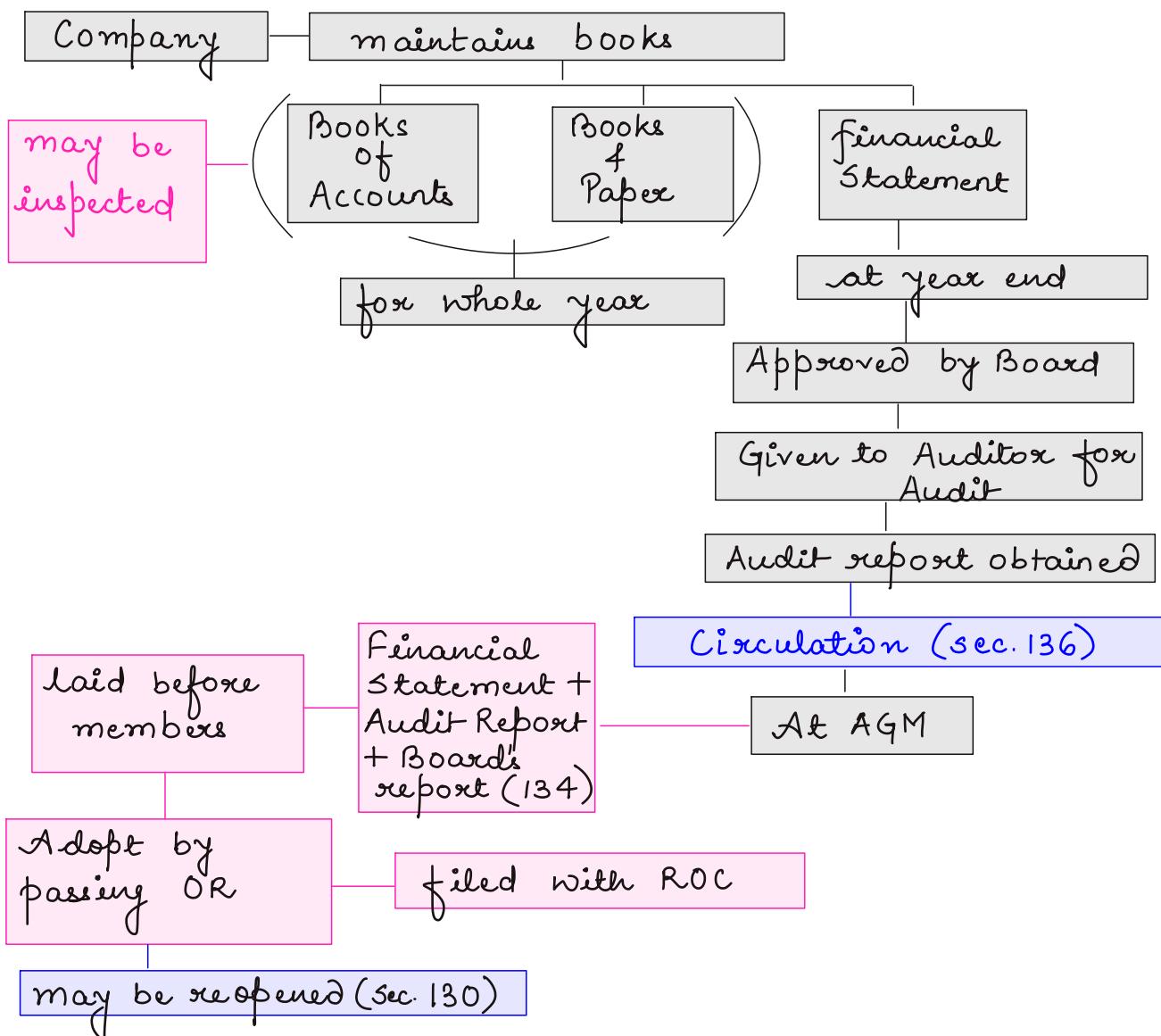
Dividend once declared can't be revoked.

Time limit :-

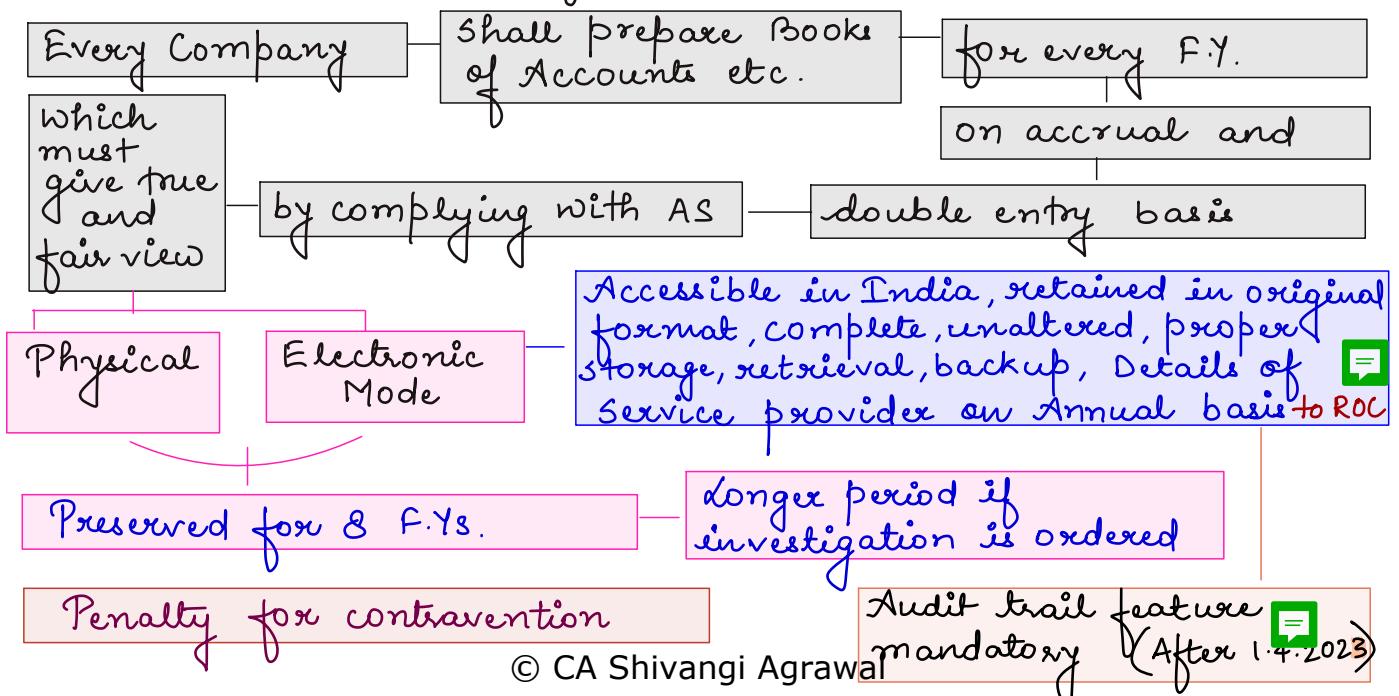


Accounts of Companies

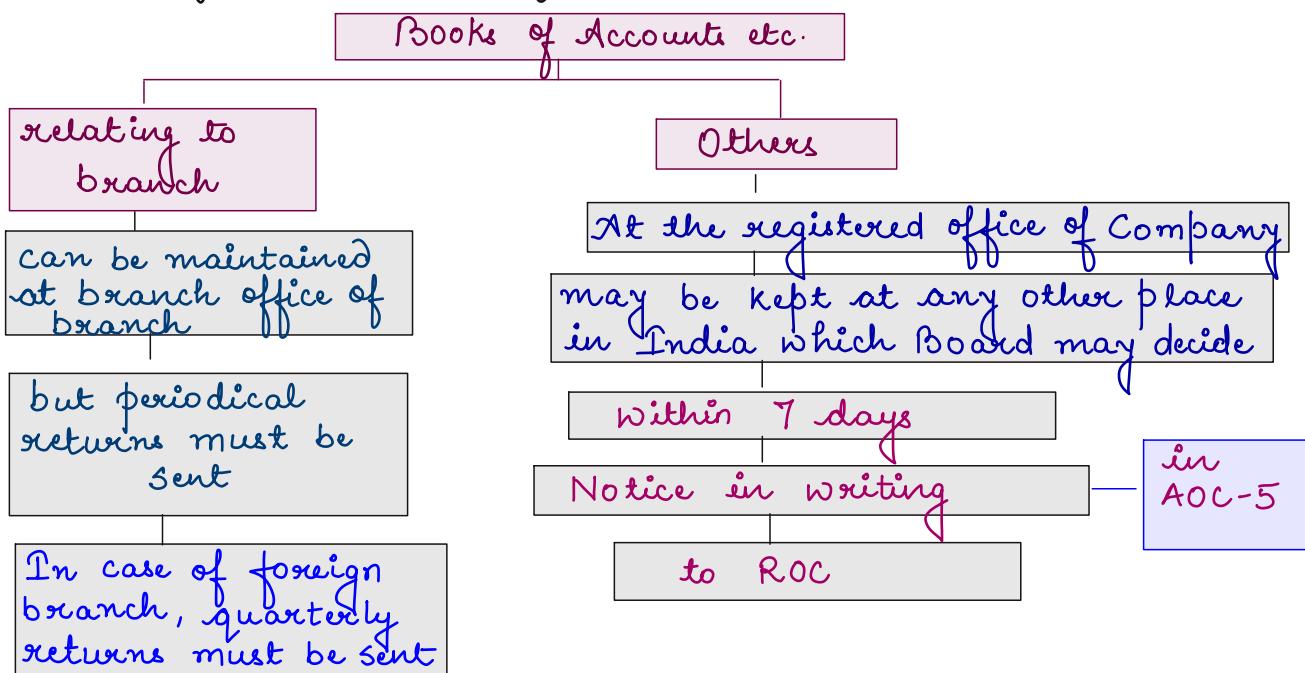
Chapter IX (containing Sec. 128 - 138)



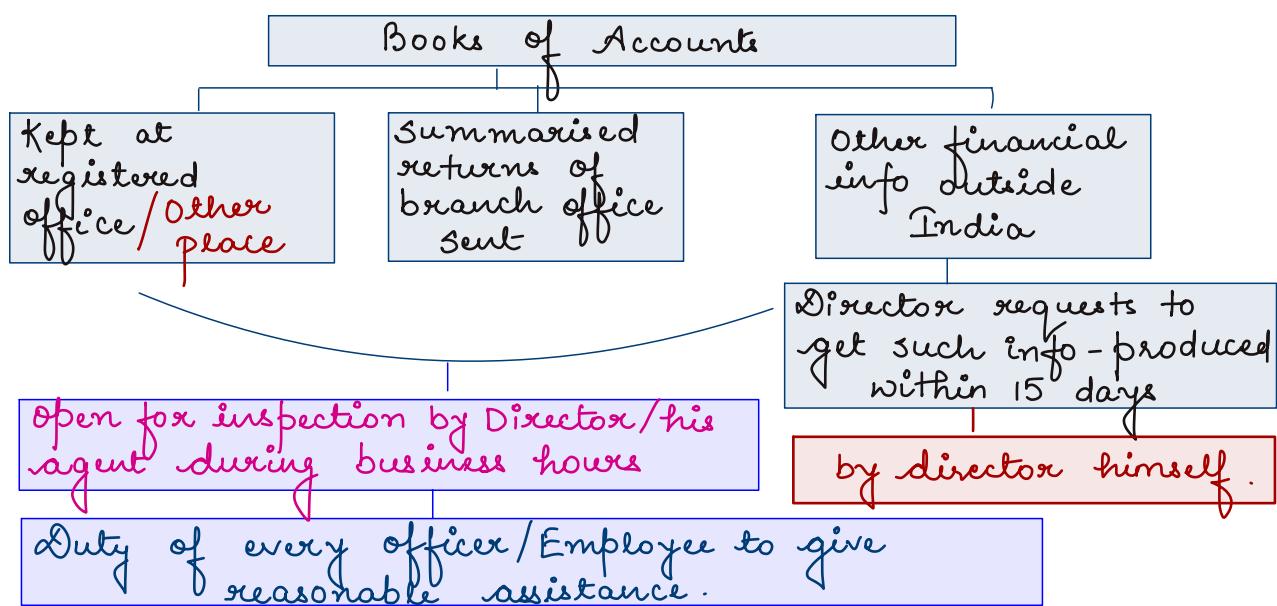
Maintenance of Books of Accounts (sec. 128)



Place of Maintenance of Books of Accounts

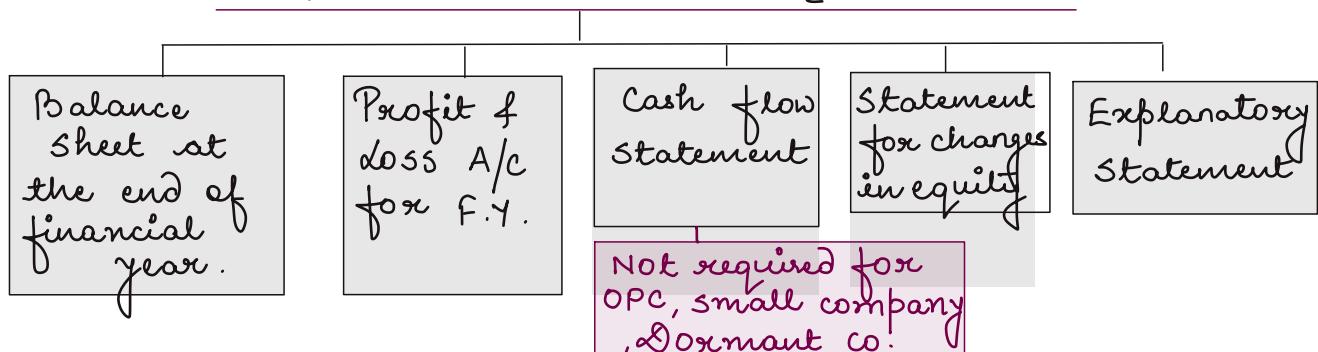


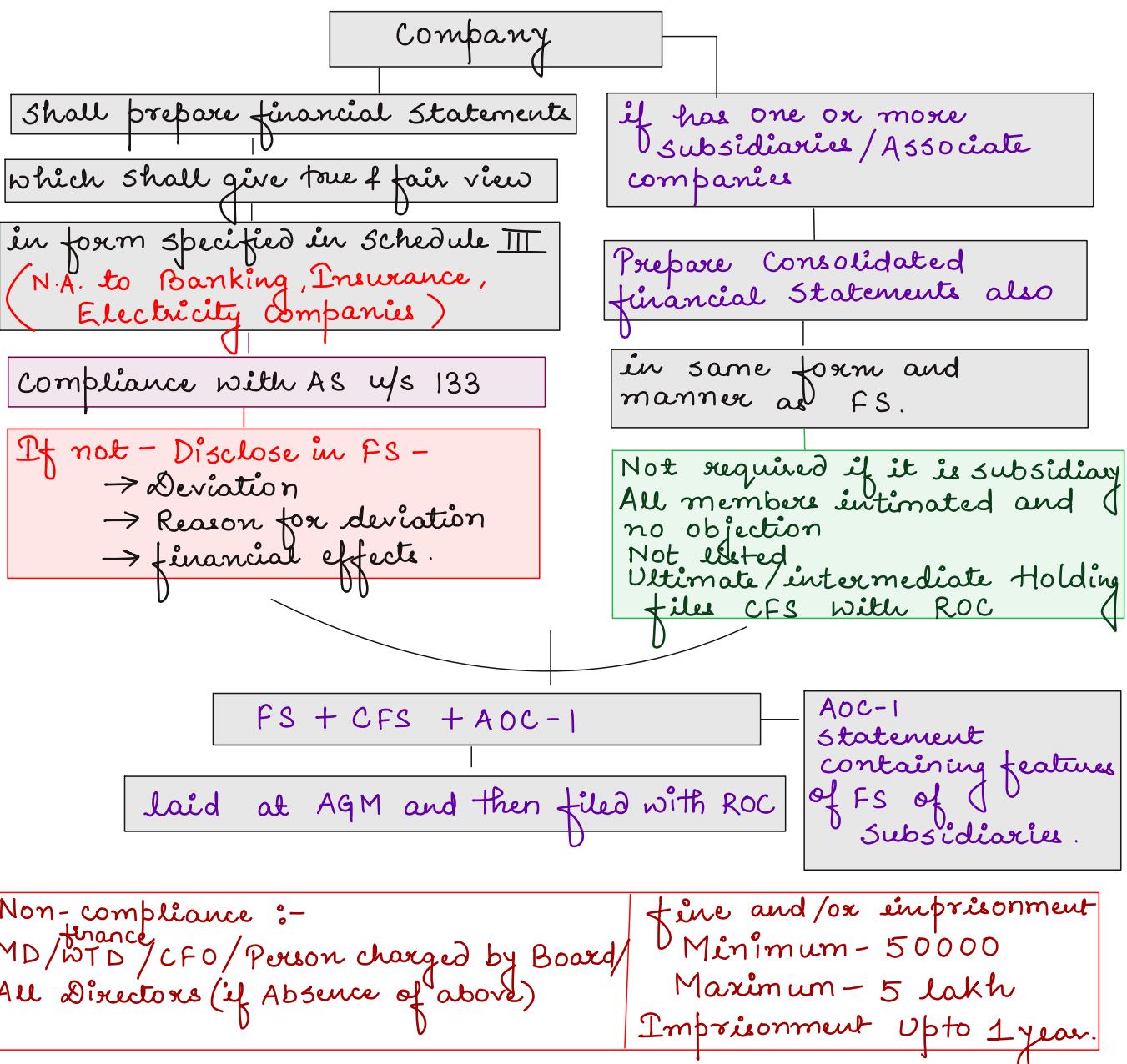
Inspection of Books of Accounts etc.



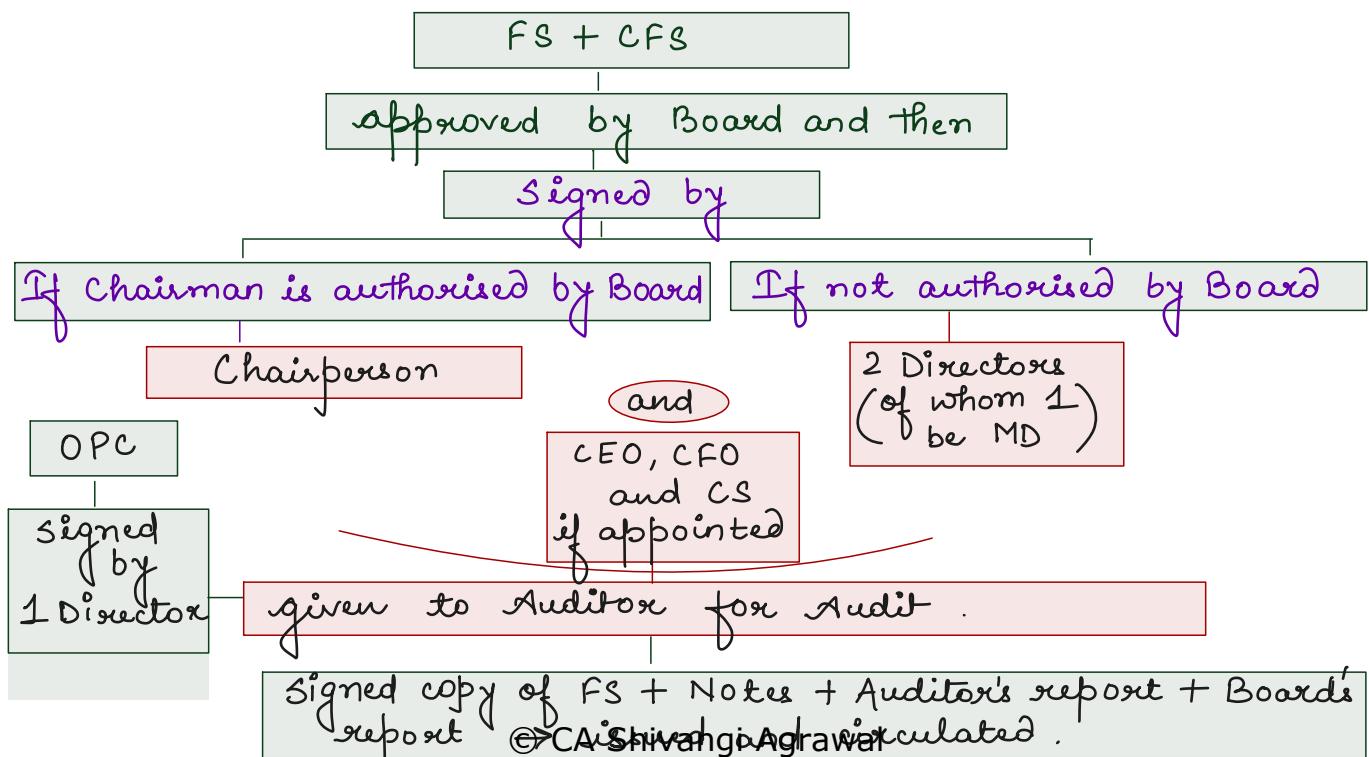
Inspection of books of accounts of subsidiary shall be made only by person authorised by board.

Financial Statements [Sec. 129]





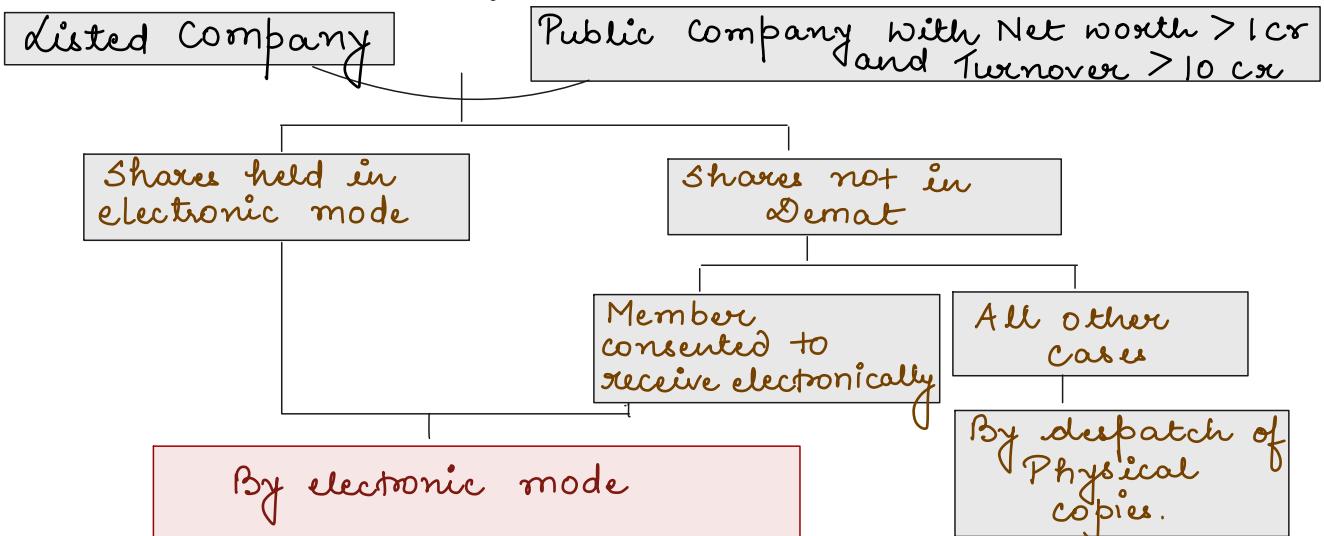
Approval and Signing of financial Statements (Sec. 134)



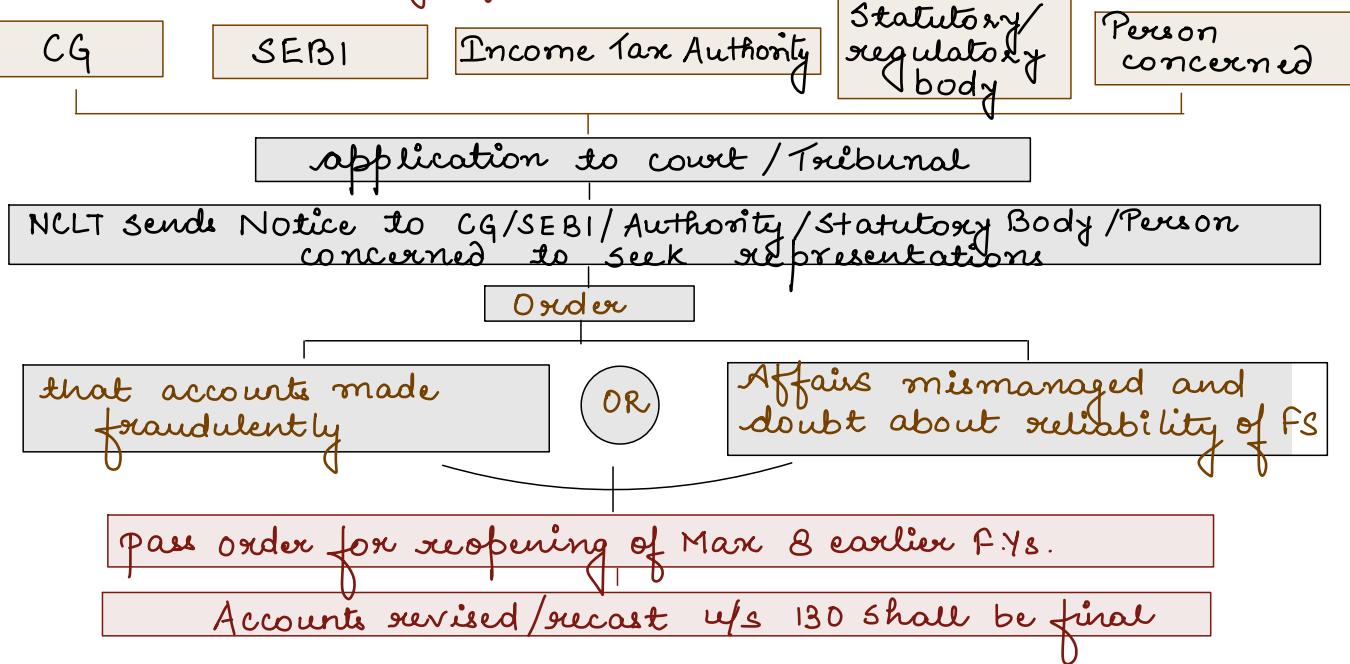
Right to get Audited Financial Statement [Sec. 136]



Manner of Circulation



Re-opening of Accounts [Sec. 130]



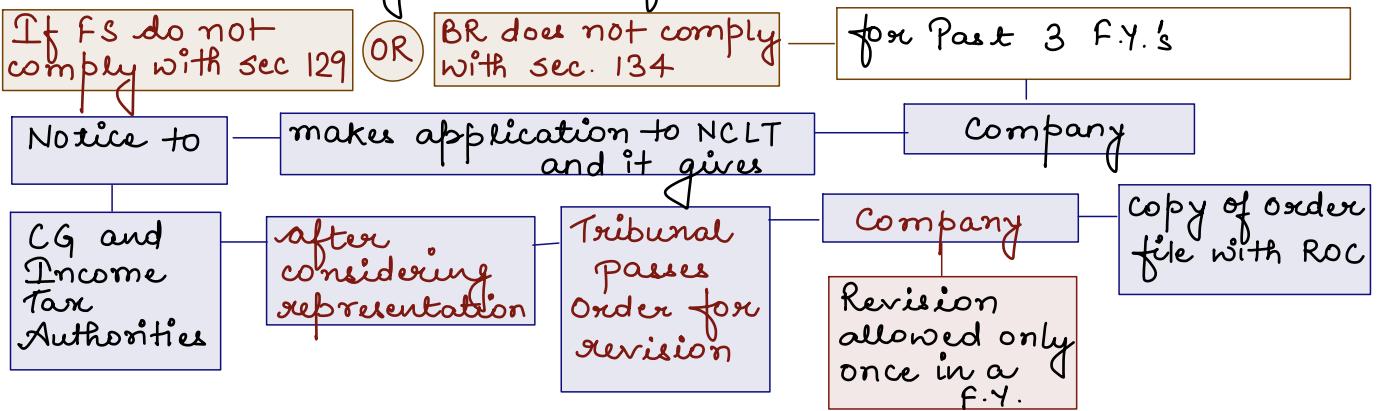
Board's Report [Sec. 134]

Web Address	Material changes after end of FY but before Board's report
No. of meetings by Board	conservation of energy, technology, foreign exchange.
Director's responsibility Statement	Risk Management
Details of fraud reported by CA	CSR
Statement of declaration by Independent Director	Board's Performance
Nomination and Remuneration Committee	Prescribed matters - financial summary KMP / Directors
Explanation by Board on Adverse comment by Auditor	Change in nature of business
Particulars of loans	Change in subsidiary/Associate/ Joint Venture.
Particulars of contracts with RP	Deposits
Amount transferred to Reserves	court / Tribunal's order
Dividend Proposed	cost records
State of affairs of co.	Sexual Harassment Act compliance
Application pending IBC	
Diff. in Valuation Amt	

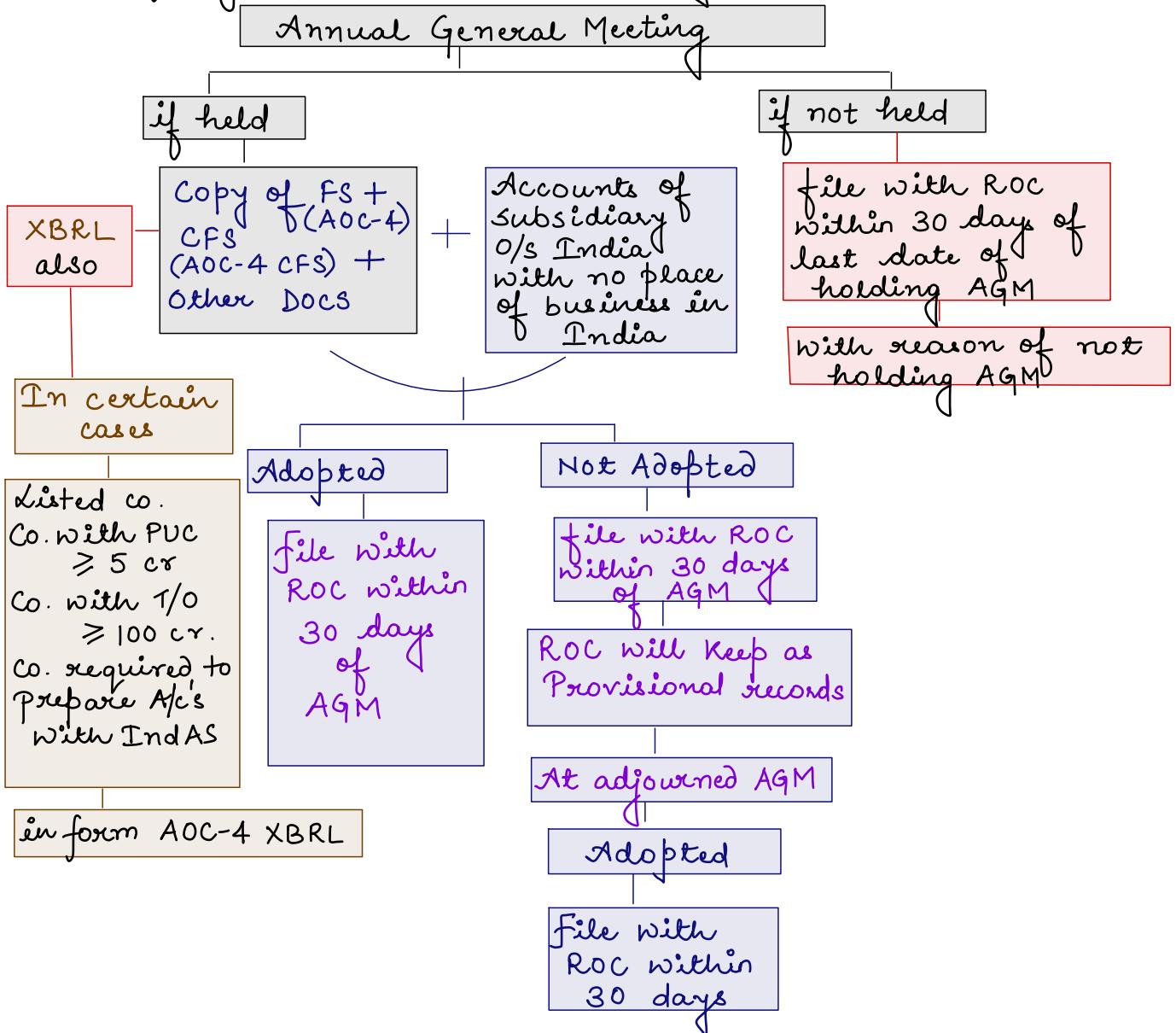
Abridged Report for OPC & Small company

Web address
 No. of Board meetings
 Director's responsibility Statement
 fraud reported by Auditor & comment on it.
 Company's affairs, financial summary
 Directors- Appointed/resigned
 Changes in Nature of business
 court order
 contract with Related Party

Voluntary Revision of FS/Board's Report [Sec. 131]



Filing of Documents with Registrar [Sec. 137]



OPC shall file FS with other docs within 180 days from closure of F.Y.

If foreign subsidiary not required to get FS audited according to laws of that country, Holding co. can file unaudited CA statement with such declaration.

Corporate Social Responsibility [Sec. 135]

Company

which complies with any of the following condition :-

Net worth
≥ 500 cr

OR

Turnover
≥ 1000 cr

OR

Profit
≥ 5 cr



Composition

3 or more Directors
(Out of which at least 1 Independent Director)

Shall constitute CSR committee and

recommend CSR policy

in accordance with Schedule VII

If expenditure doesn't exceed 50 lakh, No requirement of CSR committee

with Minimum expenditure
2% Average Net Profit made during immediately 3 preceding years

to Board

who shall approve

Form CSR-2 is filed with ROC for CSR Report.

and then CSR Activity is implemented

through

company u/s 8
or registered
trust/society
established by
company

OR
company u/s 8
or registered
trust/society by
CG/SG/Act of
Parliament

OR
company u/s 8
or registered
trust/society if

it has 3 years
track record of
similar activities
and has specified
mechanism.

What shall not be considered as CSR ?

- ◎ Activities undertaken outside India.
- ◎ which benefits only employee and their families.
- ◎ Contribution to Political Party.
- ◎ Activity in normal course of business

If not spent

relates
to ongoing
project

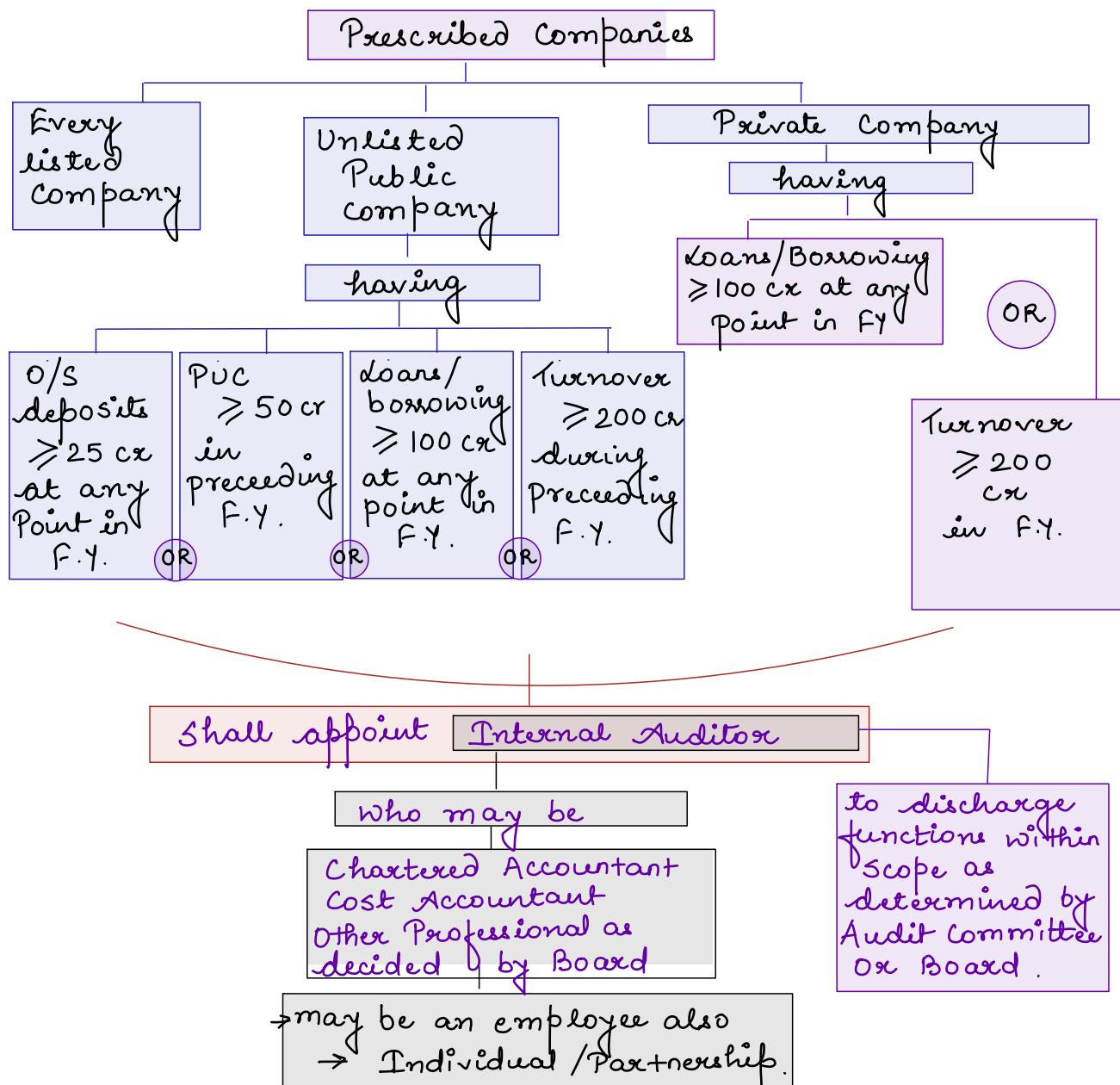
No

t/f within
6 months
of F.Y. to
fund specified
in Sch. VII

If excess amount
spent, it can be
set off acc. to Rules

t/f within 30 days of F.Y. to
Unspent A/c in Schedule
Bank

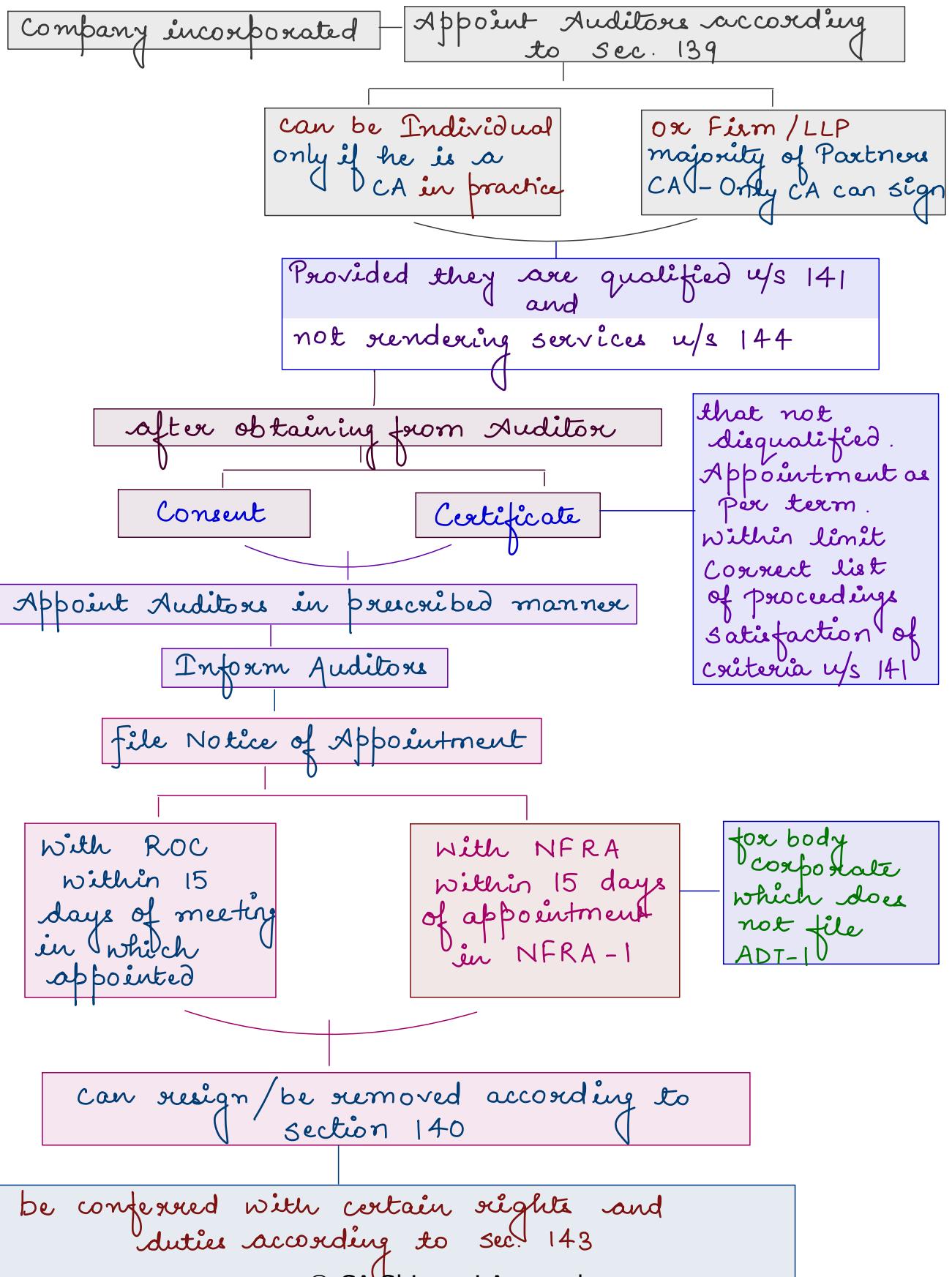
Internal Audit [sec. 138] read with Rule 13



Audit and Auditors

Chapter X (containing Sec. 139 to 148)

Audit is mandatory for every company for each F.Y.

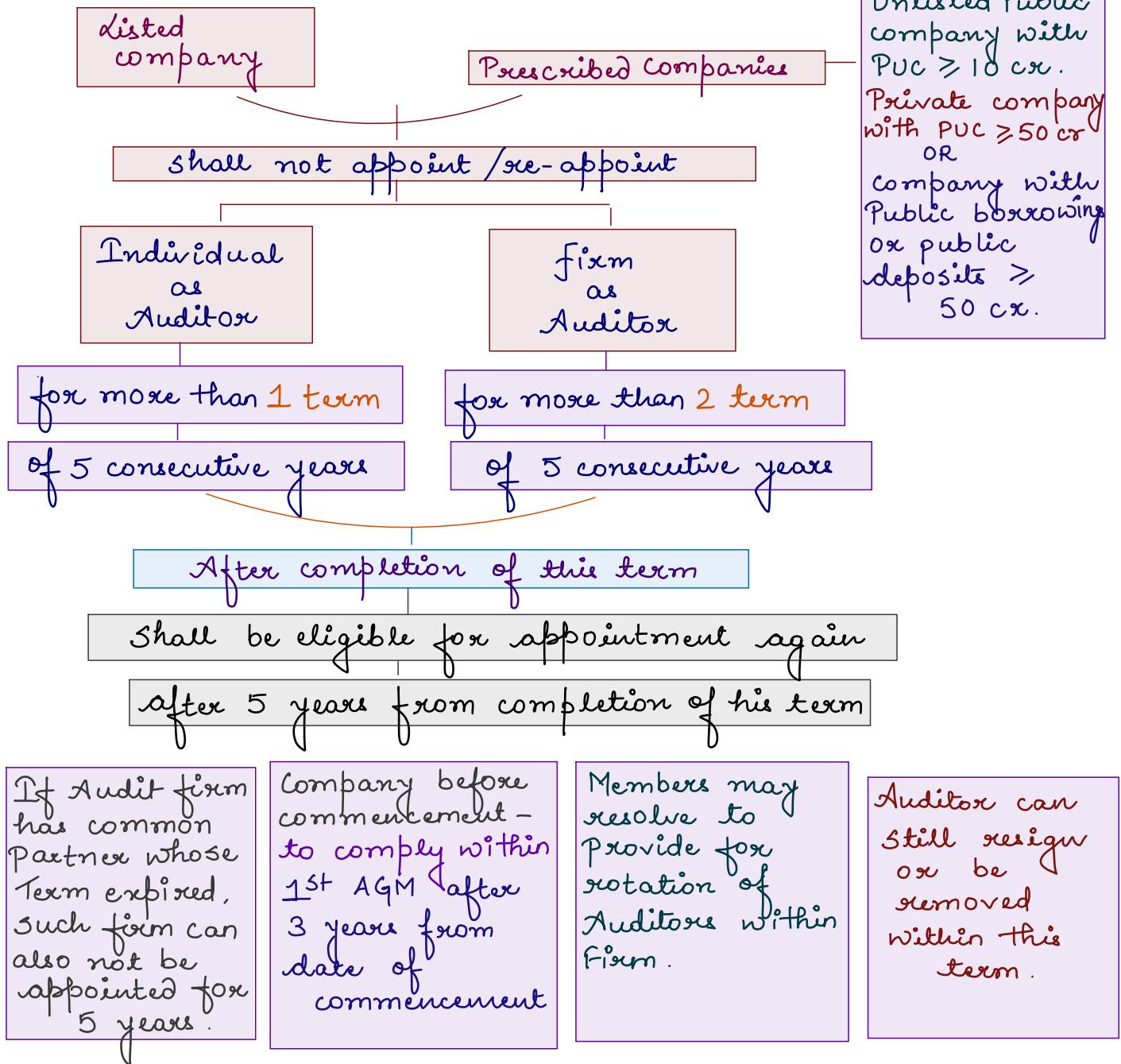


Appointment of Auditore (Sec. 139)

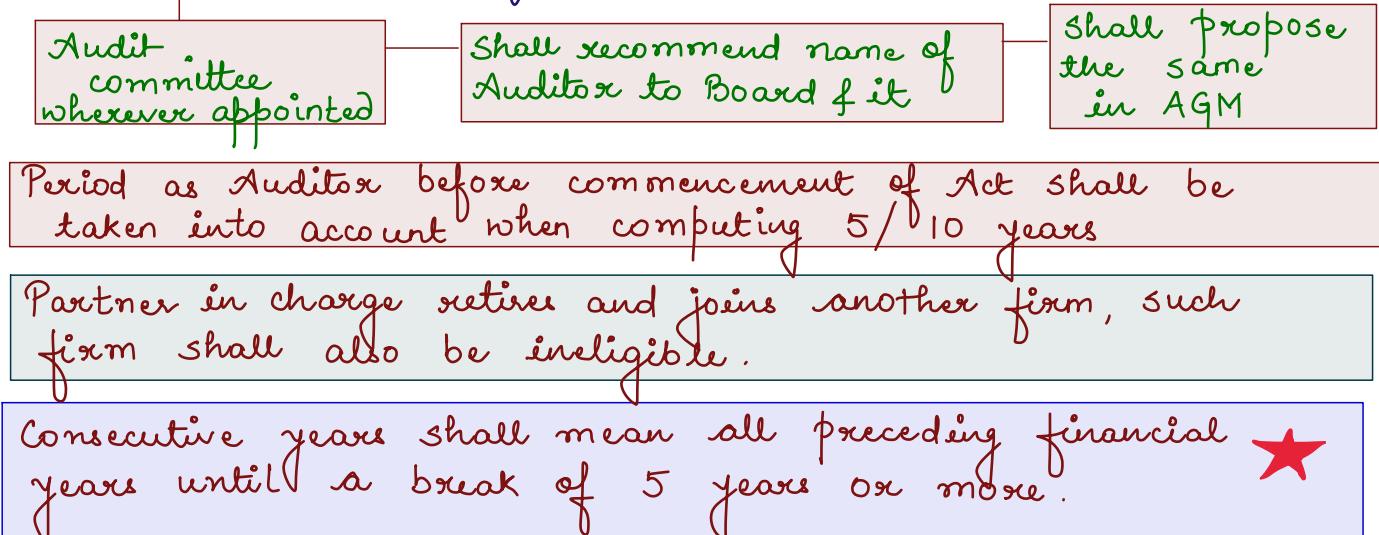


Where at any AGM, No Auditor is appointed/re-appointed existing Auditor shall continue

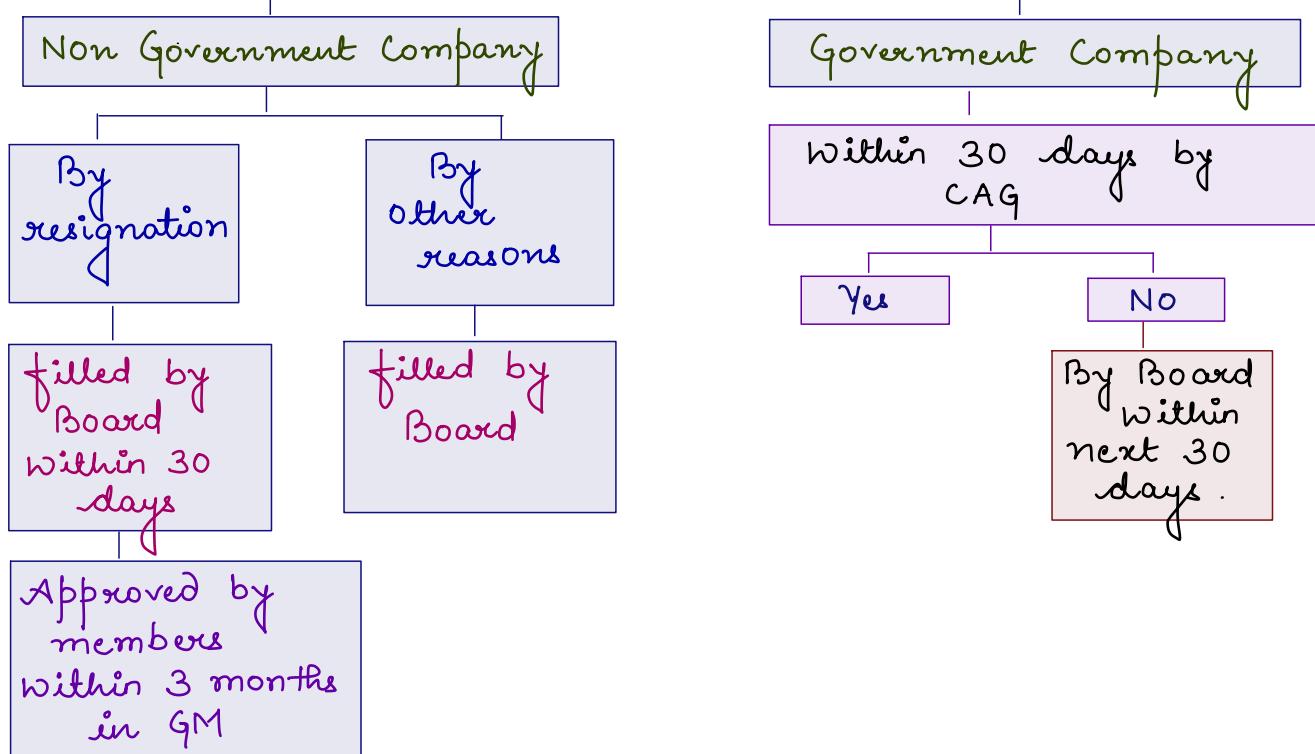
Rotation of Auditors (Sec. 139(2)]



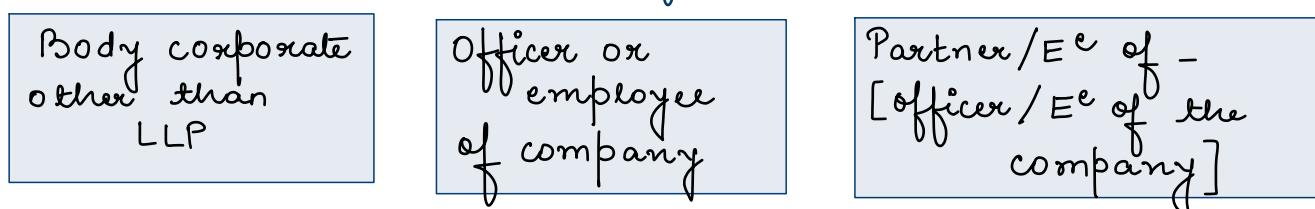
Manner of Rotation



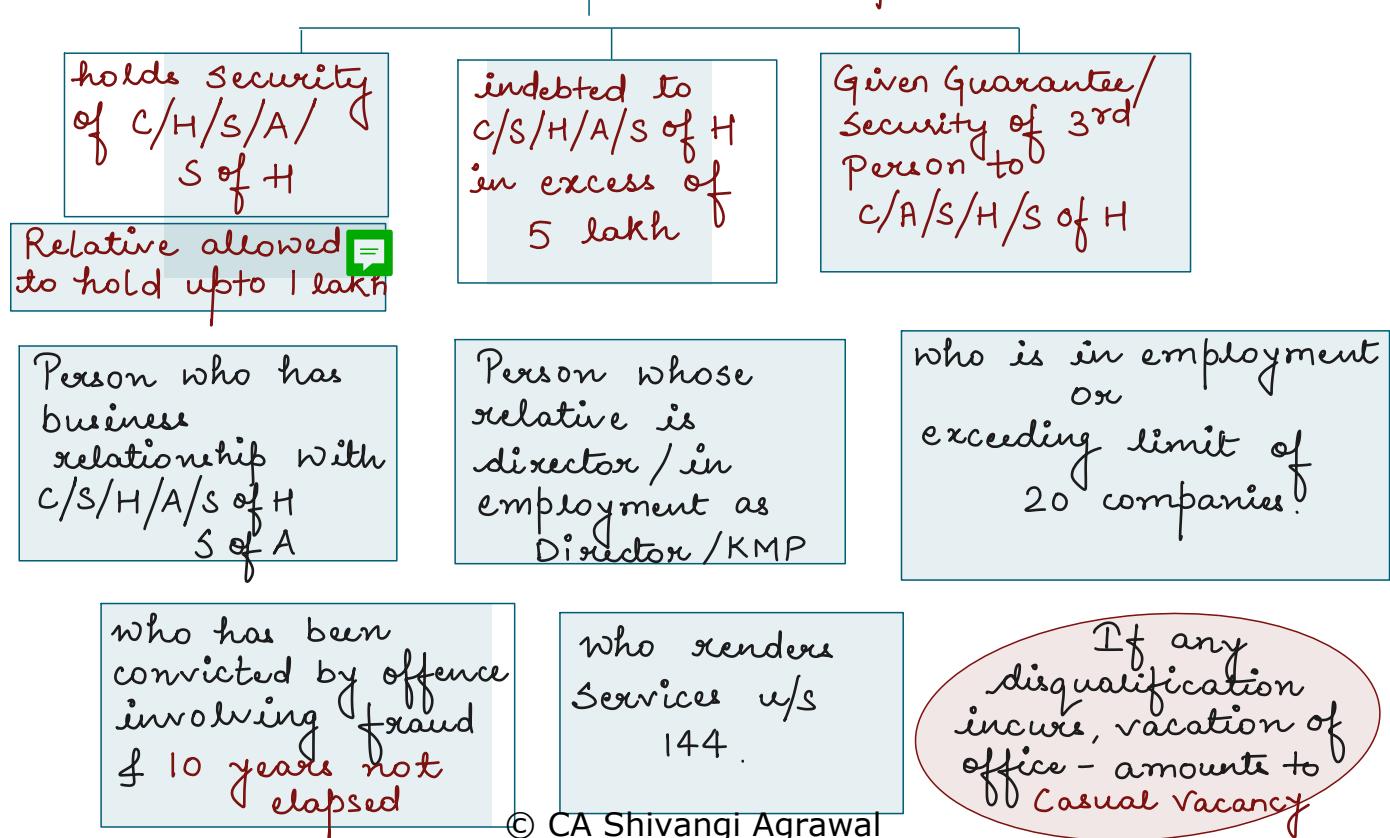
Casual Vacancy



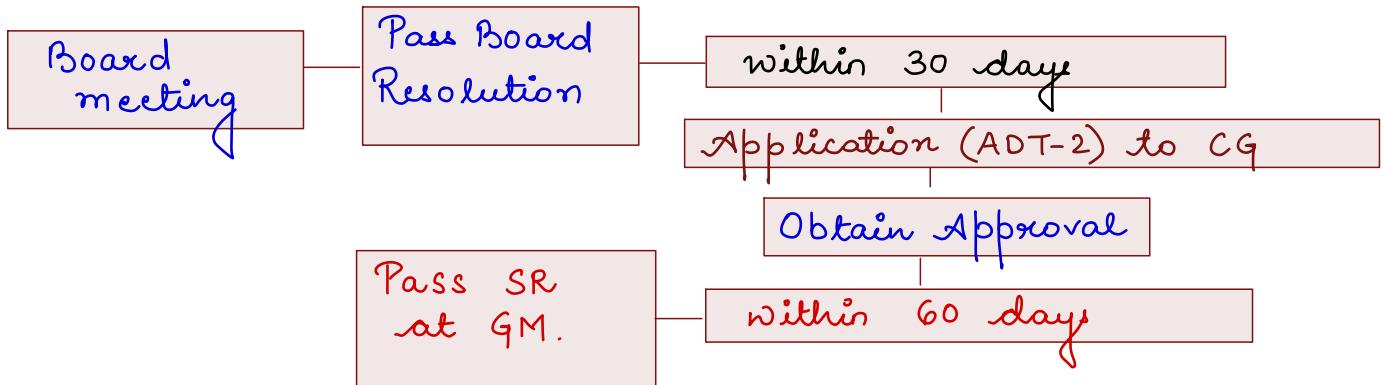
Disqualifications of Auditor [Sec. 141(3)]



Person (who / his relative / his partner) -

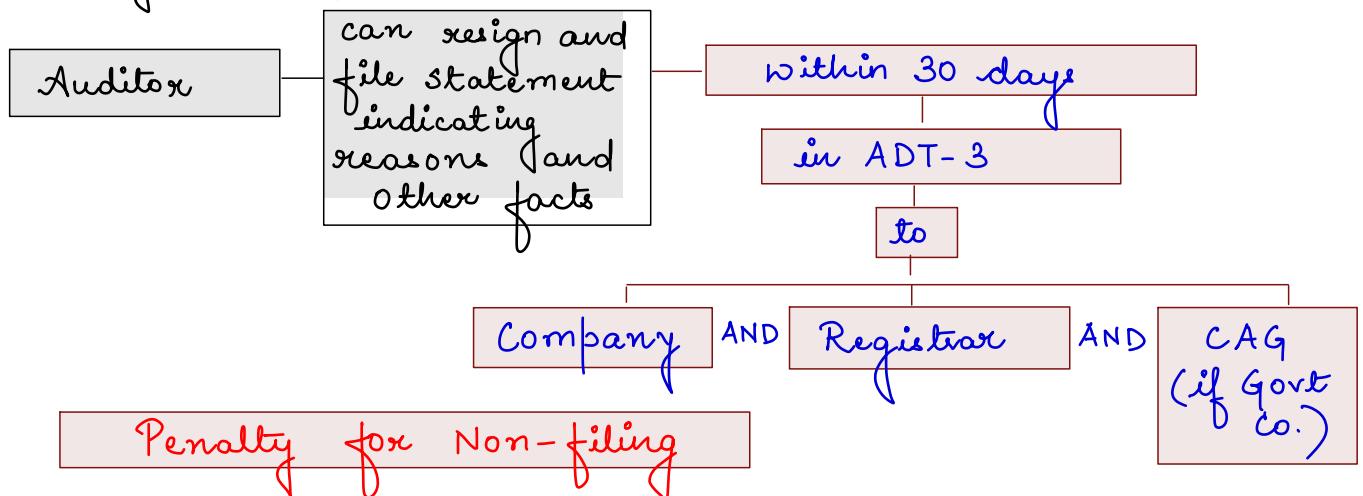


Removal of Auditor before Term [Sec. 140]

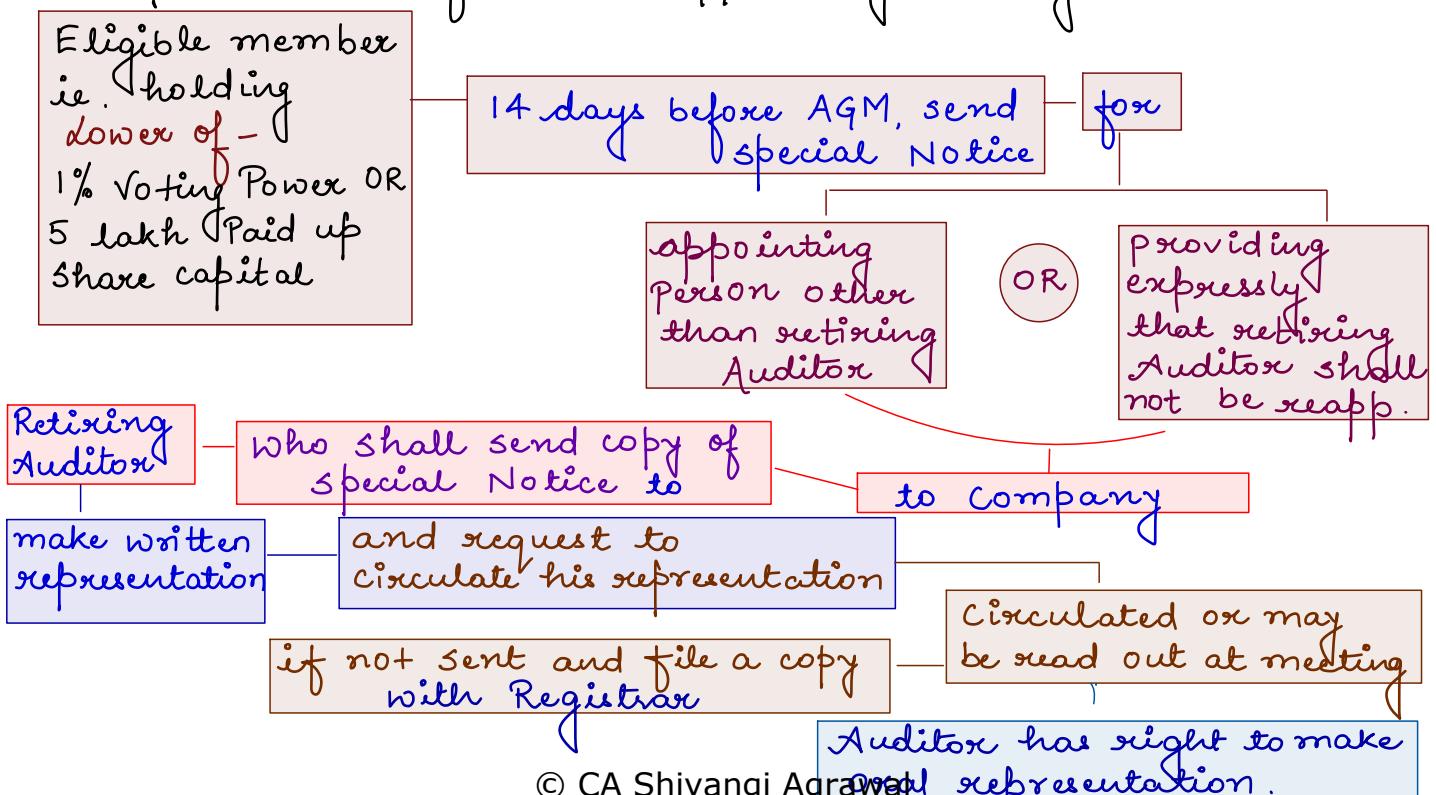


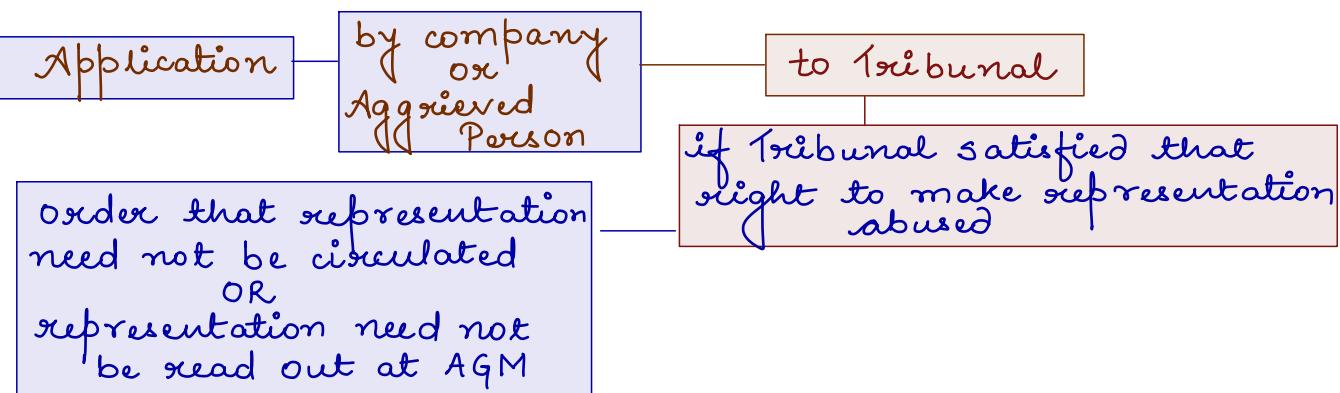
Auditor to be given reasonable opportunity of being heard

Resignation by Auditor

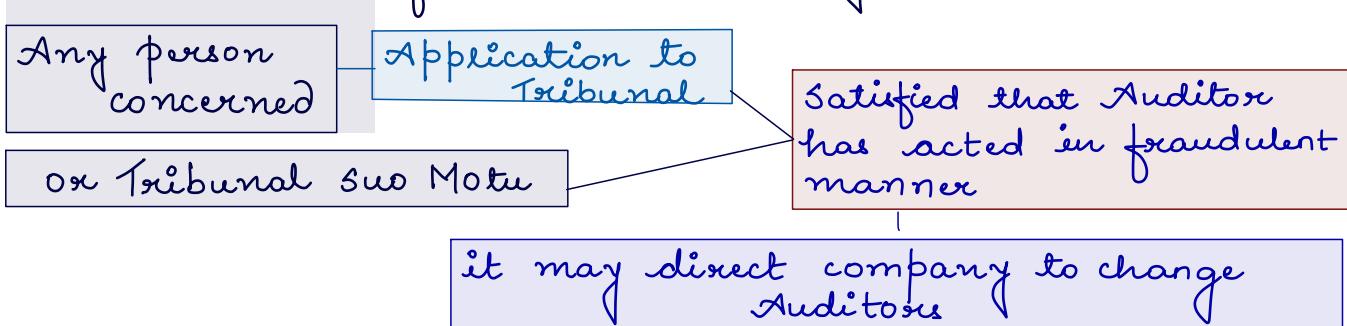


Special Notice for not reappointing retiring Auditor





Power of Tribunal to change Auditor



If Application is made by CG, within 15 days, make order that he shall not function as Auditor & CG may appoint another.

Such Auditor shall not be eligible to be appointed as Auditor for 5 years and also liable for action u/s 447.

Powers and Duties of Auditor [Sec. 143]

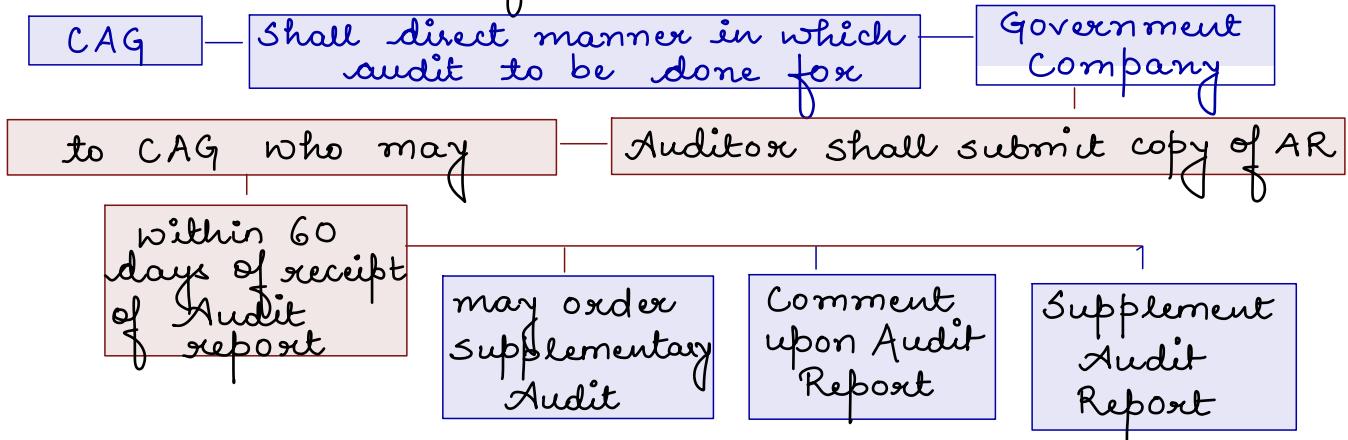
Rights

- to access books of accounts
- to receive Notice
- to make inquiries
- to receive remuneration
- Right of lien.

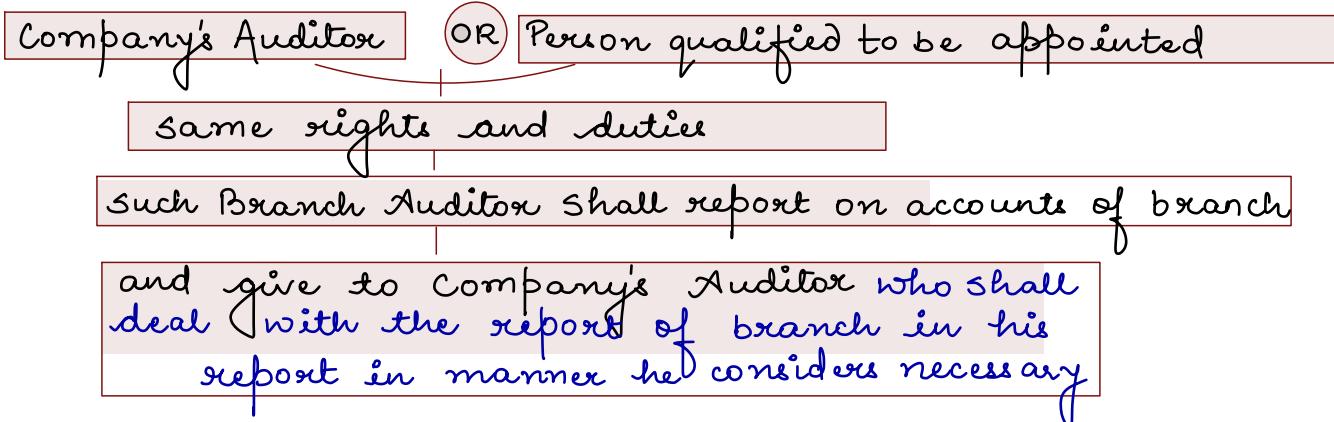
Duties

- Duty to make inquiries
- Duty to make report
- Duty to follow Auditing Standards
- to exercise reasonable skill and care.

Audit of Government Companies



Branch Audit



Reporting of fraud by Auditor

Auditor to report

If fraud less than 1 cr

within 2 days of knowing

Report to Board/Audit committee

Disclosure in Board's Report

If fraud 1cr or more

within 2 days of knowing

Report to Board/Audit committee

Nature
Amount
Party

Reply within 45 days

Yes

No

within 15 days of reply

Report of Auditor,
Reply of Board,
Comments on reply

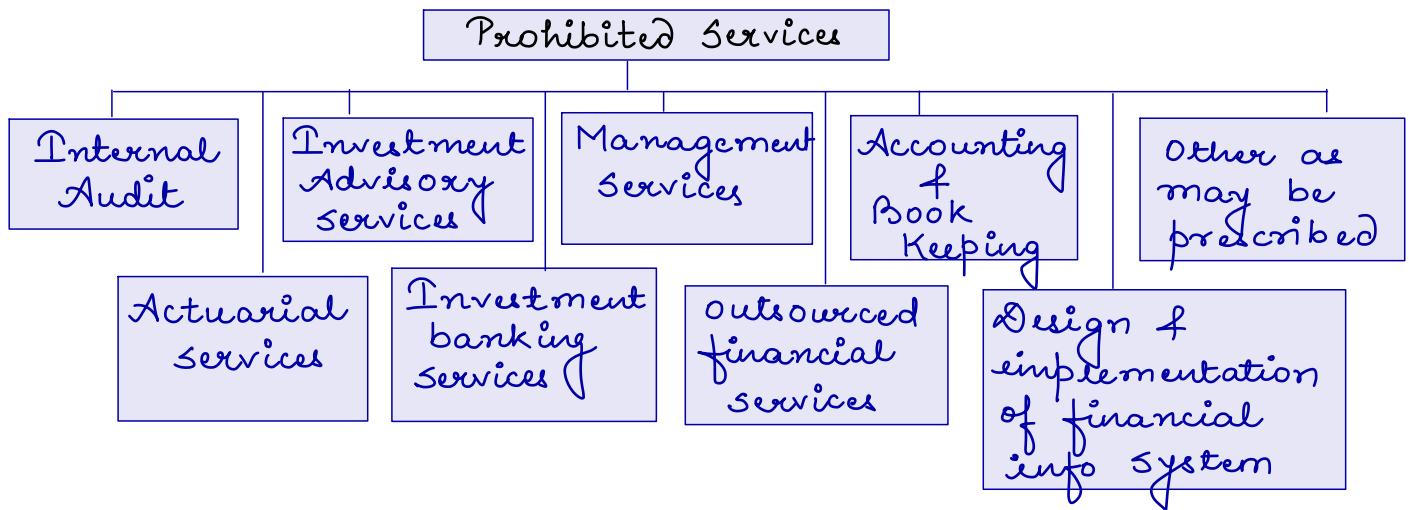
to CG

within 15 days of expiry of 45 days

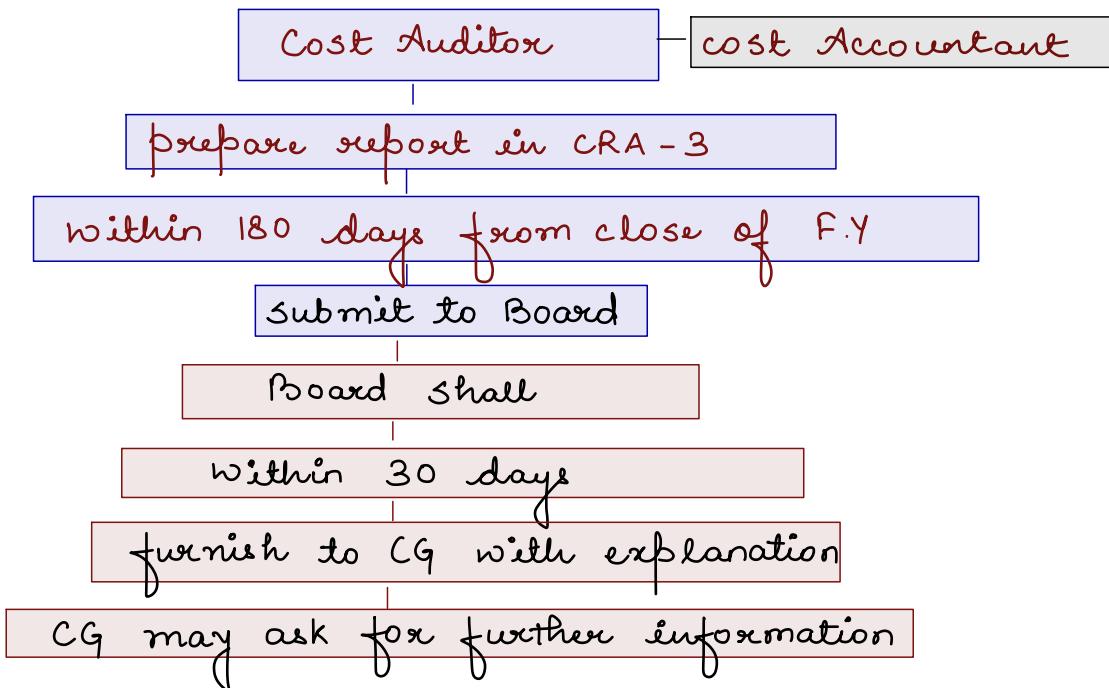
Report of Auditor,
Details of report
Sent to Board

to CG

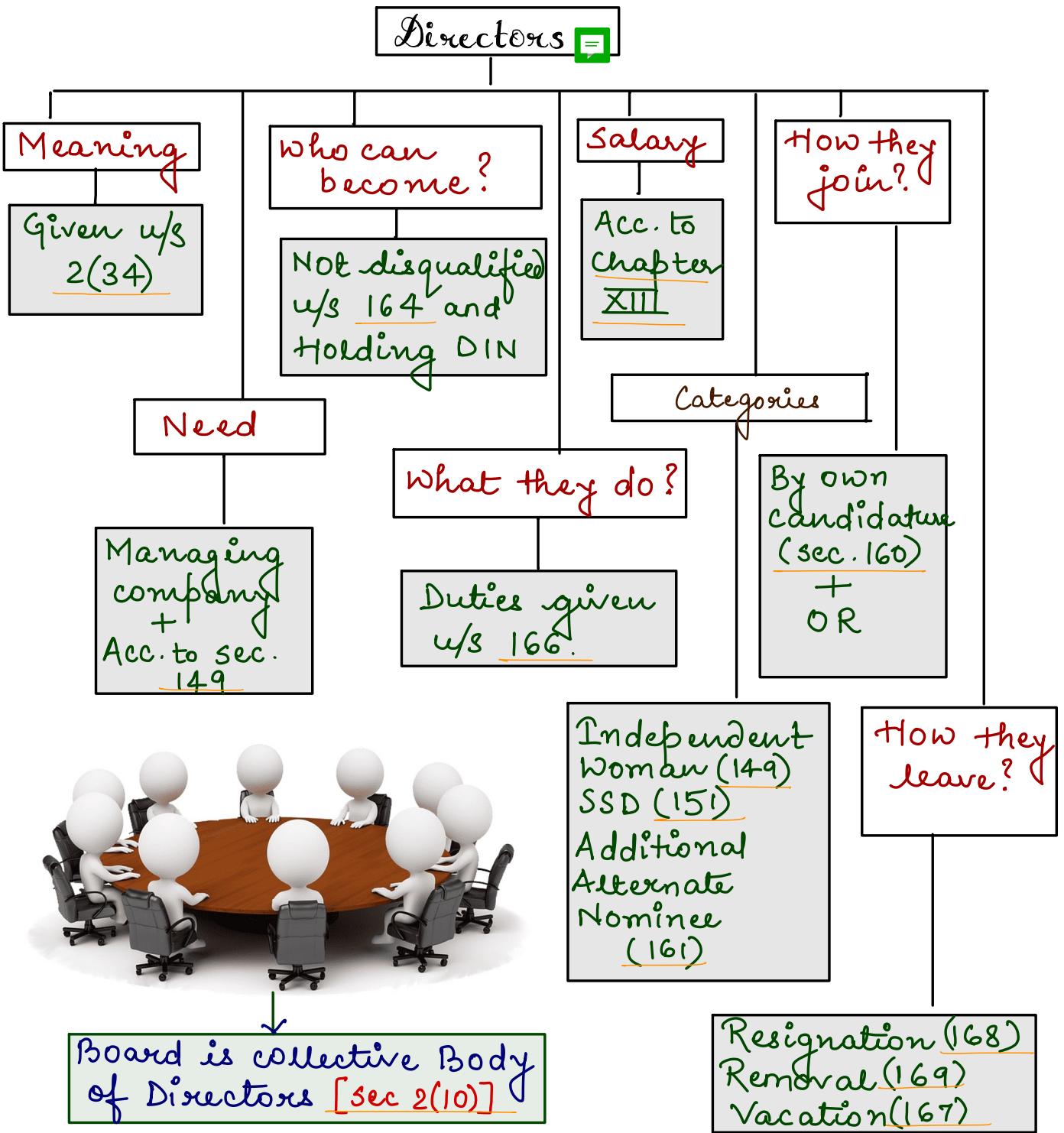
Auditor not to render certain services (Sec. 144)



Cost Audit [Sec. 148]

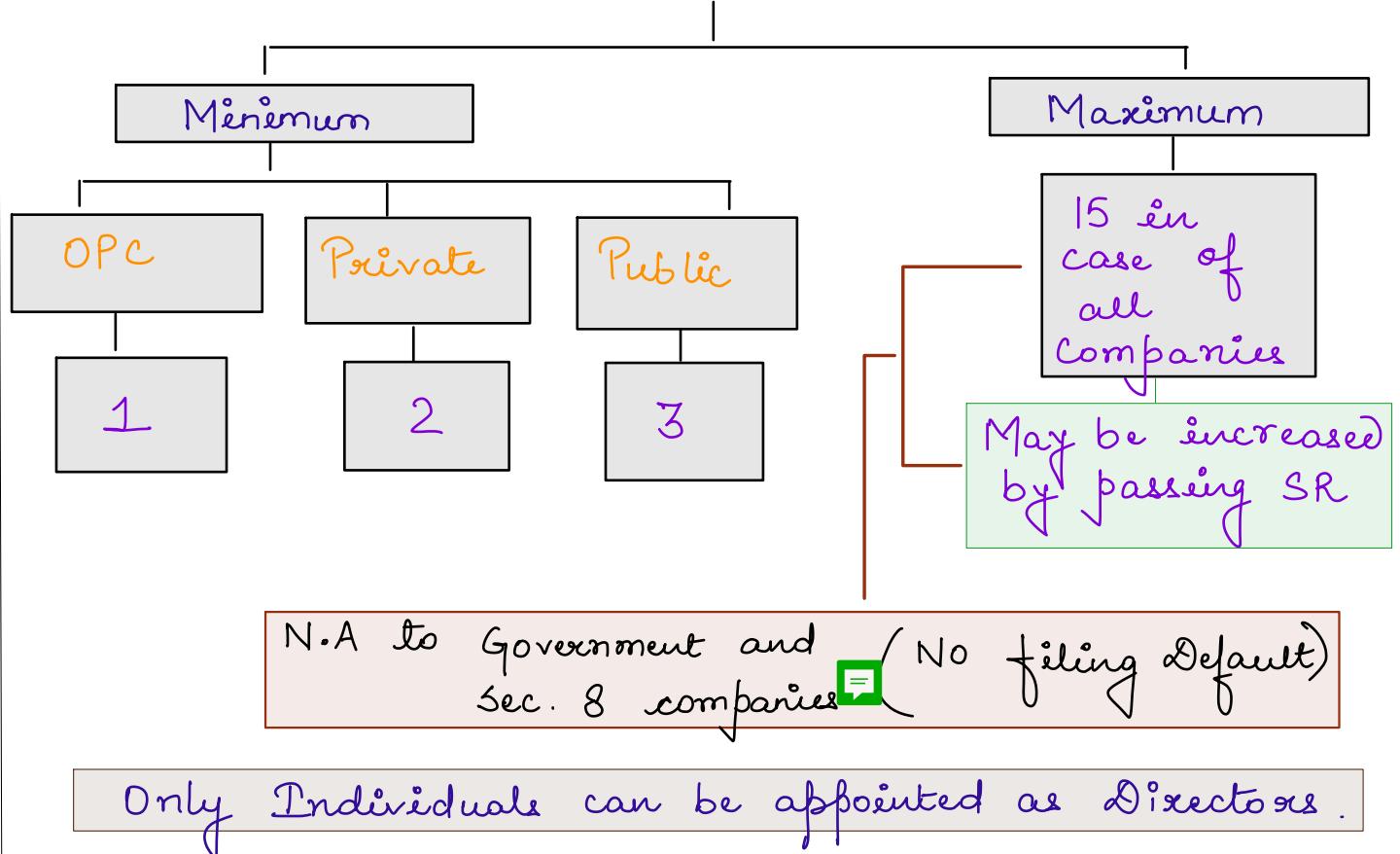


Appointment and Qualifications of Directors

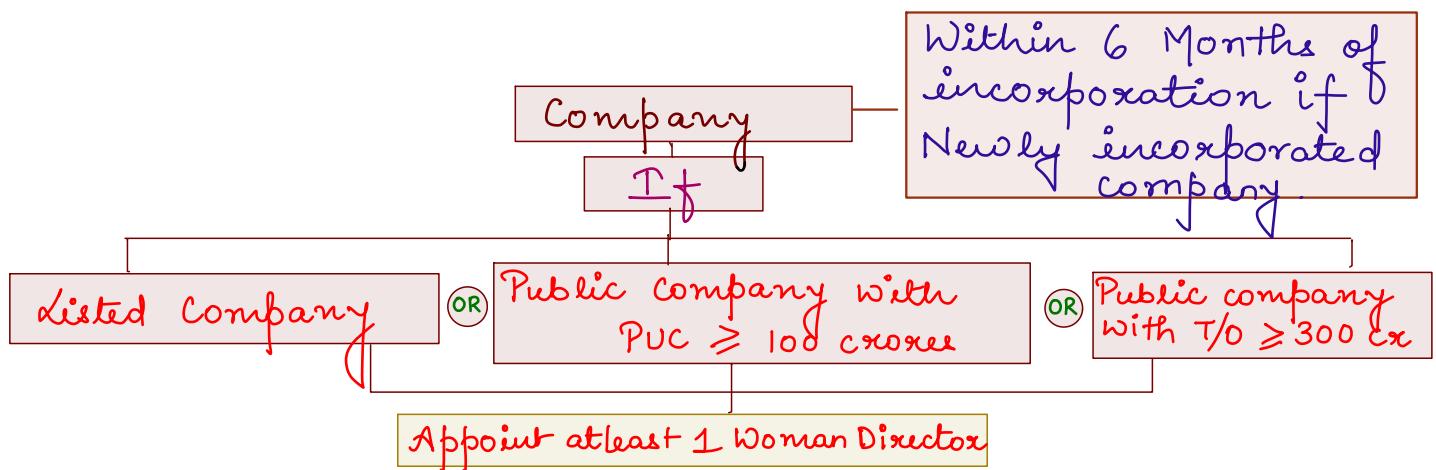


Chapter XI :- Appointment and Qualification of Directors
consists of Sections 149-172 and is read with The Companies (App. & Qual. of Directors) Rules, 2014 .

Company to have Board of Directors [Section 149]

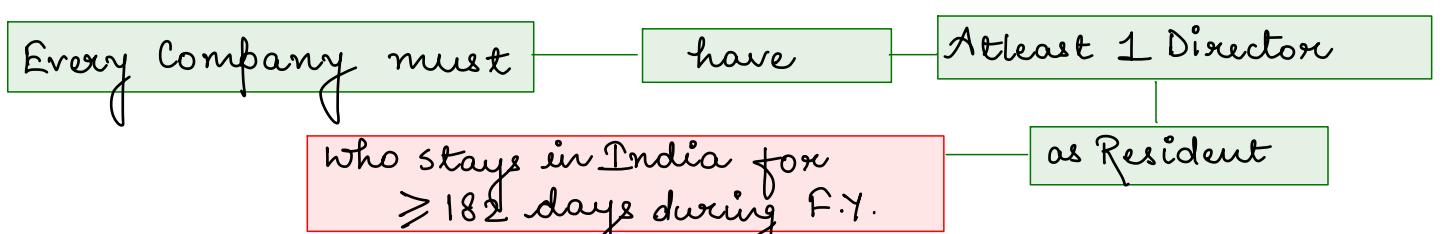


Woman Director (2nd Proviso to Section 149(1))

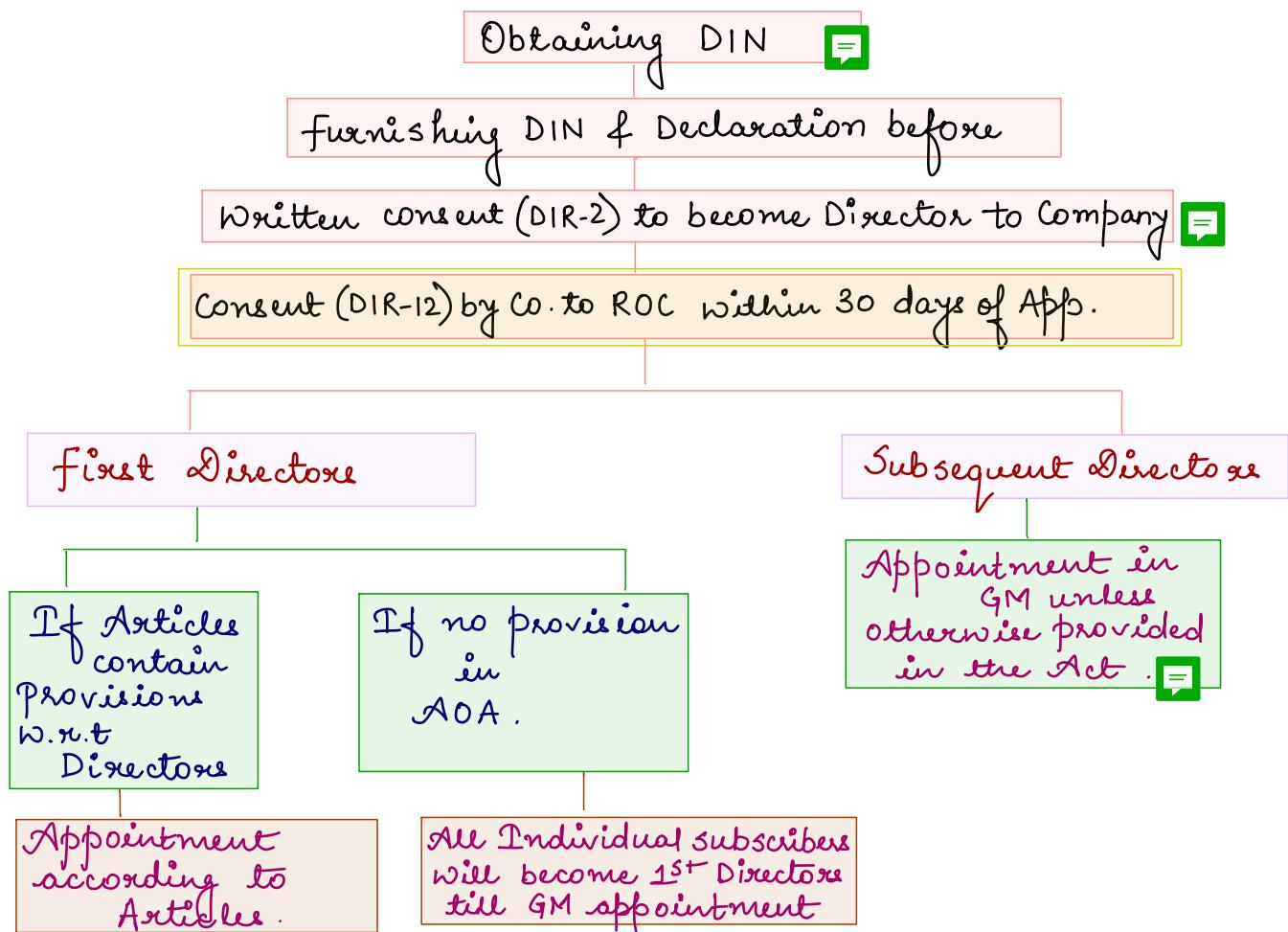


Intermittent Vacancy to be filled by Board in later of next BM/3 Months.

Resident Director [Section 149(3)]



Appointment of Directors [Section 152]



Study Tip :-

First Directors hold office till ensuing General meeting only.

At GM, they may be re-appointed if they want to.

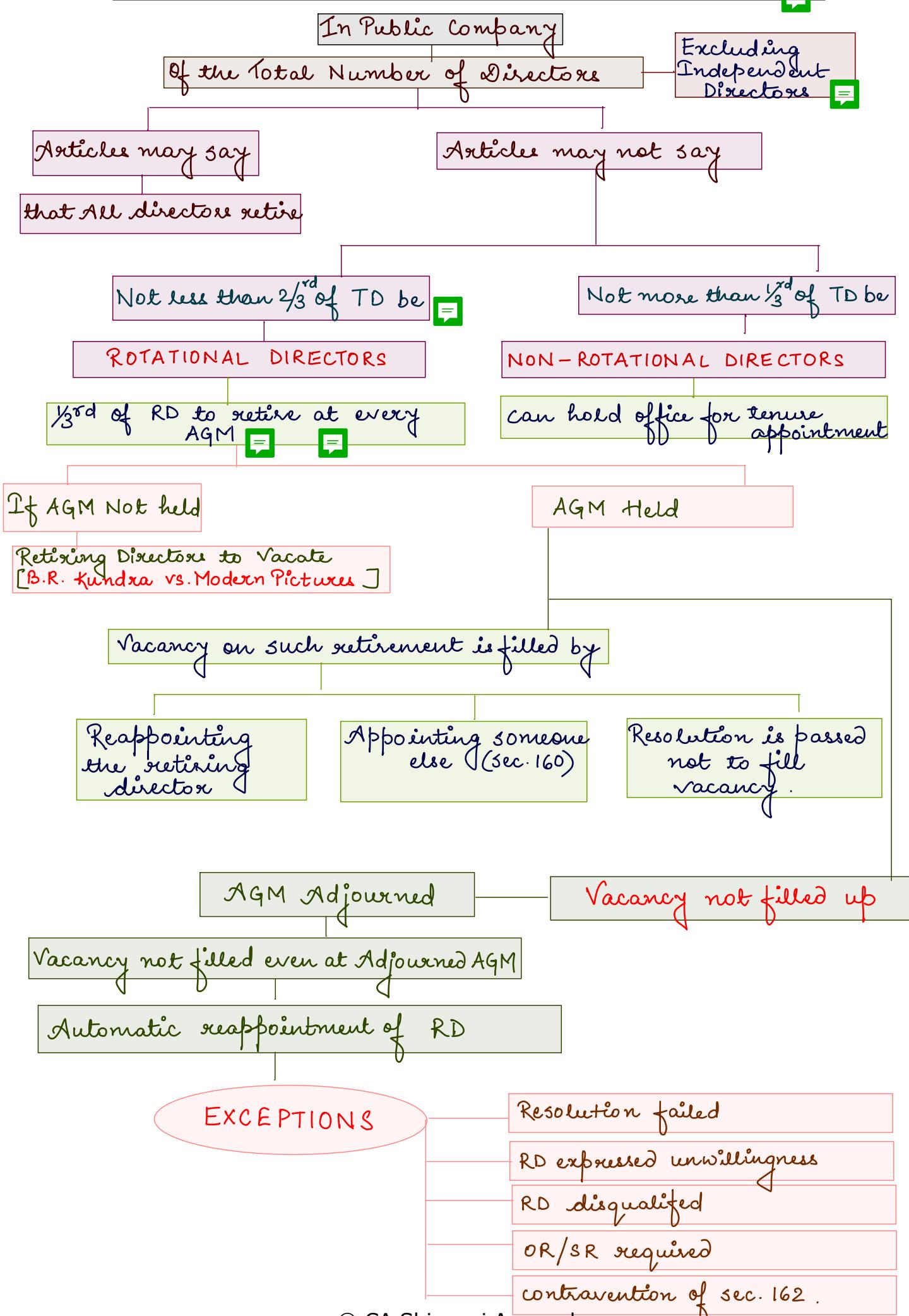
for which they must file candidature u/s 160.

If they don't want to be re-appointed,
New Eligible persons are appointed according to Sec. 160.

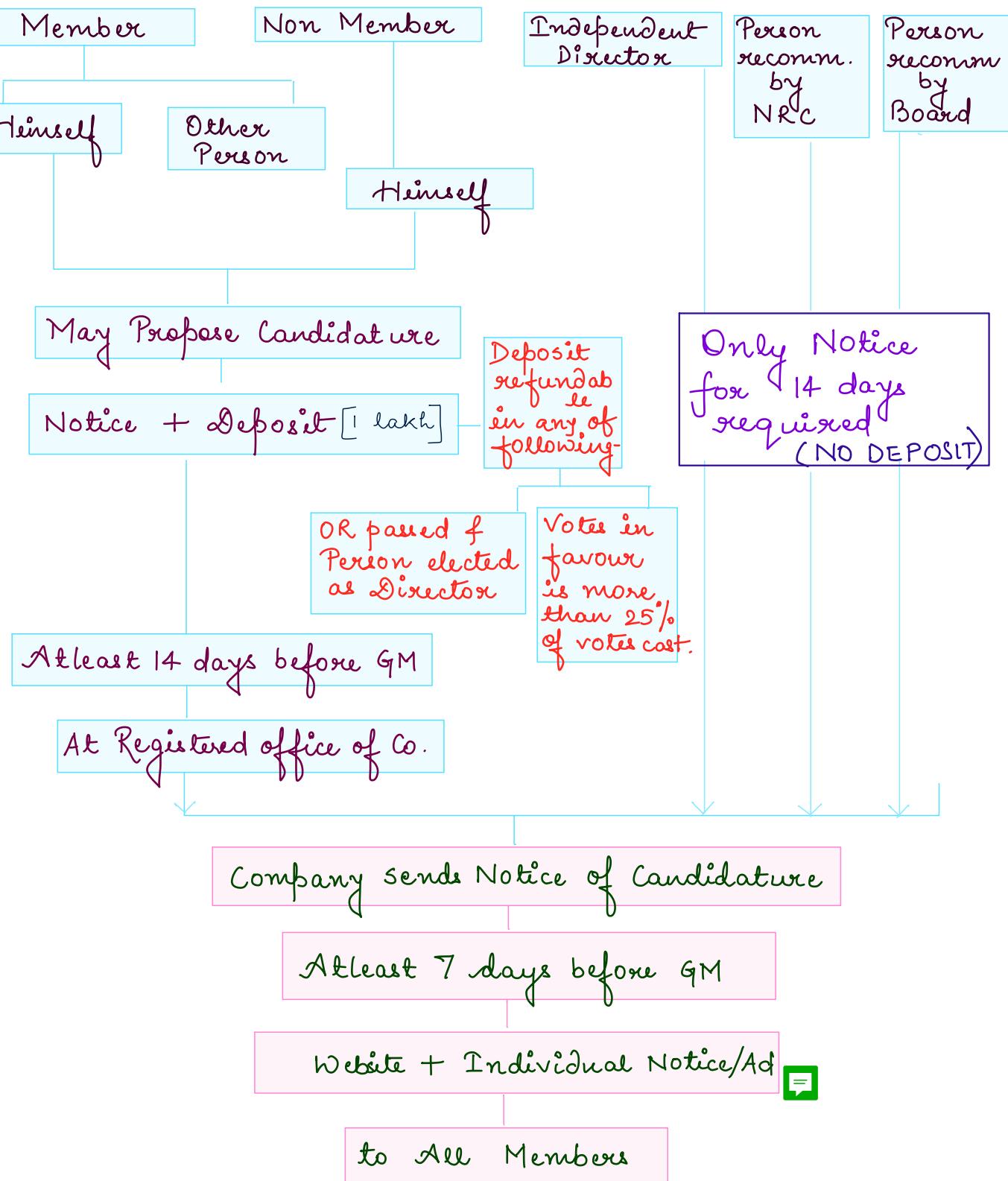
They may be rotational / Non-rotational
(in case of Public company)

Private Companies may have Permanent Directors as Rotation doesn't apply to them.

Rotational and Non Rotational Directors [Section 152(6) & 152(7)]

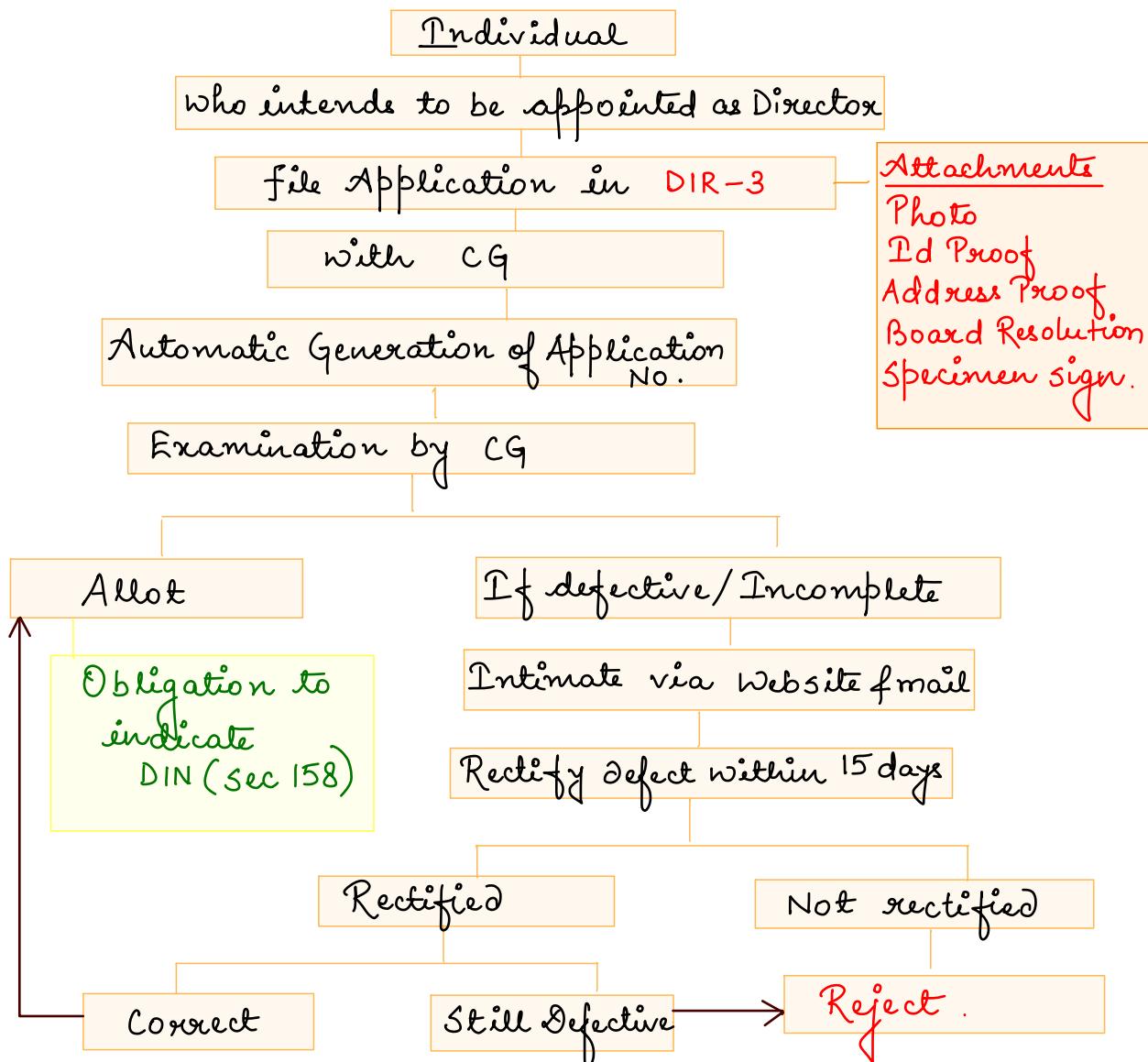


Right of Persons other than Retiring Directors to stand for Directorship [Section 160]



Only for fresh candidature and not Retiring Director reappointment

Director Identification Number (DIN)



DIN valid for life time
Only 1 DIN per individual (sec. 155)
Existing Director to intimate DIN to company (sec. 156)
and Company to ROC (sec. 157)
Changes to be intimated by Individual (Rule 12)
Director to do KYC annually (Rule 12A)

Cases of DIN cancellation

- Duplicate DIN
- DIN obtained in wrongful /fraudulent manner .
- Death
- Unsound Mind
- Inept

After obtaining DIN in case of change

Download & fill DIR-6

Verify the form DIR-6 [within 30 days]

Attach scanned copy of Proof of change

Attach DSC by CA/CS/CMA

Submit form for verification by CG

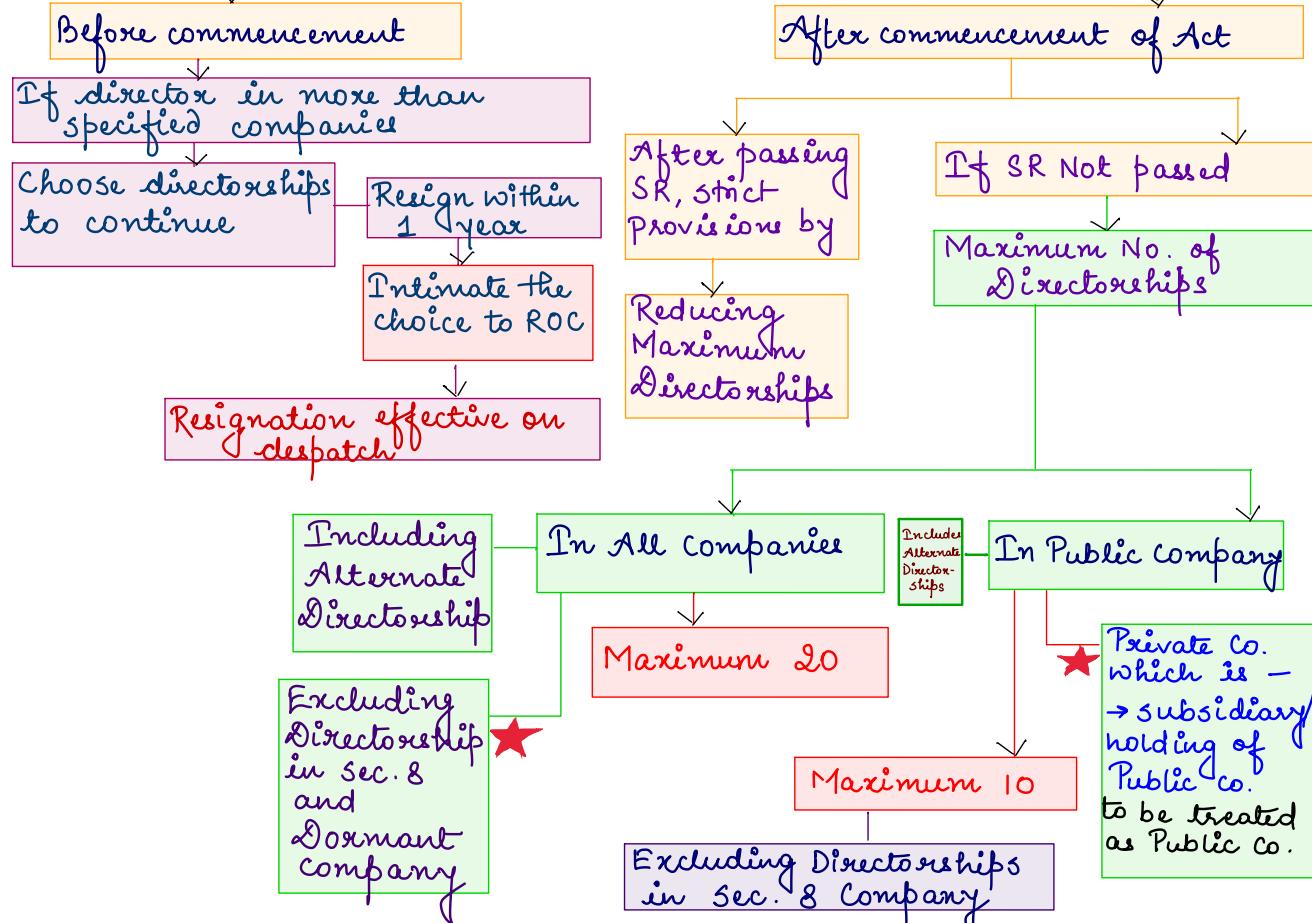
CG incorporates all changes

and inform the applicant

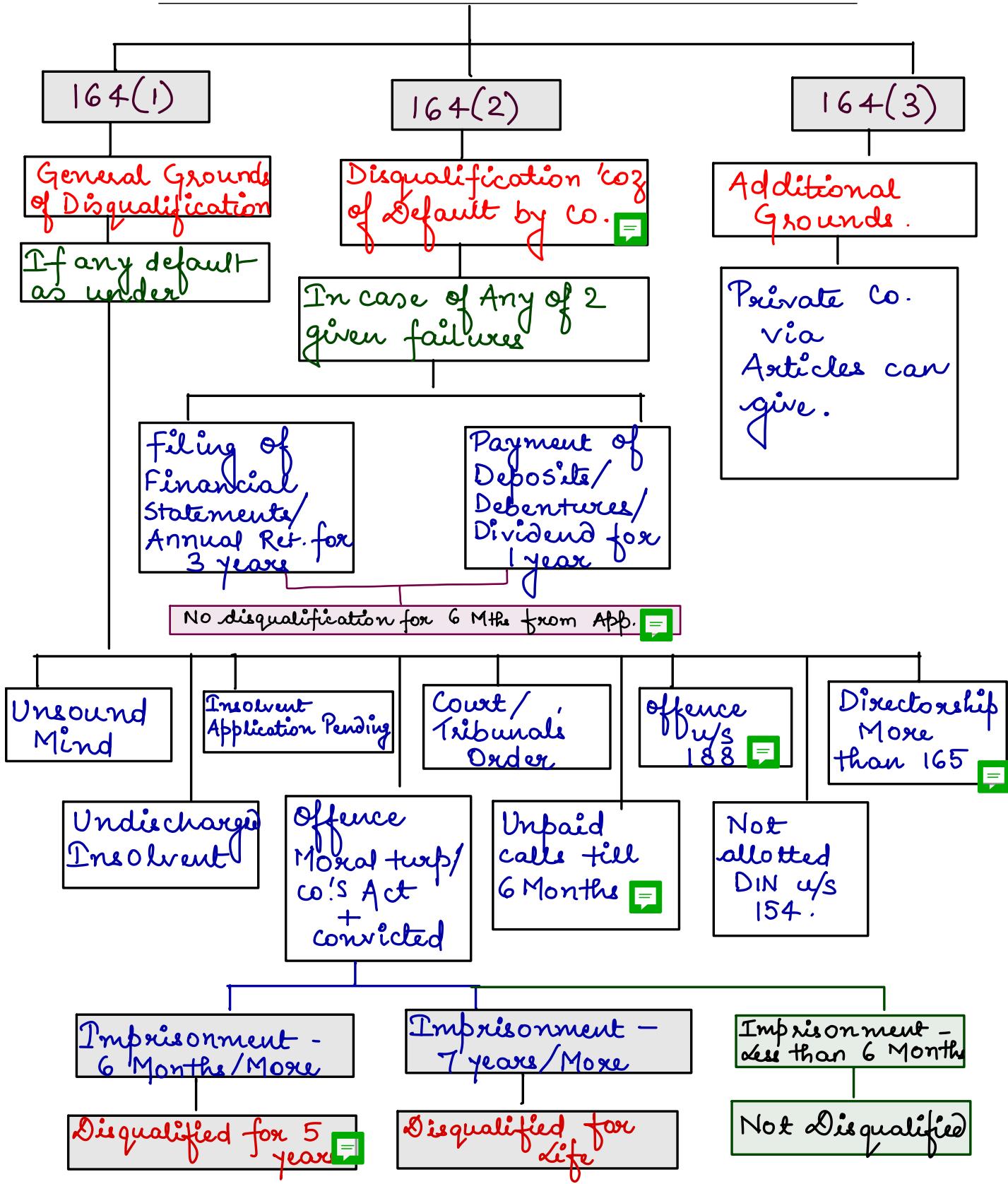
DIN cell of MCA intimates changes to Registrar(s).

Number of Directorships [Section 165]

Directorships in a Company



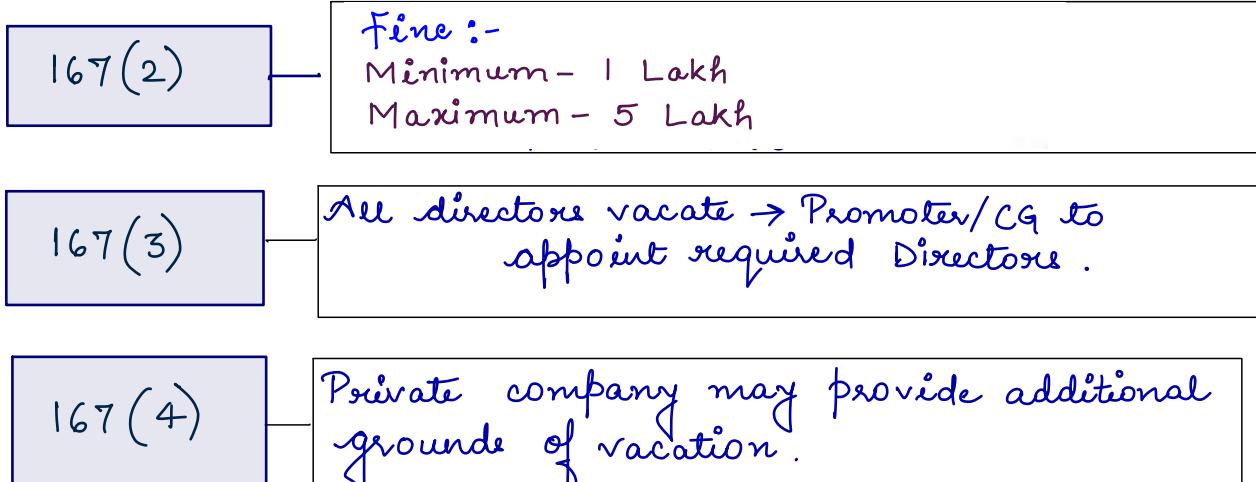
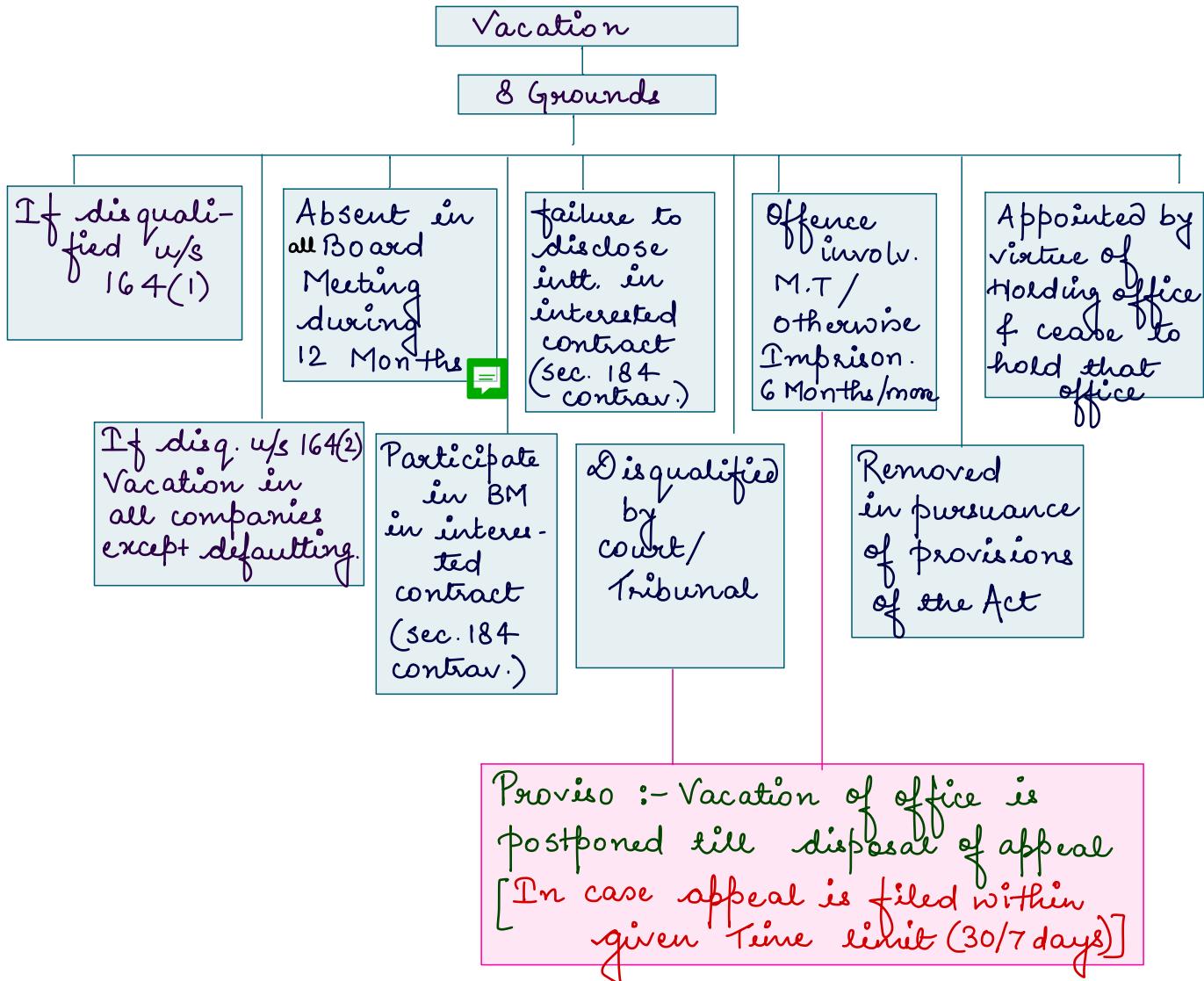
Disqualifications for Appointment of Directors (Section 164)



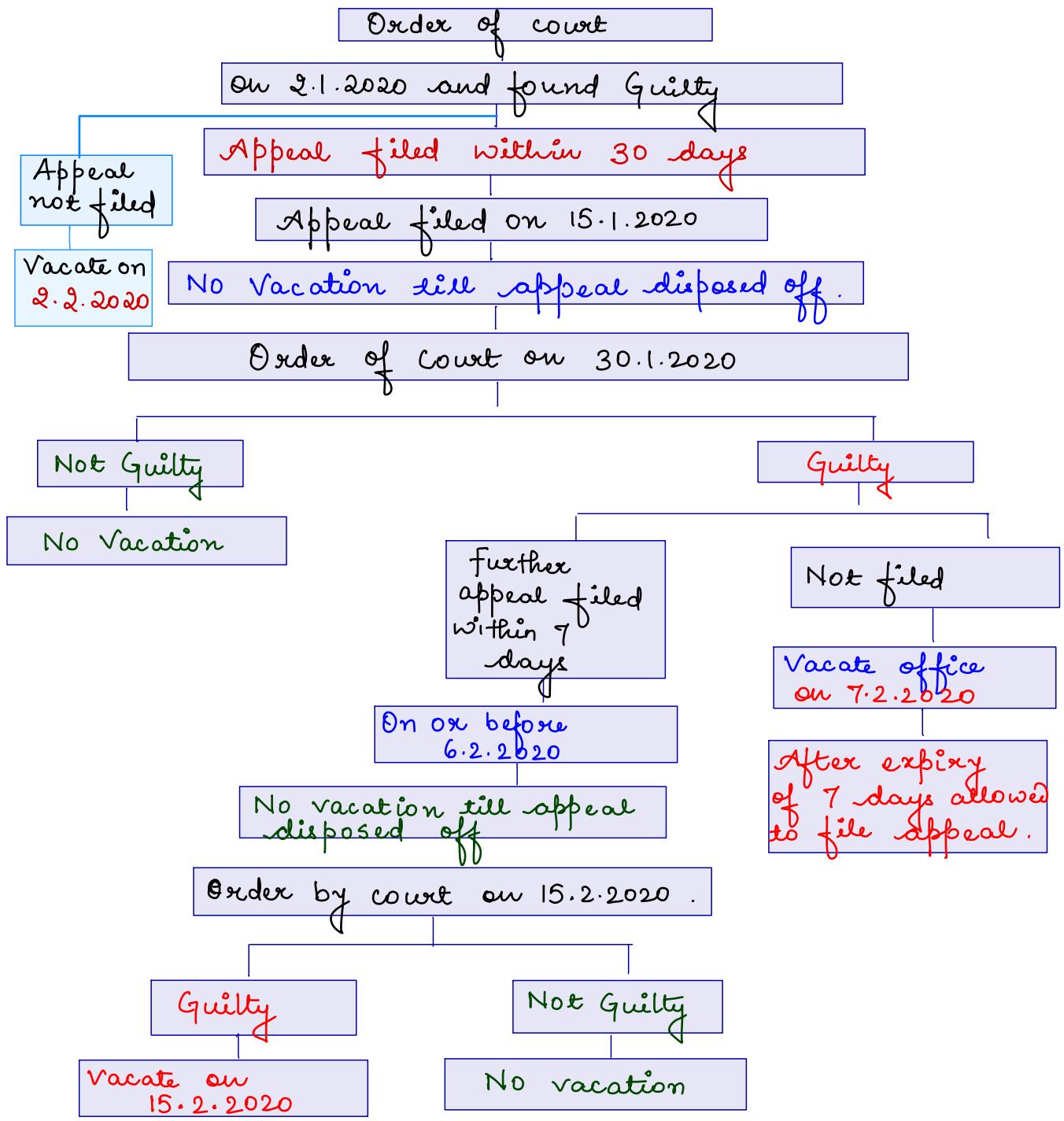
Disqualification is checked at the time of appointment of Directors.

Sec. 164(2) does not apply to a Govt. Co.

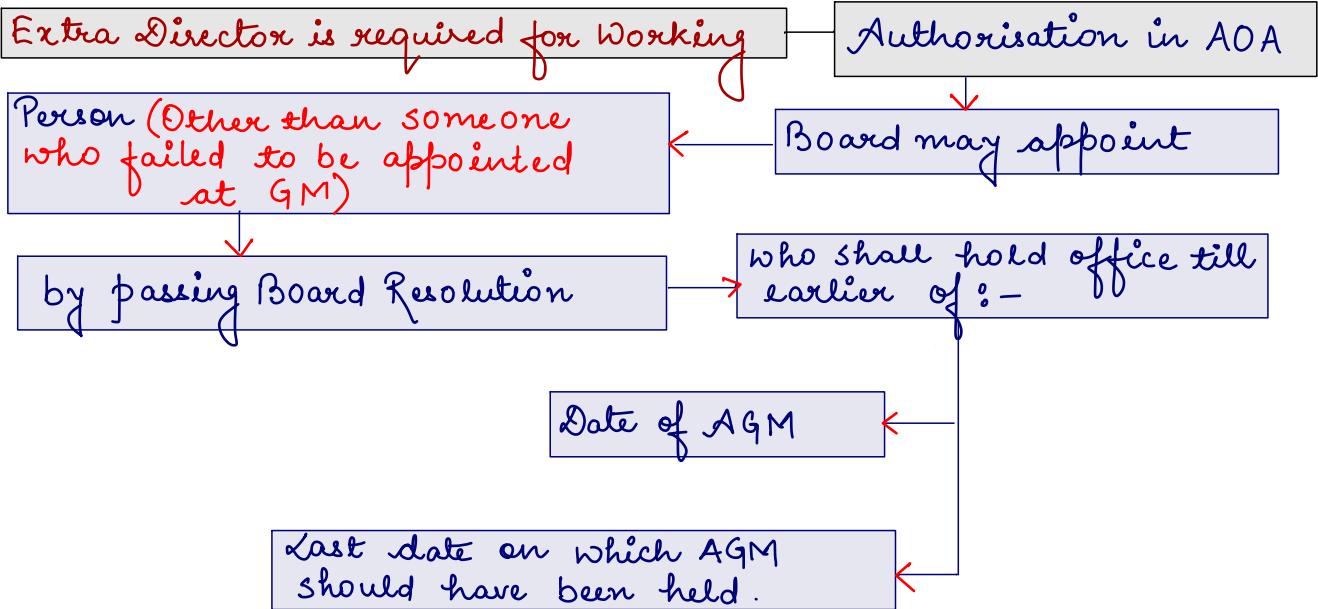
Vacation of Office of Directors [Section 167]



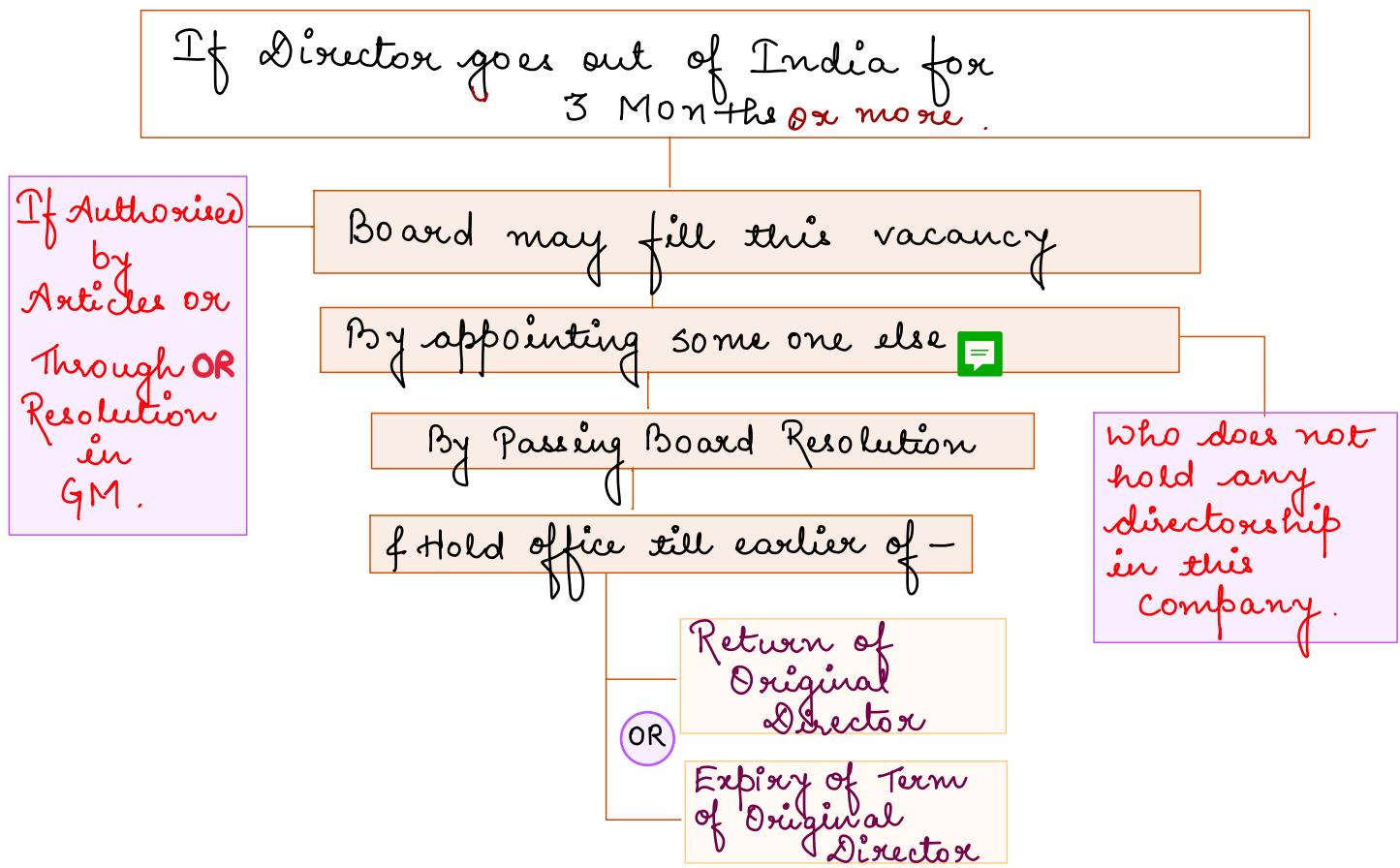
Proviso to Section 167(1)(f) and 167(1)(e)



Additional Directors [Section 161(1)]



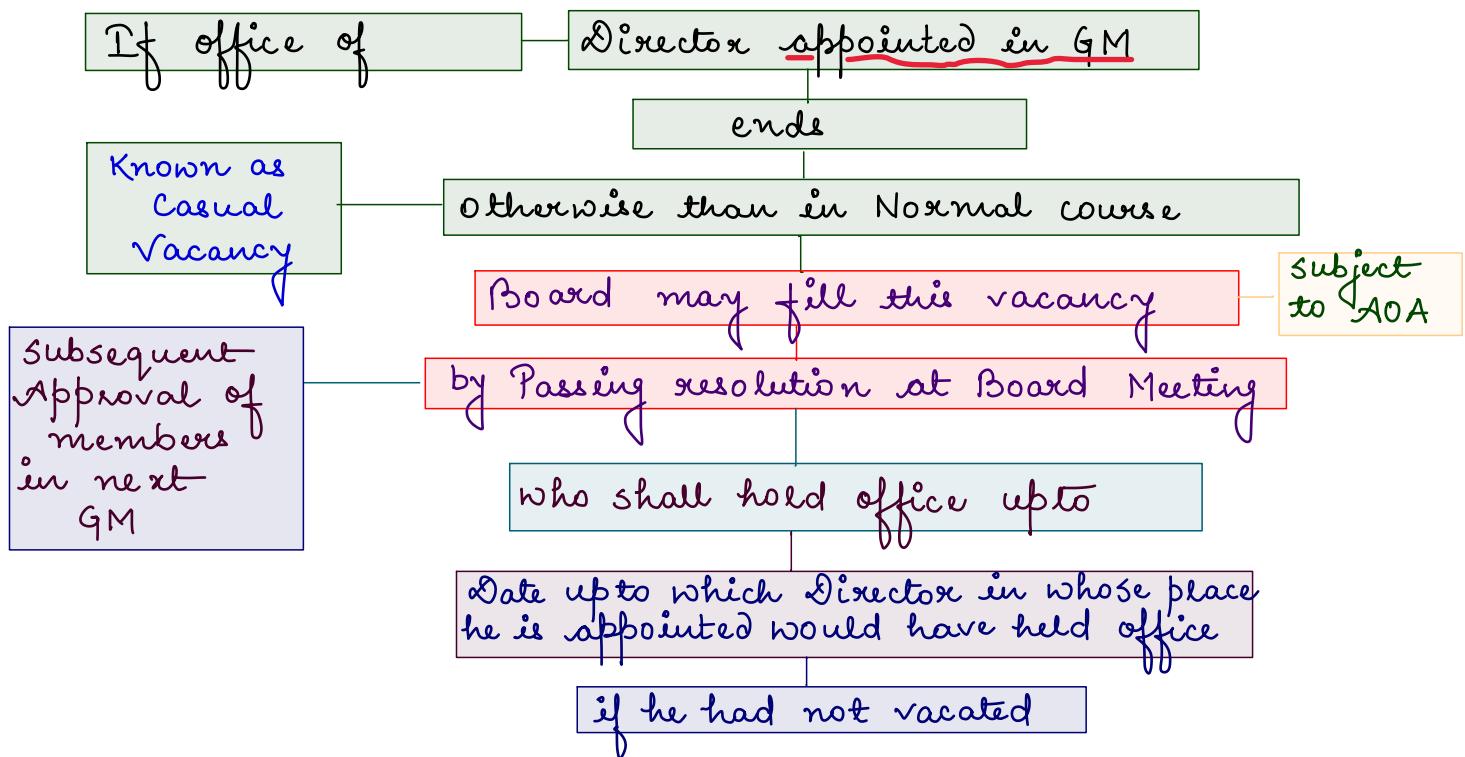
Alternate Director [Section 161(2)]



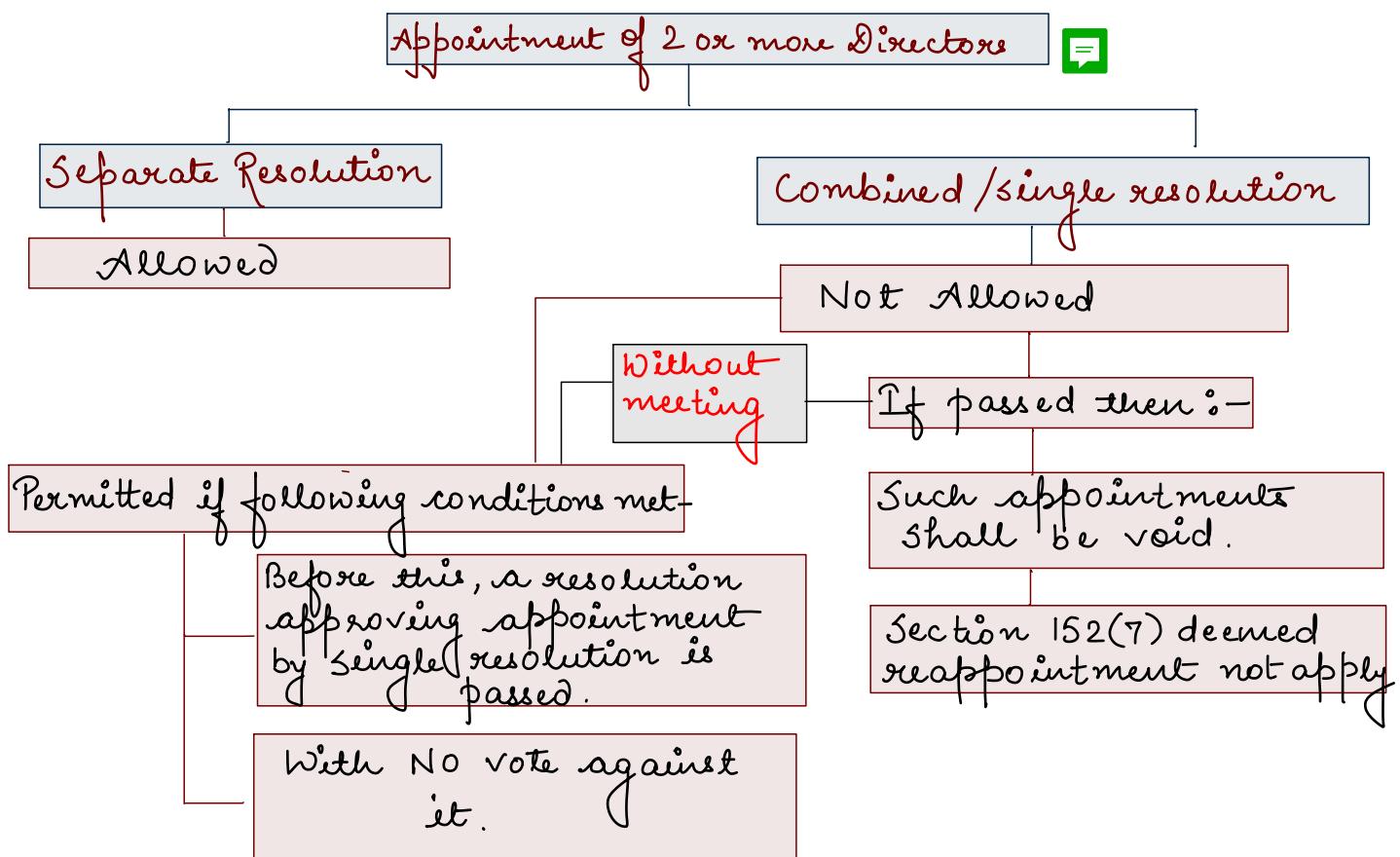
Alternate Director is not an agent of Original Director and has its own duties if liabilities.

Nominee Director : Nominated either by law (CG) or financial institution, appointed by Board.
He is not Independent director.

Filling of Casual Vacancy [Section 161(4)]



Appointment of Directors to be voted Individually [Section 162]



Non-Applicability :- In case of No default u/s 137 or 92 in

- Private Company
- Government company in which entire capital is held by CG/SG/jointly.
- WOS of such Govt Co.

Appointment by Proportional Representation [Section 163]

If Articles provide for

Company may appoint Directors by Proportional Rep.

of Atleast 2/3rd of Directors

Once in every three years

Single Transferable
vote

OR

Cumulative
voting

OR

Otherwise

This section has an overriding effect.

N.A. to Govt Co. / WOS of it with no default of 137/92.
Such directors can't be removed u/s 169.

Resignation by Directors [Section 168]

Director may resign by giving Notice in writing

may also within
30 days

in Form DIR-11

file a copy of
Resignation

to ROC

to Company

Board takes note

Resignation to be
effective later of -
Date of receipt
of notice or
Date specified in
Notice.

RULE 15

Within 30 days

Co. intimates Resignation

Display on company's
website

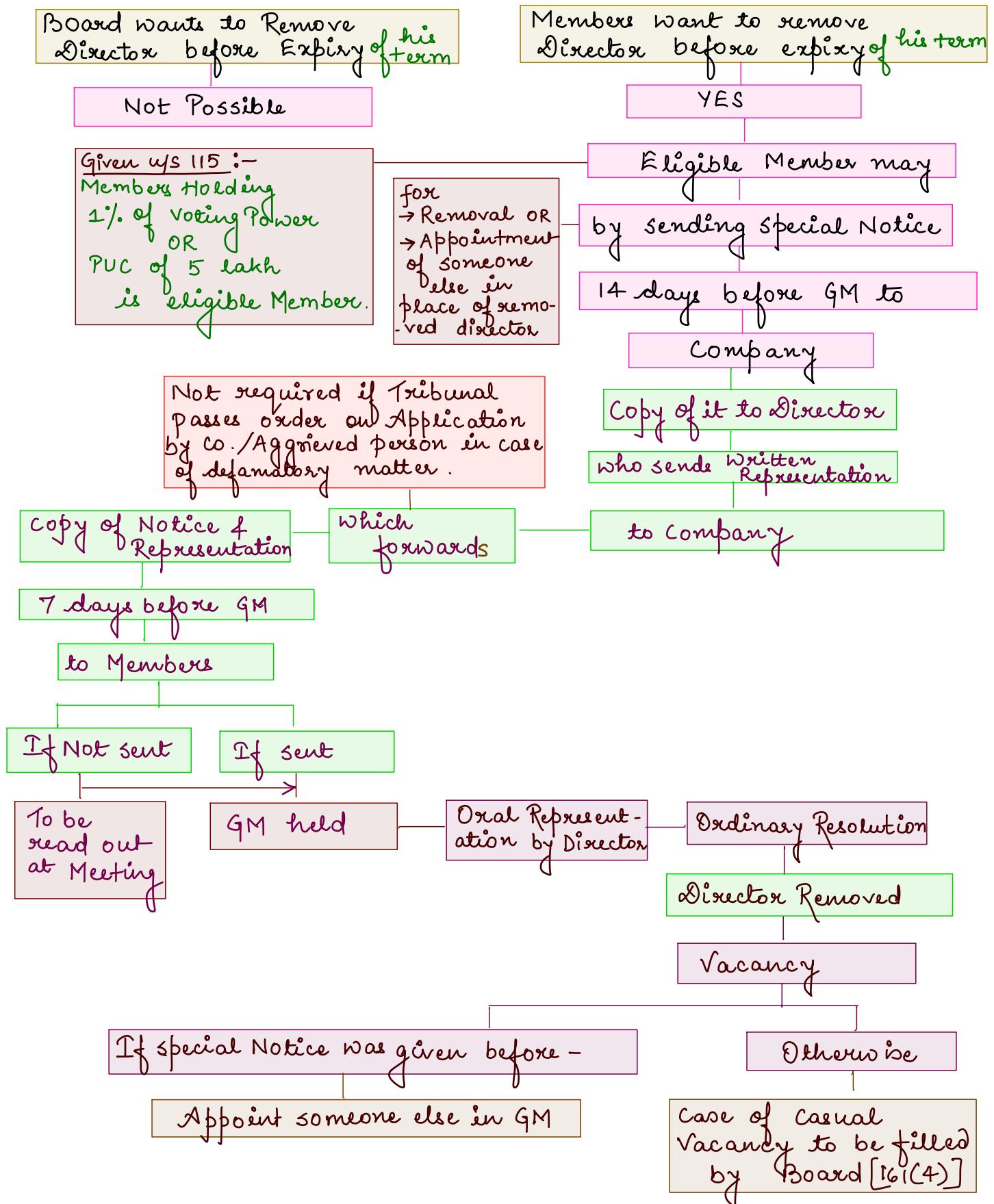
within 30 days

Promoter / CG to fill vacancy
in case all Directors
resign.

in form DIR-12

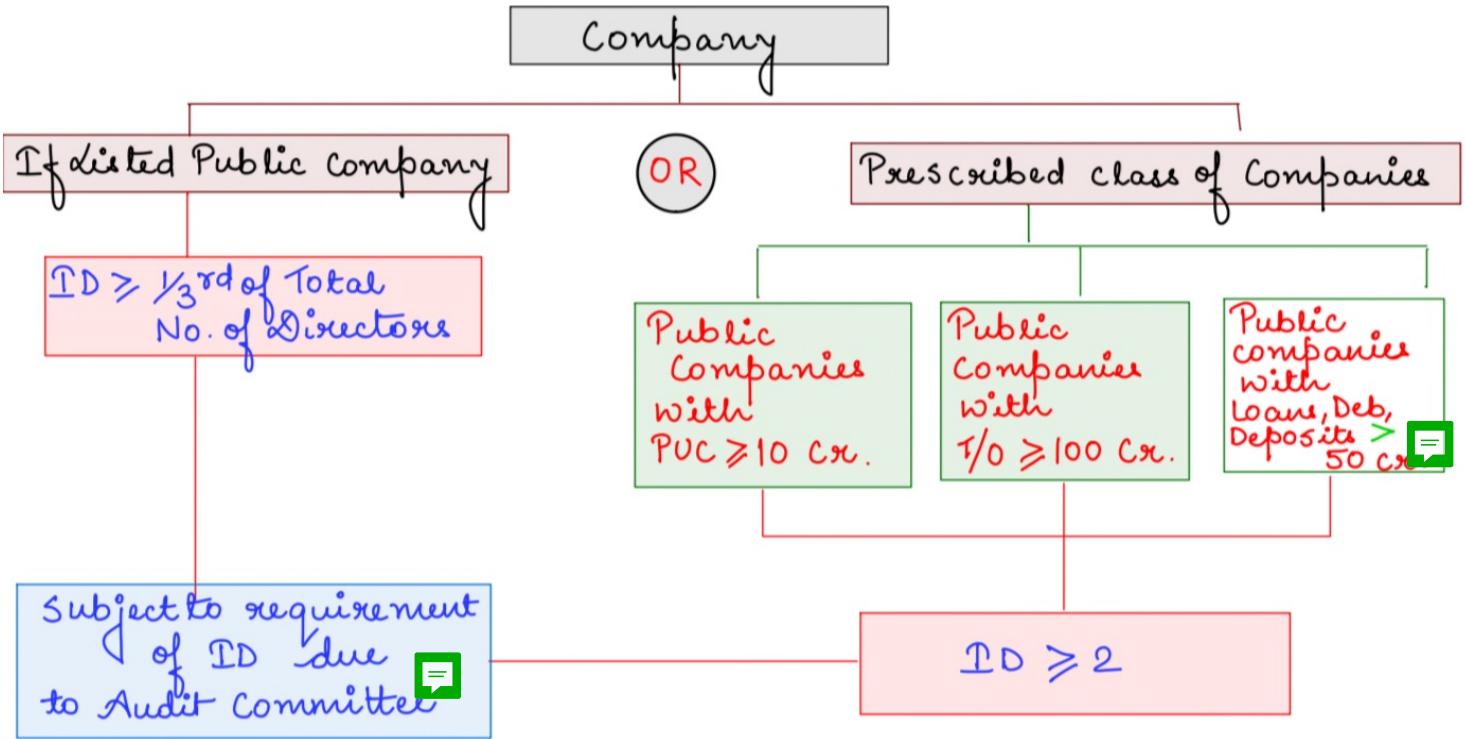
to ROC

Removal of Director [Section 169]



Director appointed by Tribunal
Nominee Director under any special Act of Parliament can't be removed u/s 169.
Independent director in 2nd term - Removal requires SR.

Independent Director [Section 149(4) and Rule 4]



No requirement to appoint ID if company ceases to fulfil criteria for 3 consecutive F.Y.s.
Vacancy to be filled up later of Next BM / 3 Months.

Criteria of Independence u/s 149(6)]

Not MD/WTD/Nominee Director

AND

Satisfying all conditions below

a)

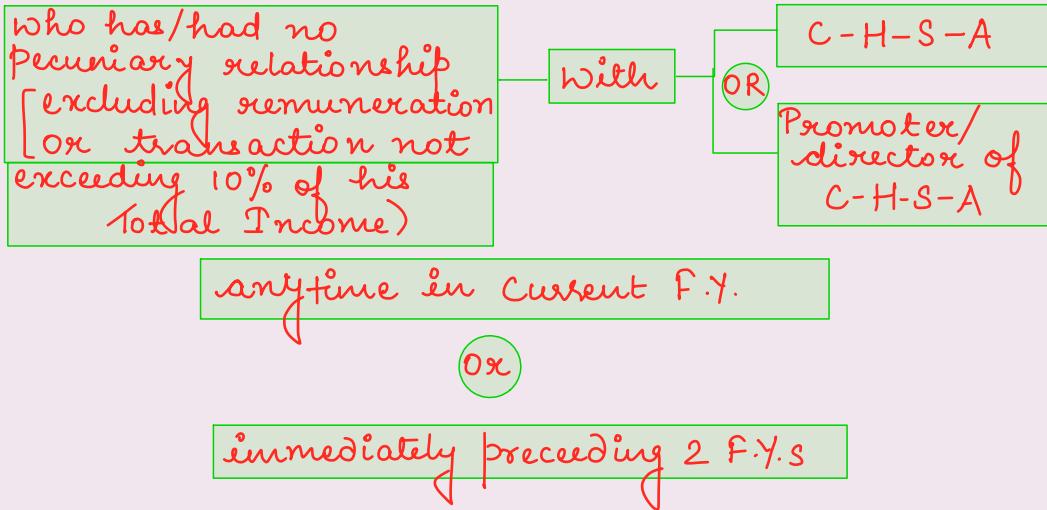
Person of Integrity, Expertise & Experience (In opinion of Board)

b)

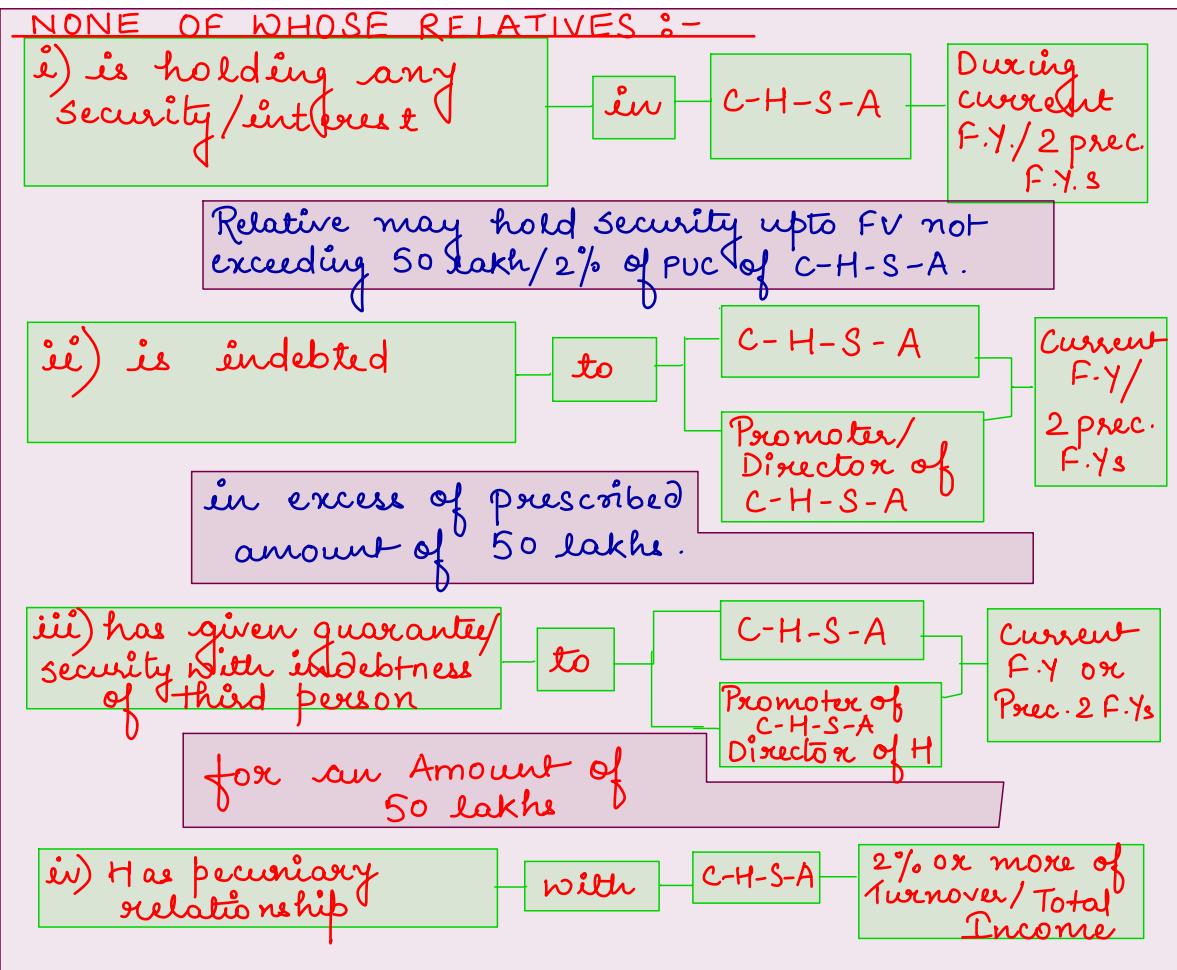
i) Not a promoter of C-H-S-A

ii) Not related to Promoter/ Director of C-H-S-A

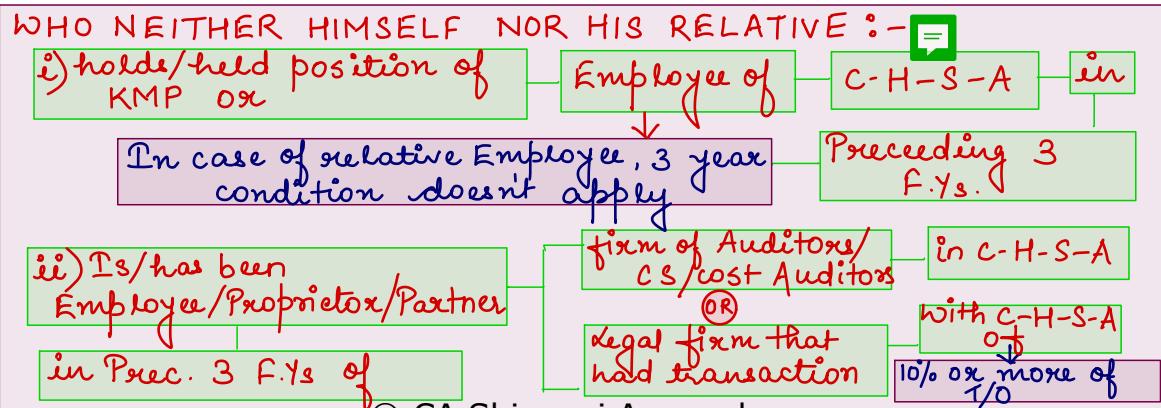
c)

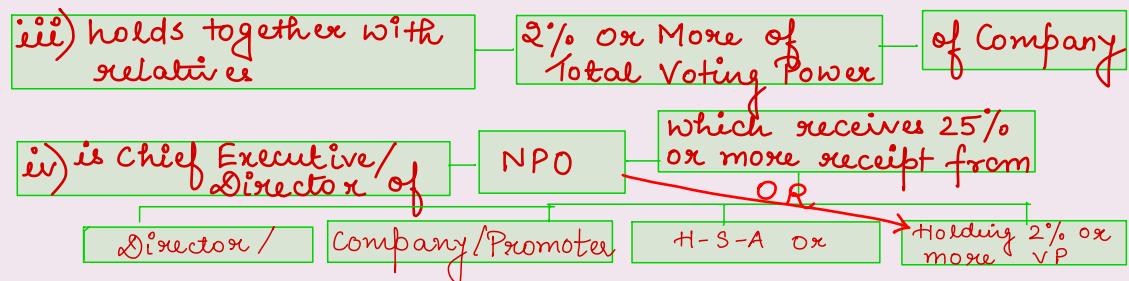


d)



e)





f)

who possesses other qualification as prescribed

Skills in field of finance, Law, Mgmt, sales, Marketing, Adm¹, Research

Other Points related to Independent Directors

149(7)

Declaration of independence to be given by ID
at First BM at First BM in case of change
the attendee of every F.Y. of circumstances

149(8)

It is the duty of ID to follow Schedule IV:-
"Code for Independent Directors"

149(9)

Not entitled to Stock option
May receive remuneration/reimbursement of exp./ profit related commission.

149(10)

Maximum Term of 5 consecutive years.
SR and Disclosure in Board's report required
for re-appointment.

149(11)

Not to hold office for more than 2 consecutive term
3 years cooling period in which no appointment/
association allowed.

149(12)

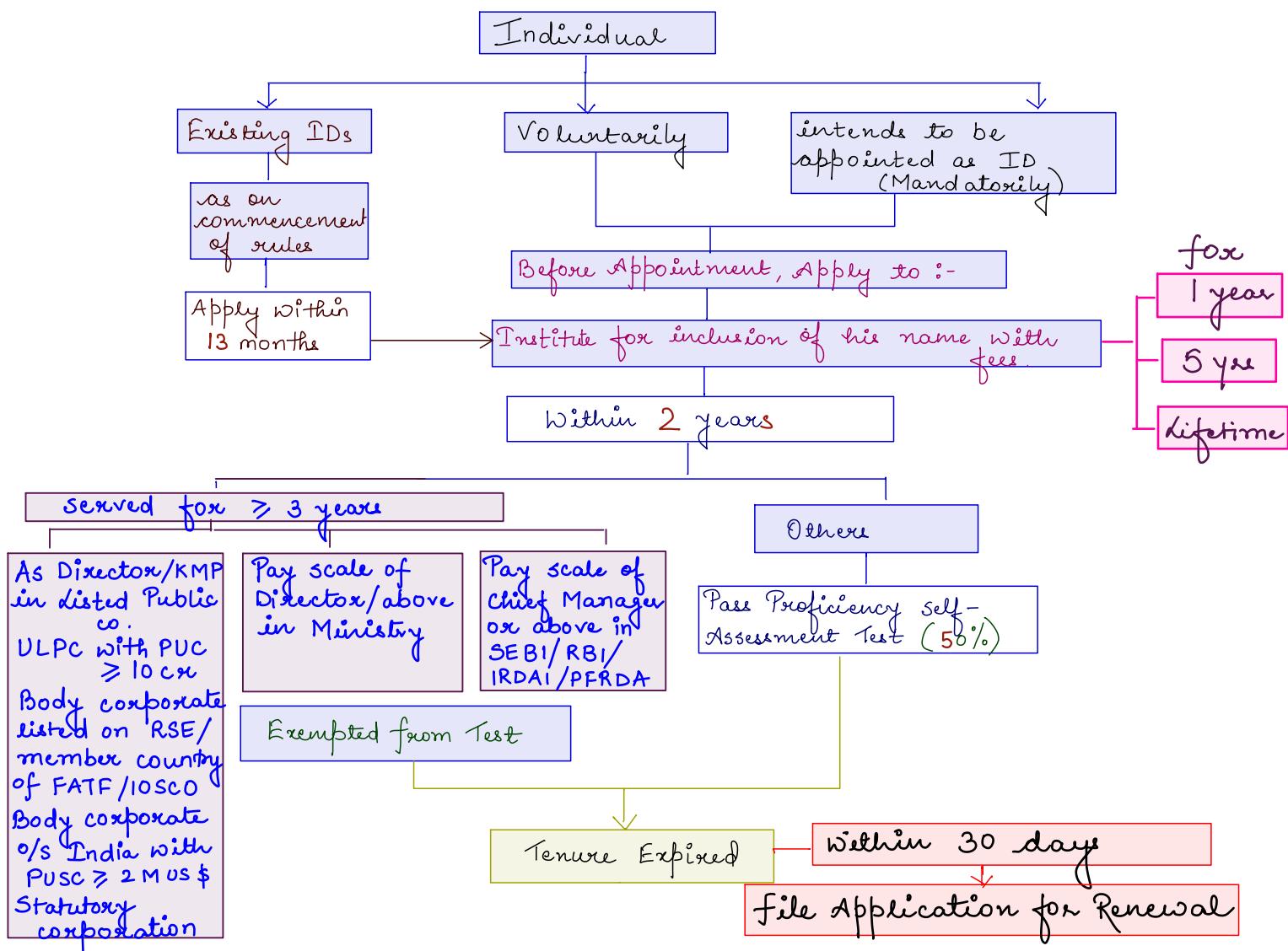
Independent Director/ Non-Executive Director to be
liable only for acts occurred with their knowledge &
consent or where they did not act diligently.

149(13)

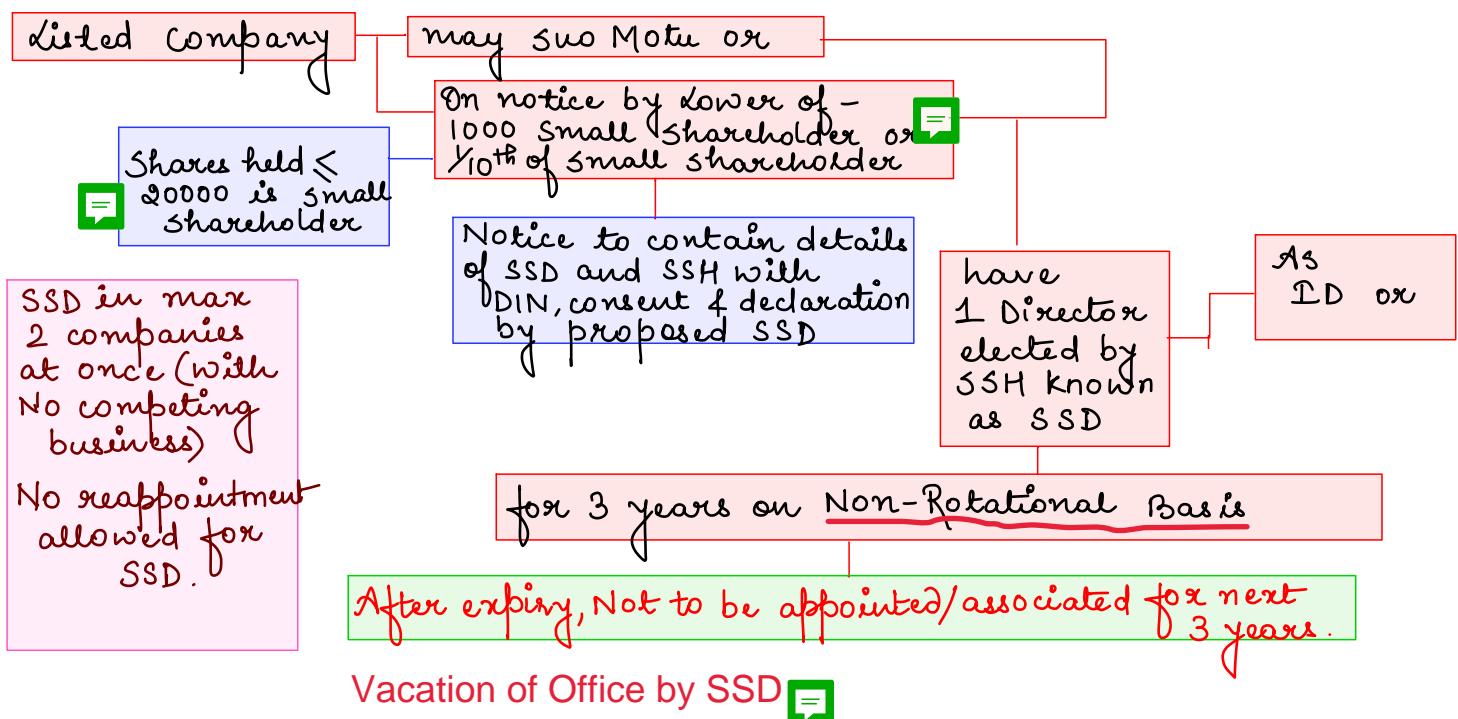
Not to retire by Rotation.

Maintenance of Data Bank for Independent Directors

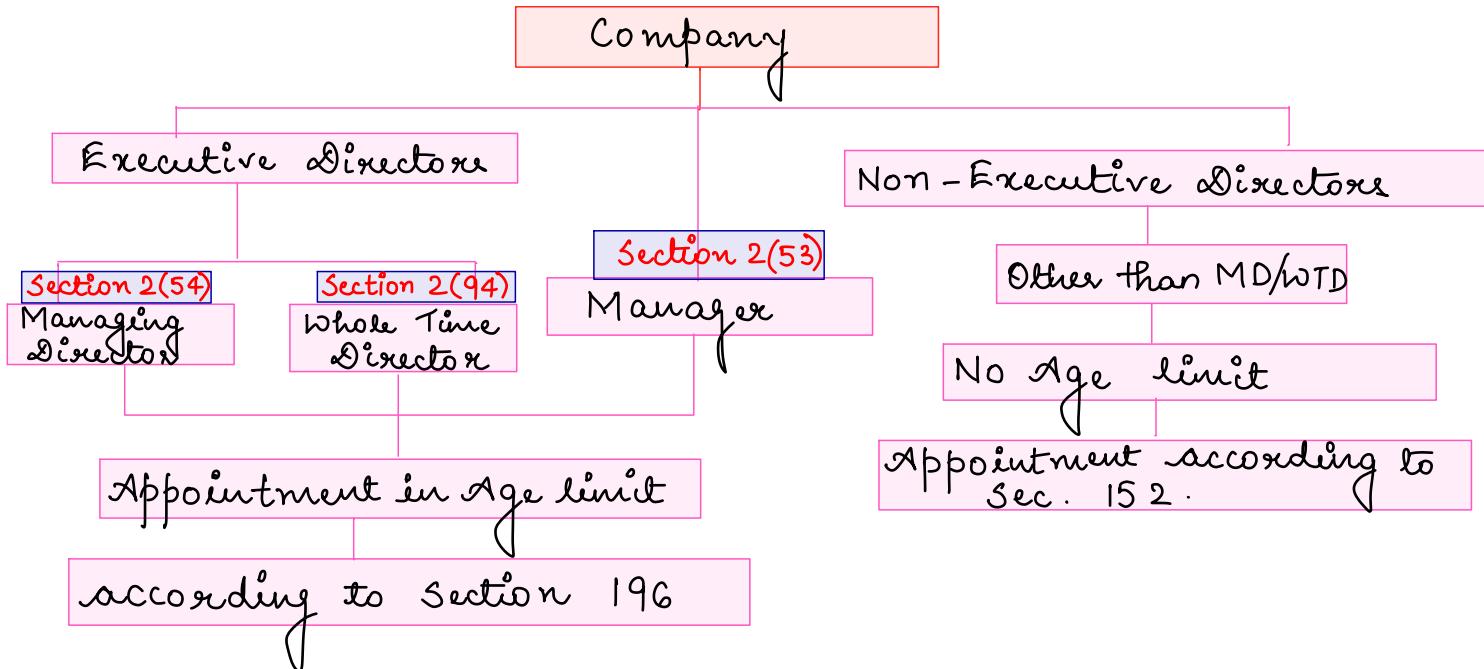
Rule 6



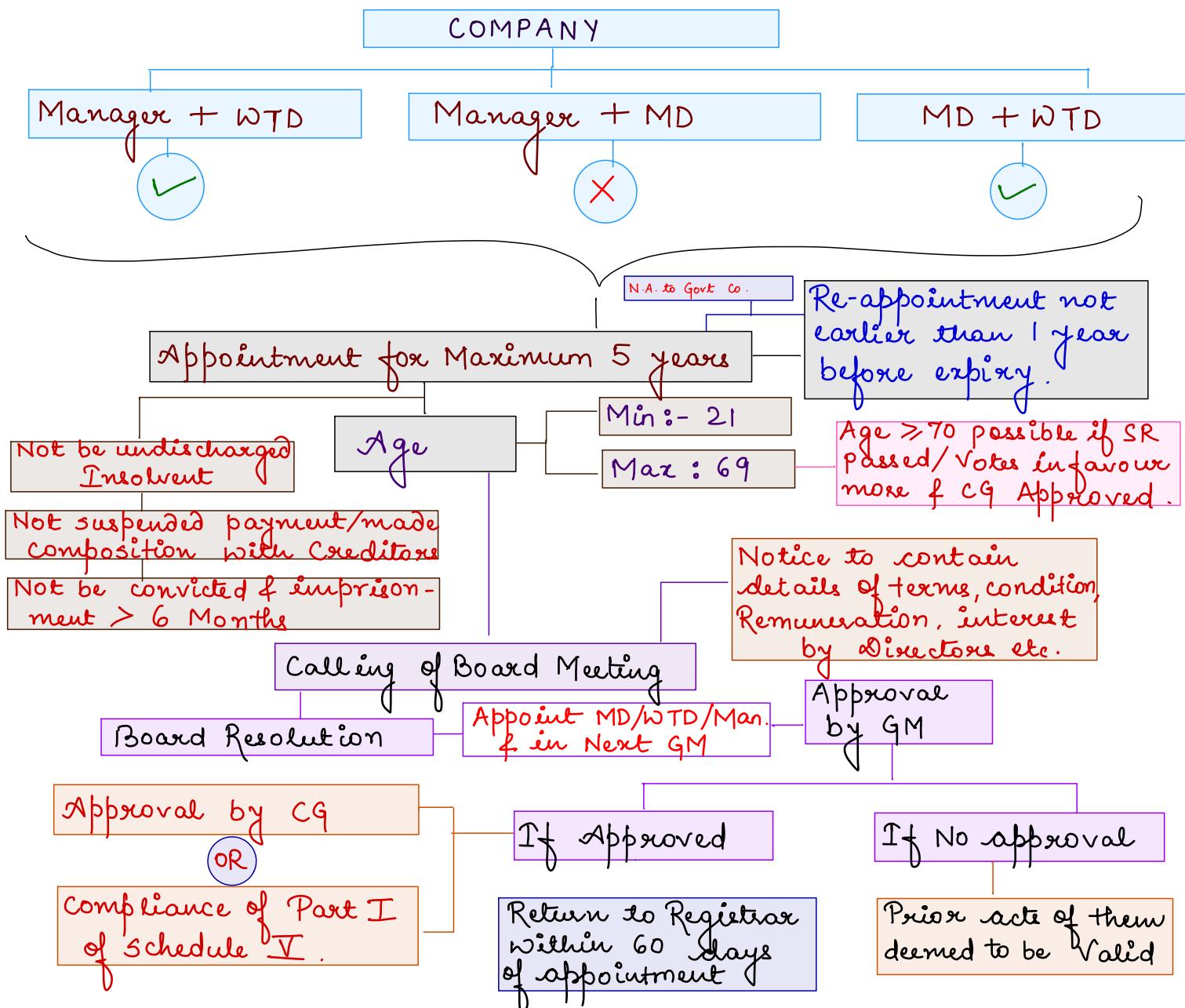
Small Shareholders Directors [Section 151]



Appointment and Remuneration of Managerial Personnel



Appointment of MD/WTD/ Manager [Section 196 read with Part I of Schedule V]



Conditions of Appointment in Part I of Schedule V

Not been imprisoned or fined exceeding Rs. 1000 for -

Offence under :- Central Excise Act, customs Act, GST Act, Wealth Tax Act, Income Tax Act, FEMA, PMLA, SCRA, SEBI, Companies Act, Competition Act, IBC, Stamp Act, SICA, Food Adulteration, Essential Commodities Act, fugitive Economic offenders Act, Foreign Trade Act, Industries (Development and Regulation) Act.

If convicted person is appointed as MP with approval of CG. No Approval required for any subsequent Appointment

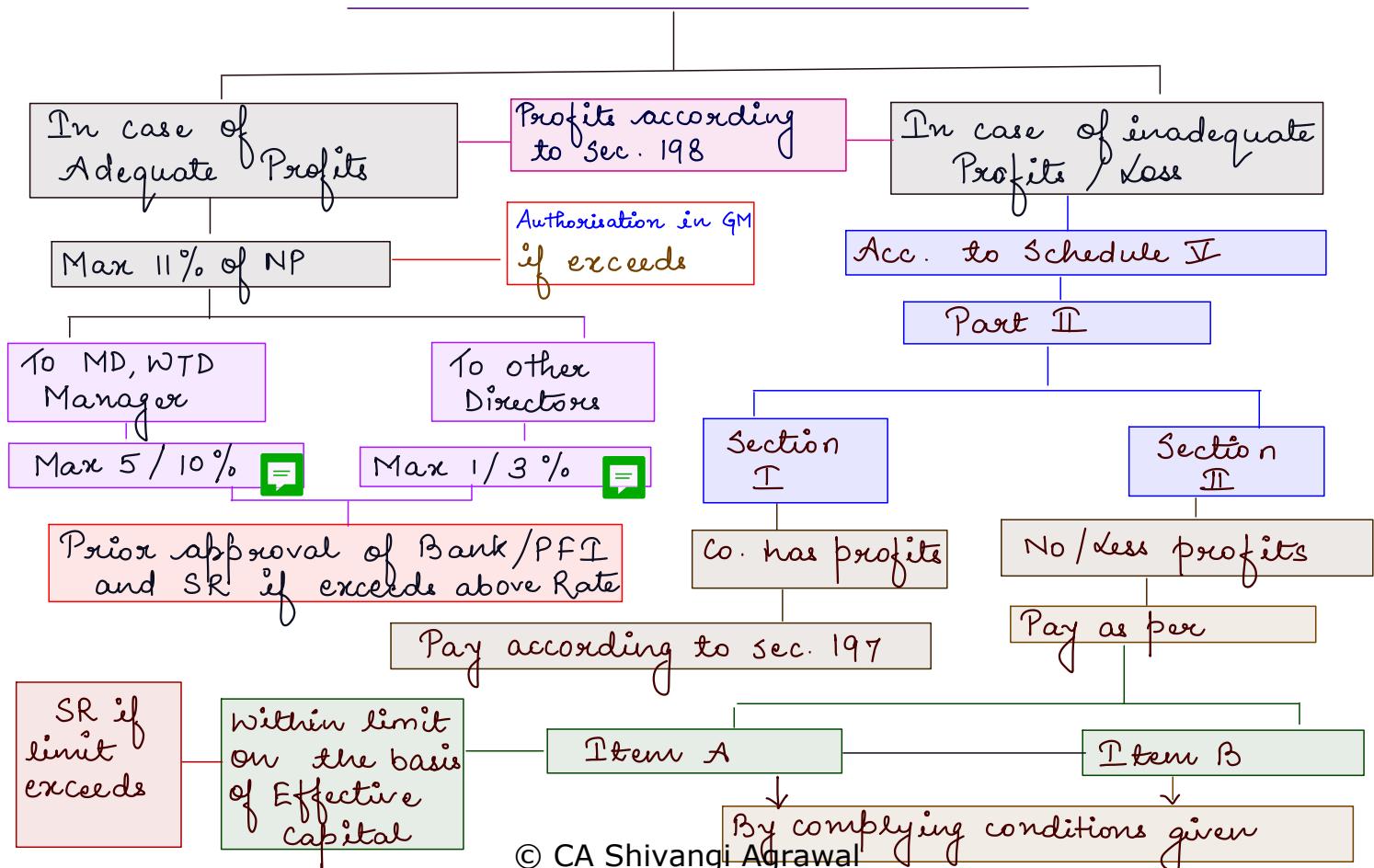
Not detained for any period under Conservation of foreign Exchange & Prevention of Smuggling Activities Act, 1974.

If detained person is appointed as MP with approval of CG. No Approval required for any subsequent Appointment.

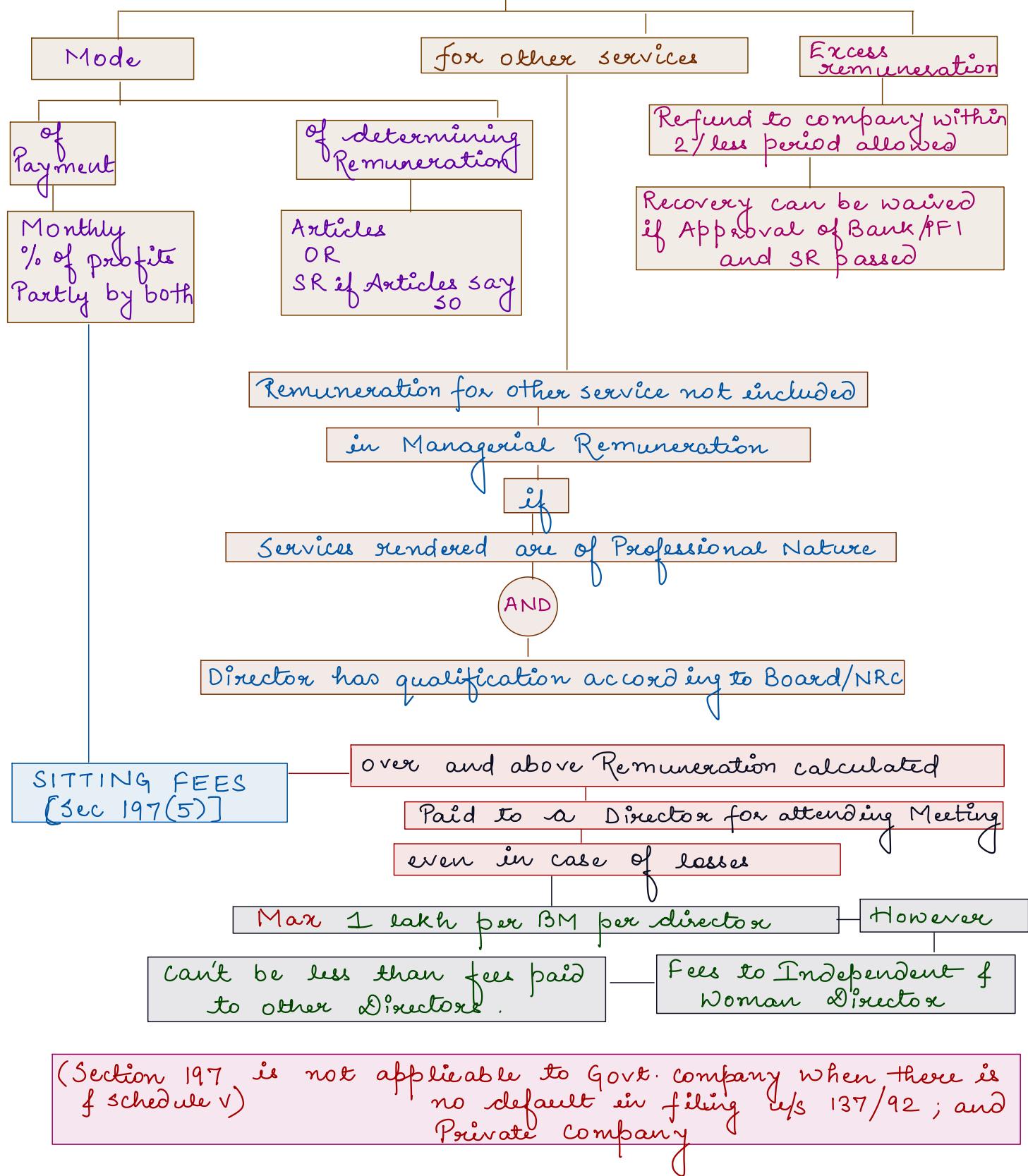
Has completed the age of 21 years and not attained the age of 70 years.

Must be resident in India.

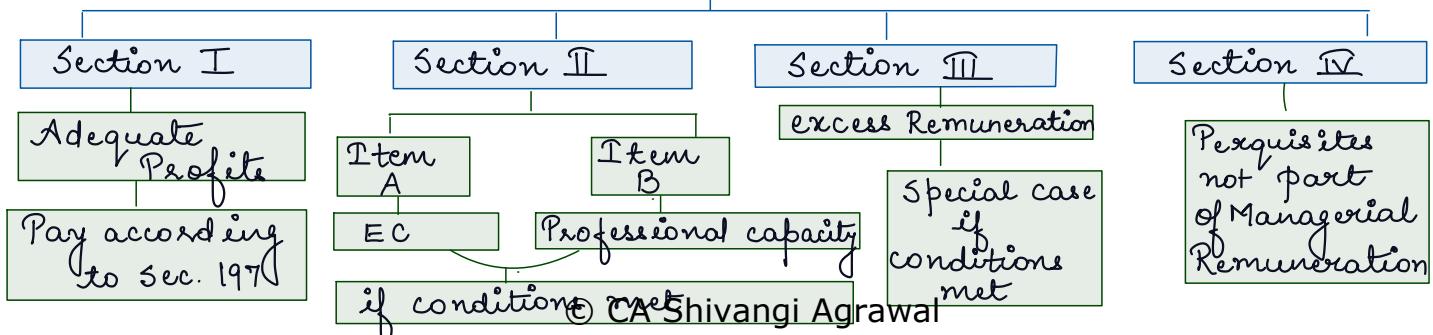
Managerial Remuneration by Public Company



Other Relevant Points of Remuneration



Schedule V- Part II- Summary



Recovery of Remuneration [Section 199]

If because of Fraud / Non-compliance of Act

Company required to restate FS

Company can recover Remuneration

of excess Amount i.e.

Amount - Amount that should have been Paid paid (Acc. to Restated FS)

from

MD/WTD/CEO/
Manager

Whether Past
or Present

who received
such Amount

Company to fix limit of Remuneration [Section 200]

Company by passing OR can

fix Remuneration

at any Amount / Percentage

while granting

considering factors like Qualification, Experience, financial position, already drawn etc.

Approval w.r.t Appointment / Remuneration

of

MD

WTD

Manager

Compensation for loss of office [Section 202]

If MD/WTD/Manager has loss of office then company may

pay compensation to them :-

Not allowed in
following cases :-

Maximum

Lower of :-
Unexpired Tenure or
3 years

Director resigns on amalgamation &
joins new company.

Director resigns voluntarily
vacation of office u/s 167.

Company wound up due to Director's
negligence

Director guilty of fraud, breach

Director responsible for Termination

Remuneration actually earned

during preceding 3 years
or shorter period of office.

Within 12 months, co. winds up
and assets insufficient to repay
capital - NO COMPENSATION

Appointment of Key Managerial Personnel [Section 203]

In case of

Listed Company

Public company with PUC ≥ 10 crores

It is mandatory to appoint

MD or
WTD or
Manager or
CEO

and

CFO

and

CS

Rule 8A

Every Private
Company with
PUC ≥ 10 crores
has to appoint
CS.

by passing a resolution at BM

In case of Vacancy in office of KMP

It has to be filled within 6 Months at BM only

An Individual may be Chairperson and MD/CEO if :-

→ Articles so provide OR

→ company does not carry multiple businesses . OR

→ Public Company with PUC ≥ 100 crores and T/O > 1000 crores
doing Multiple business but appointed CEO for each
business .

KMP

A person can be KMP in
only 1 company OR
in Subsidiary also OR
A director in other with Boards' permission

Managing Director

Max MD in 2 companies that too if :-
Specific Notice sent and
Unanimous Resolution passed at BM in
company proposed to be appointed .

Secretarial Audit [Section 204]

Every

Listed Company

Public Company with
PUC ≥ 50 crores

Public Company with
Turnover ≥ 250 crores

Company
with Loans
 ≥ 100 cr.

shall get Secretarial Audit done

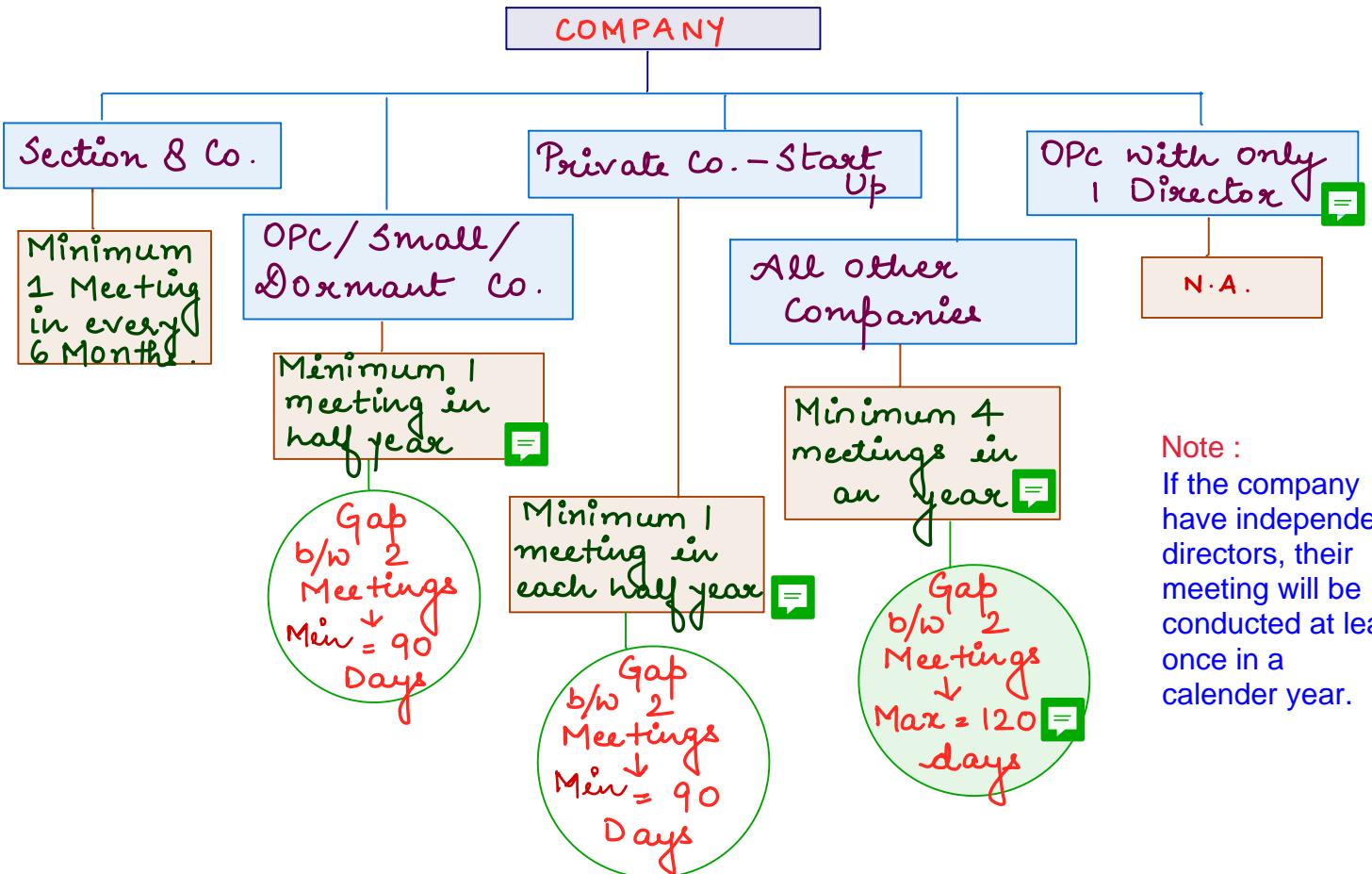
by CS in
practice

if report in MR-3 which shall be

annexed with Board's Report and

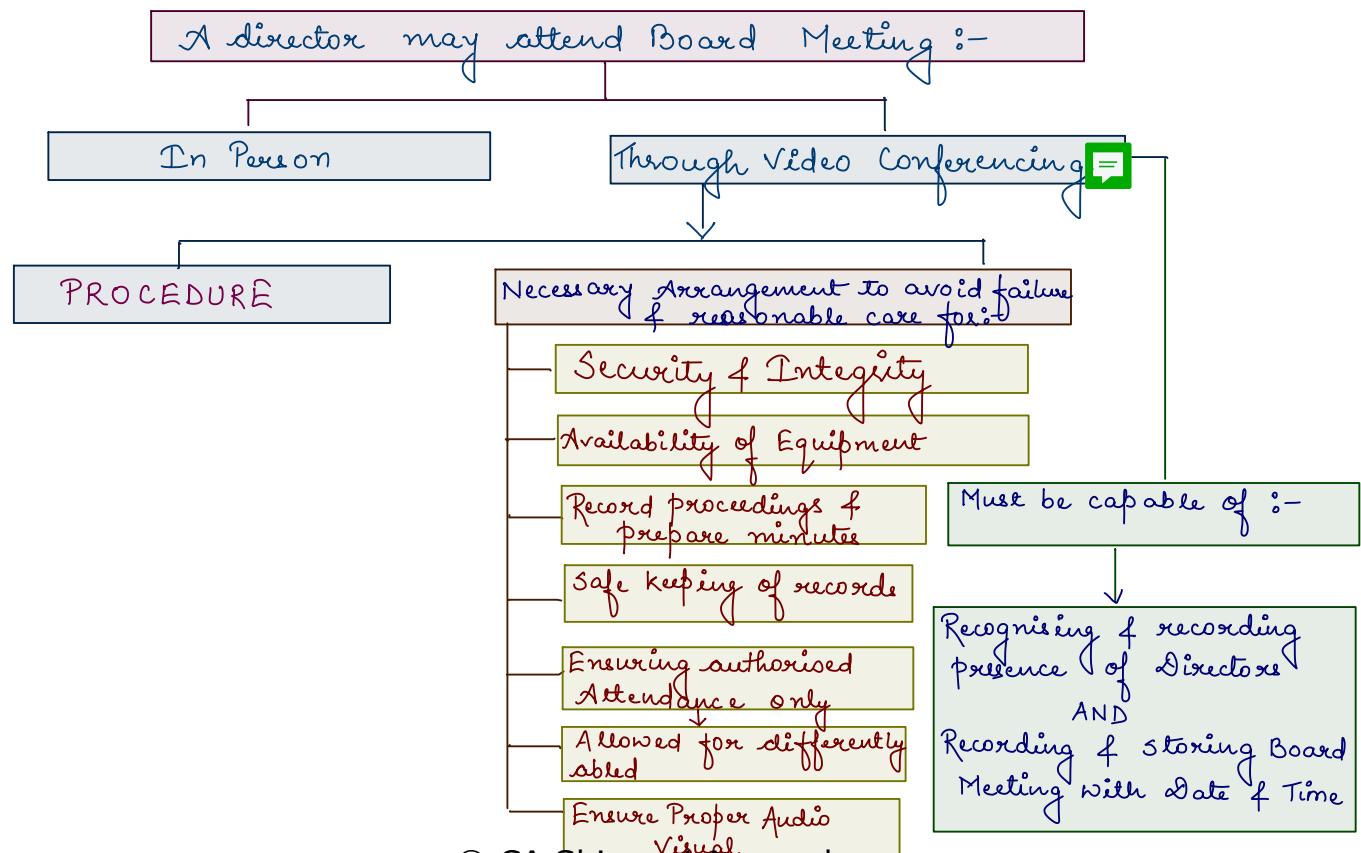
it shall be duty of
Board to give
explanation on Remarks

Number of Board Meetings [Section 173(1)]

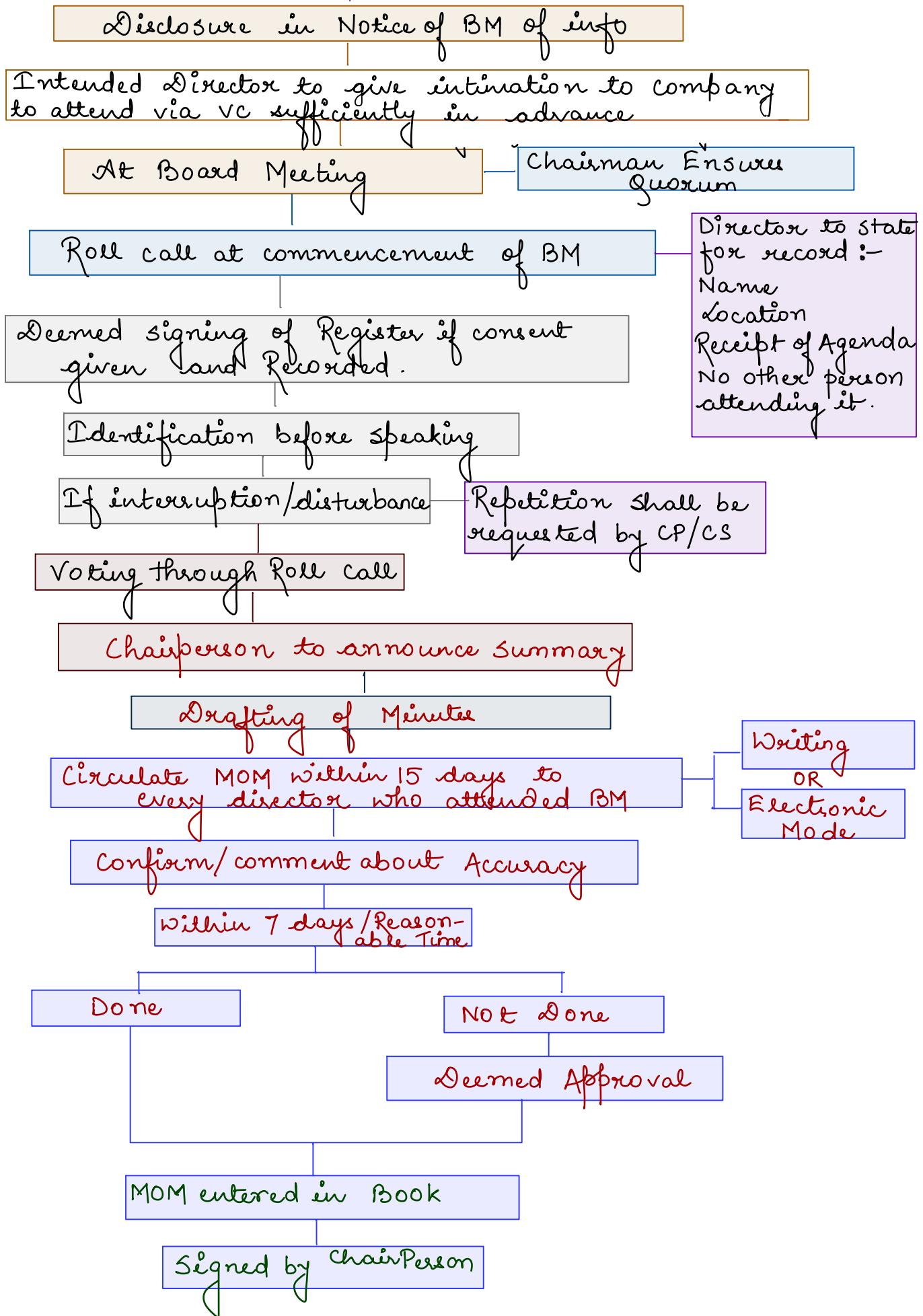


1st Board Meeting to be held within 30 days of Incorporation

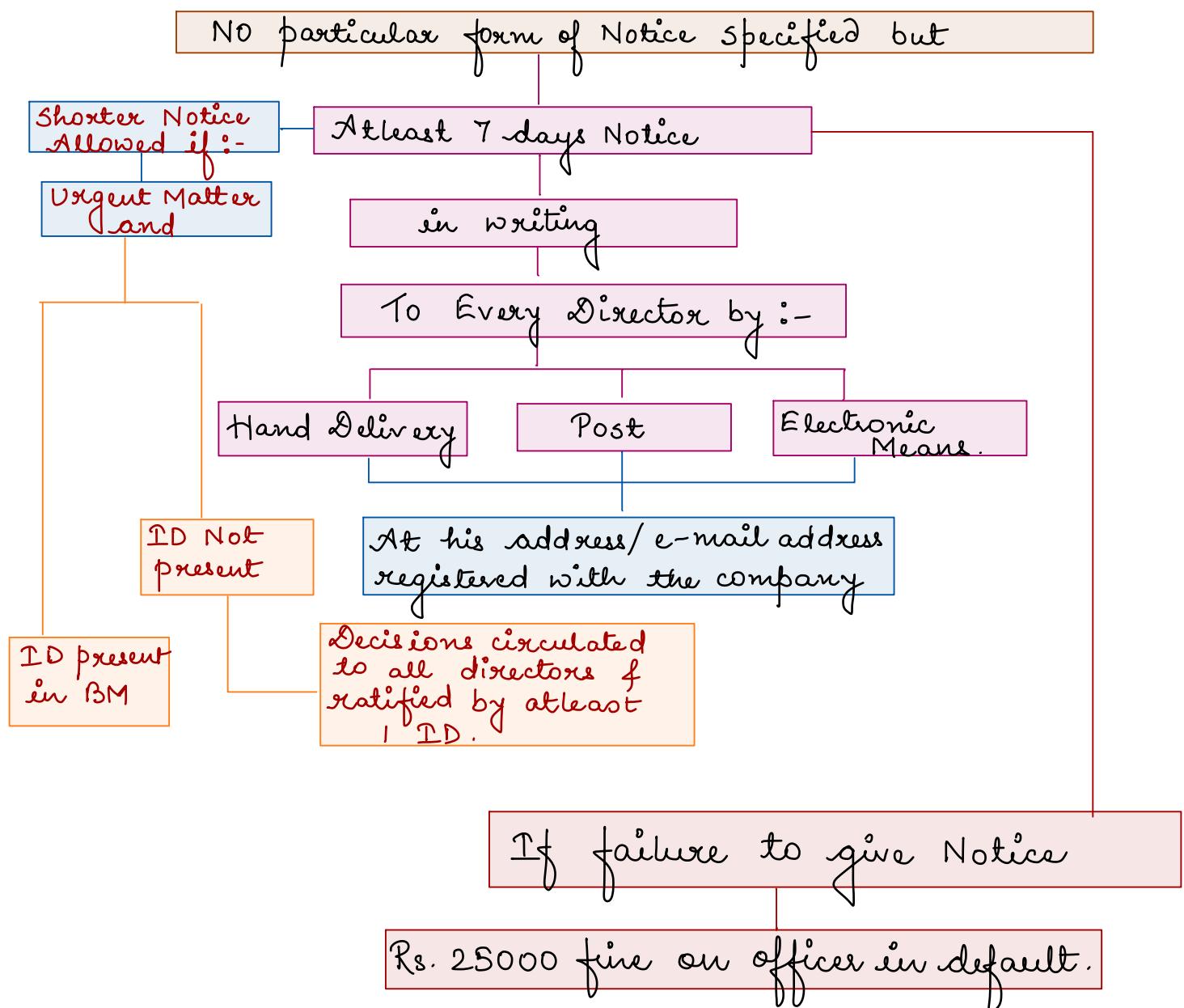
Board Meeting through Electronic Mode [Section 173(2) read with Rule 3 & 4]



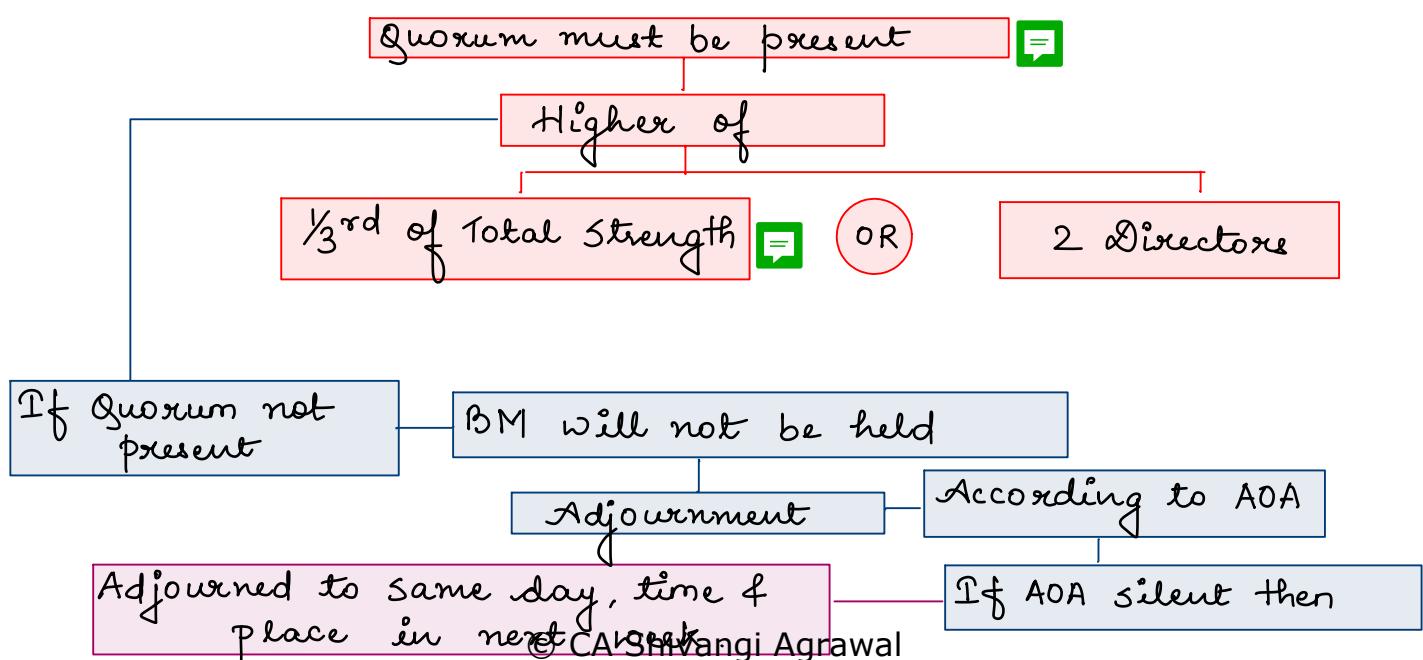
Procedure



Notice of a Board Meeting [Section 173(3)]



Quorum for a Board Meeting [Section 174]



In case Co. has interested Directors (174(3))

N.A. to
Private
Companies

Quorum

If interested directors at any time $\geq \frac{2}{3}$ rd of Total Strength

Higher of

Number of disinterested Directors

OR

2 directors.

In case of Section 8 company, Quorum is lesser of 25% of total strength or 8 directors but shall not be less than 2 directors.

If directors reduced below Quorum, continuing directors may act only for increasing directors & calling GM.

Passing of Resolution by Circulation [Section 175]

Allowed for matters other than those specifically required to be exercised at Board Meeting only.

Draft Resolution

Alongwith Necessary Papers

Send to all Directors

Such resolution not to be passed if - $\frac{1}{3}$ rd of Directors require Resolution at BM only.

by

Hand Delivery

Post/courier

Email/fax

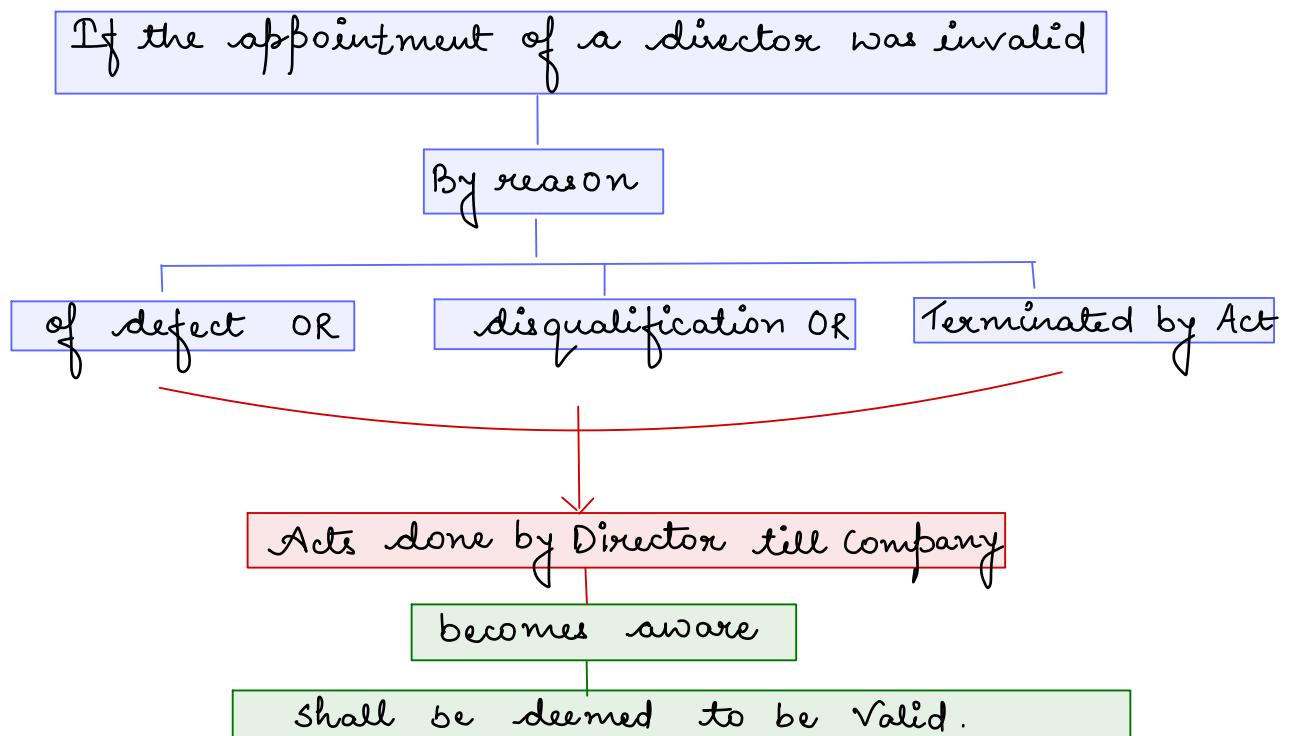
at address registered with company

Approval by Majority

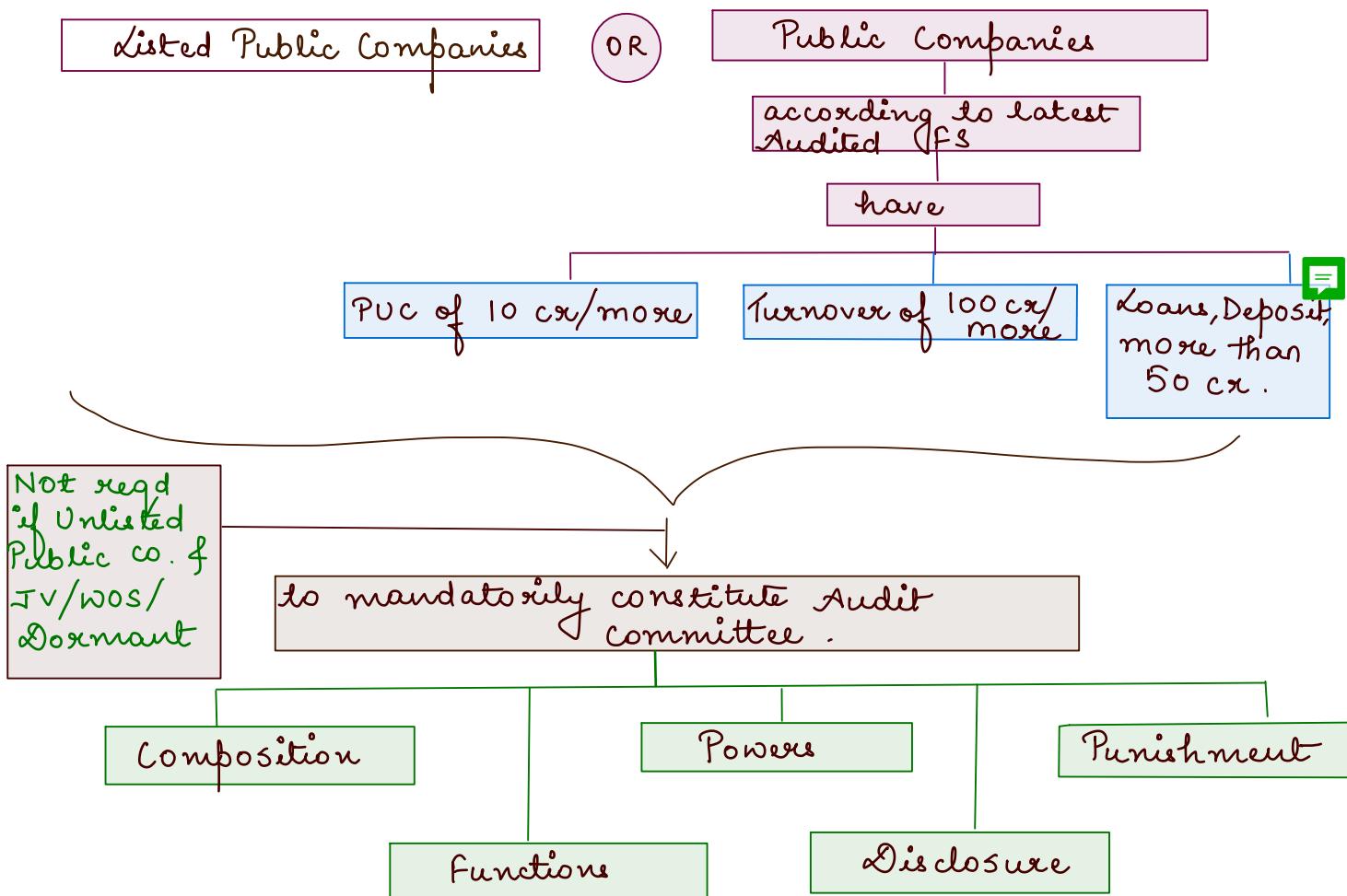
Noted & included in Minutes

In subsequent BM

Validity of Acts of Directors [Section 176]



Audit Committee [Section 177]



Composition

Minimum Number of Directors = 3
 in which Majority shall be
 Independent Dir
 Ability to read & understand financial statement.

Powers

- Call for the comments of Auditor about Internal control, observation
- Review financial statement
- Discuss issues of FS with Auditor
- Investigate
 - ↓ with power to access information
- Oversee Vigil Mechanism

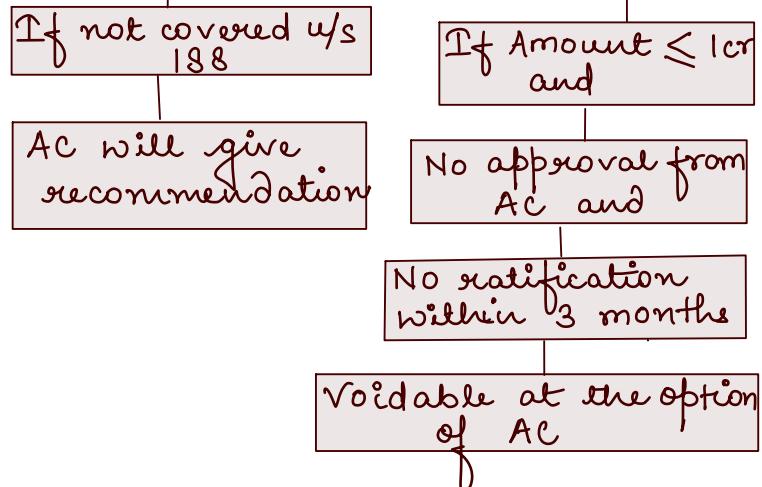
Disclosure

Board's report to disclose :-
 → Composition of Audit committee
 → Non-acceptance of recommendation of Audit committee with reasons.

Functions

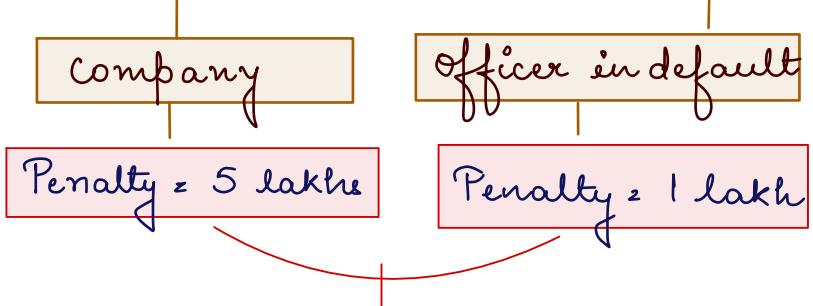
- Recommendation for Appointment & remuner. of Auditor
- Review of Auditor's Performance
- Examination of FS & Auditor's report
- Scrutiny of loans
- Valuation of Assets
- Evaluation of Internal control
- Monitor use of Public funds AND

Approval of Related Party Transactions



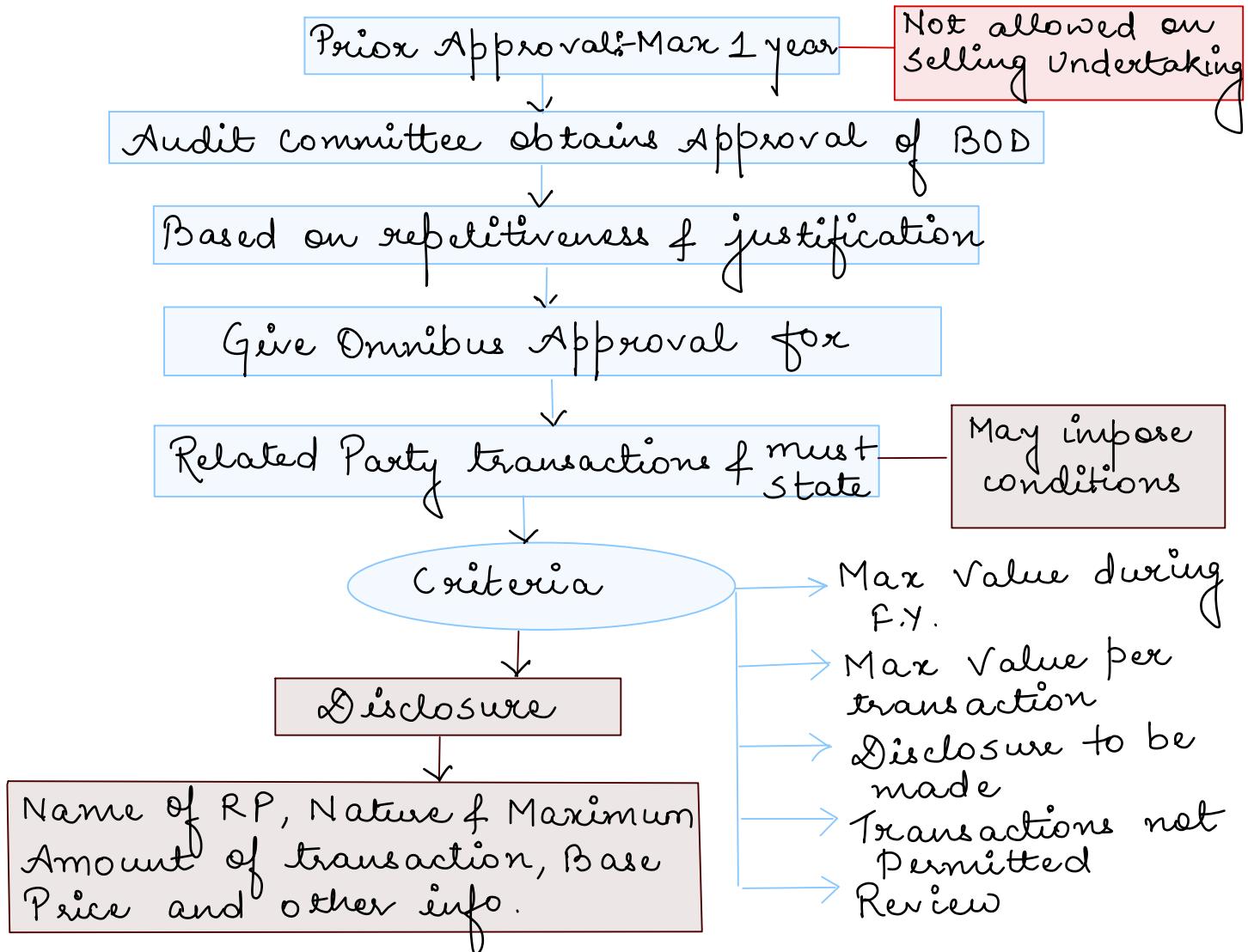
Contravention

Contravention of Section 177

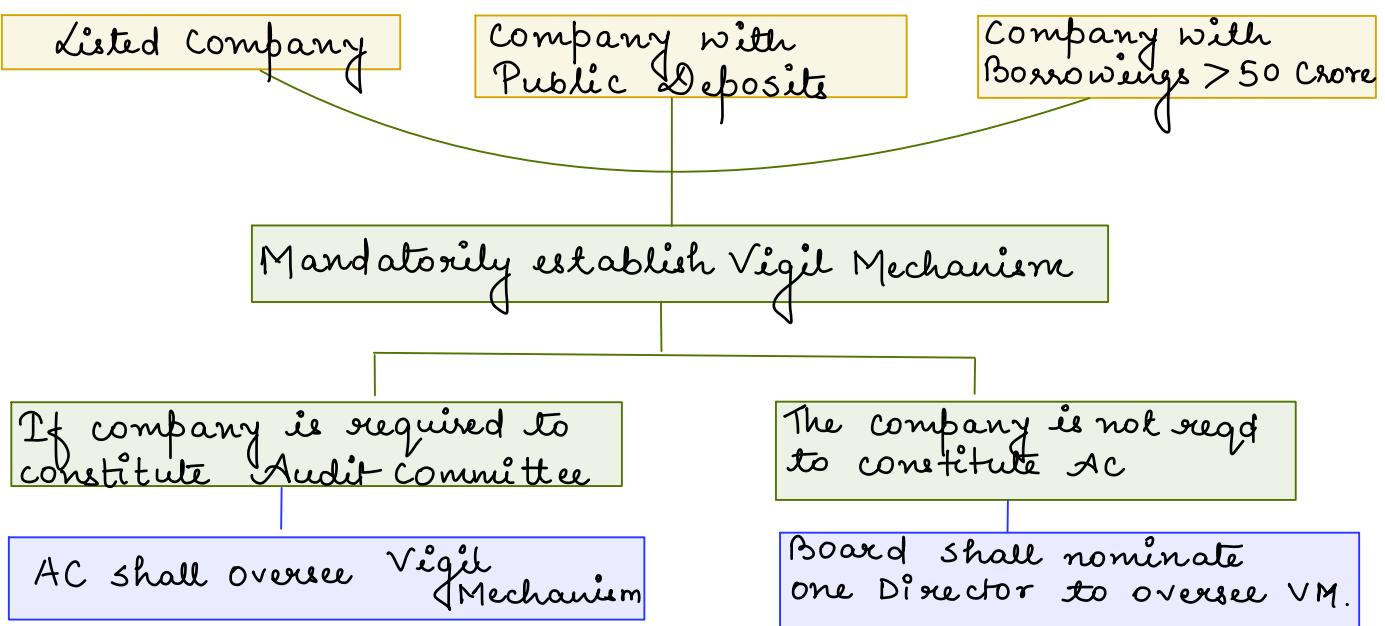


This is for contravening sec. 177 and 178 and penalty is given u/s 178 only.

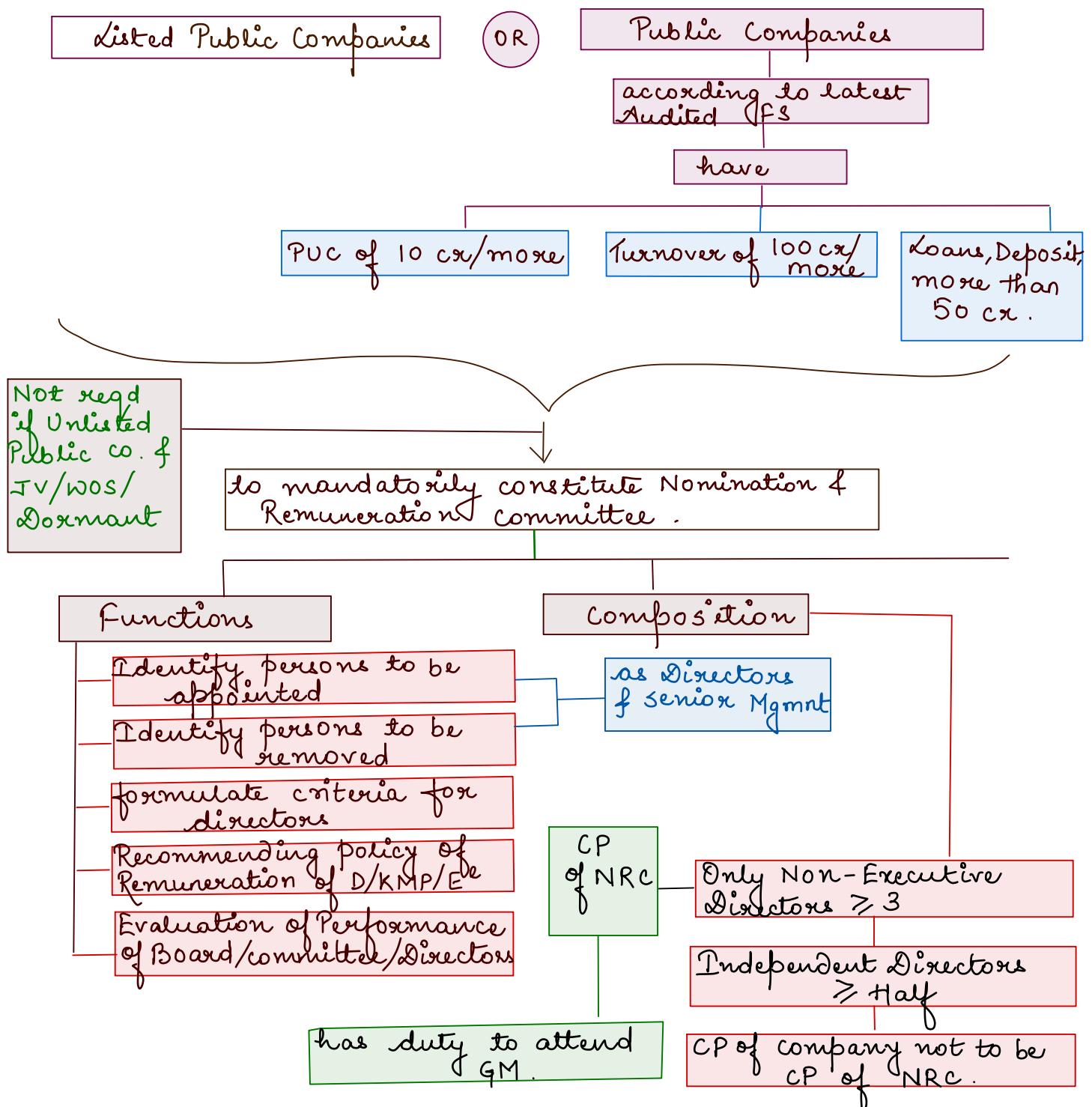
Omnibus Approval for Related Party Transaction [Rule 6A]



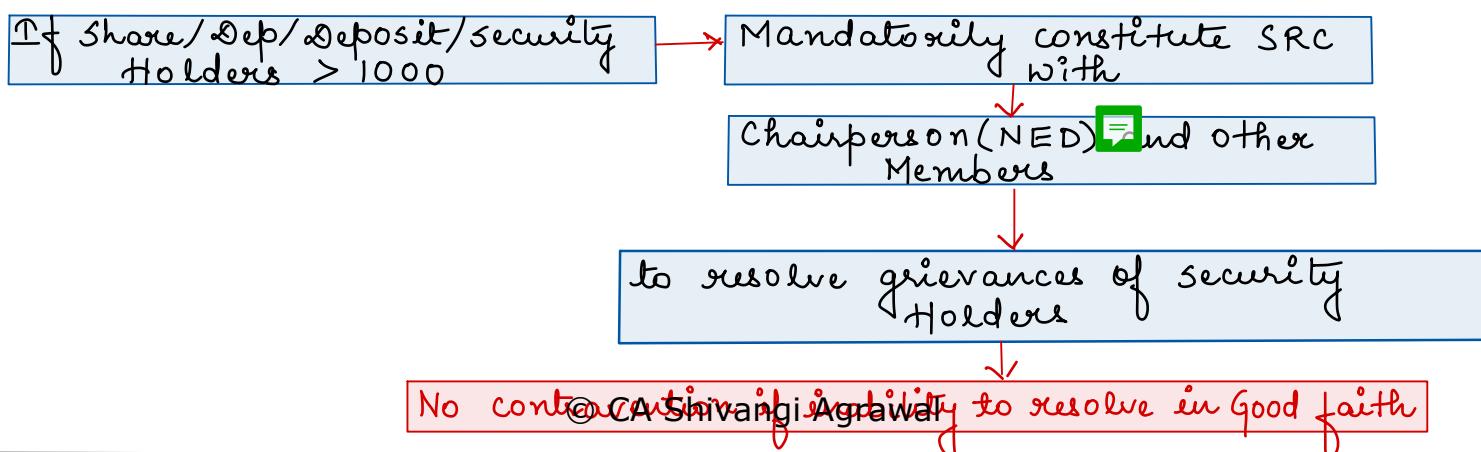
Vigil Mechanism [Section 177]

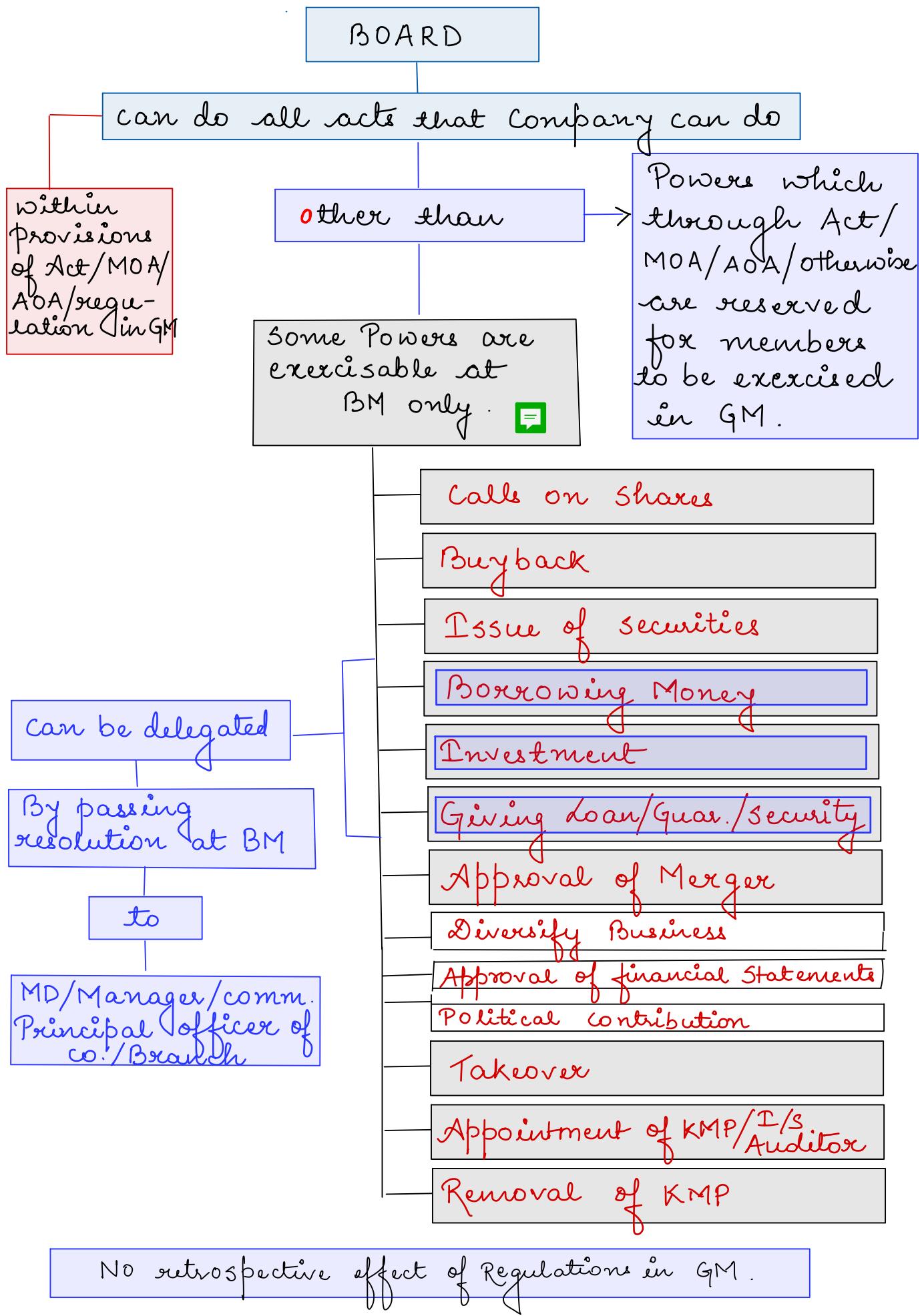


Nomination and Remuneration Committee [Section 178]

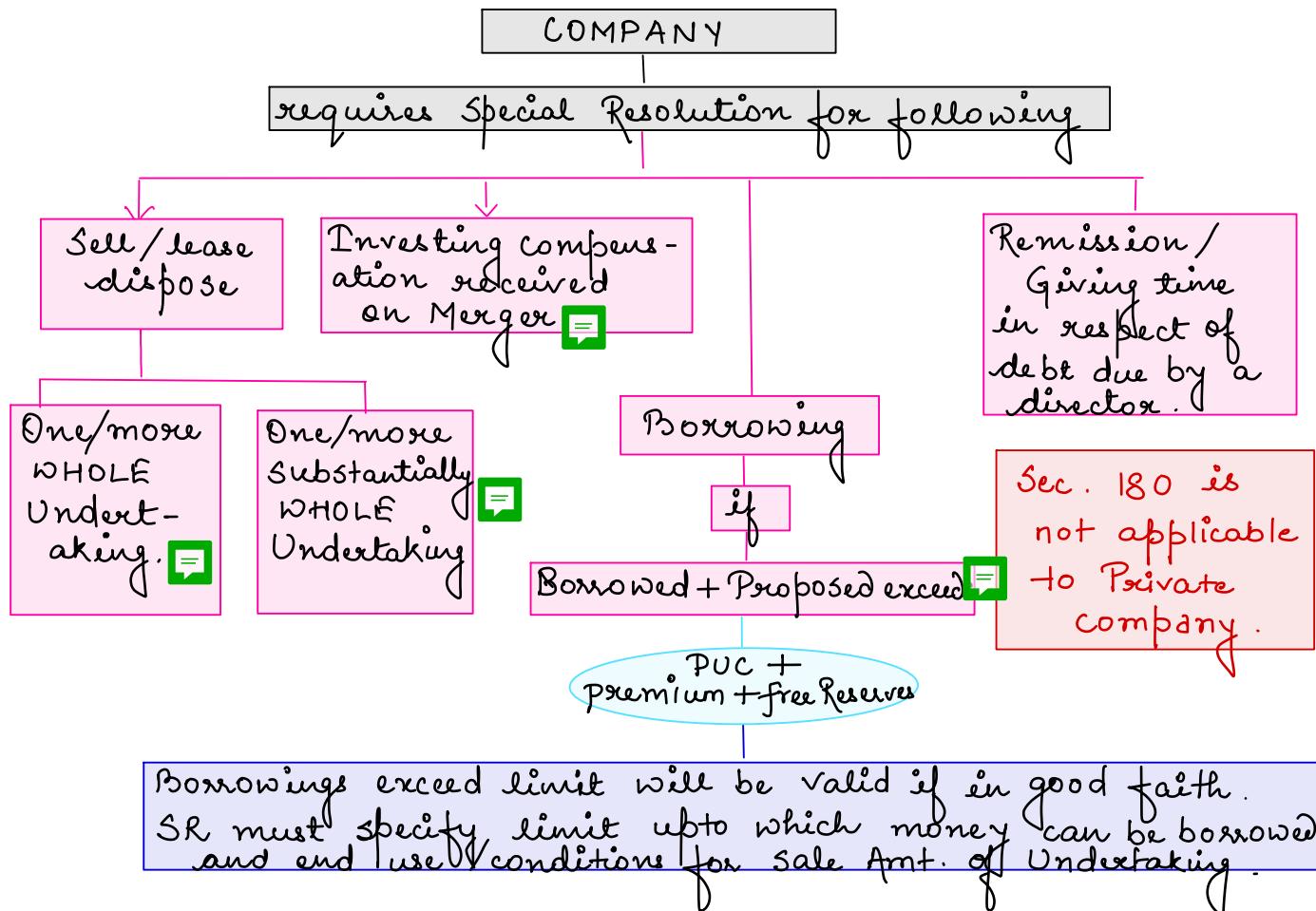


Stakeholders Relationship Committee [Section 178]

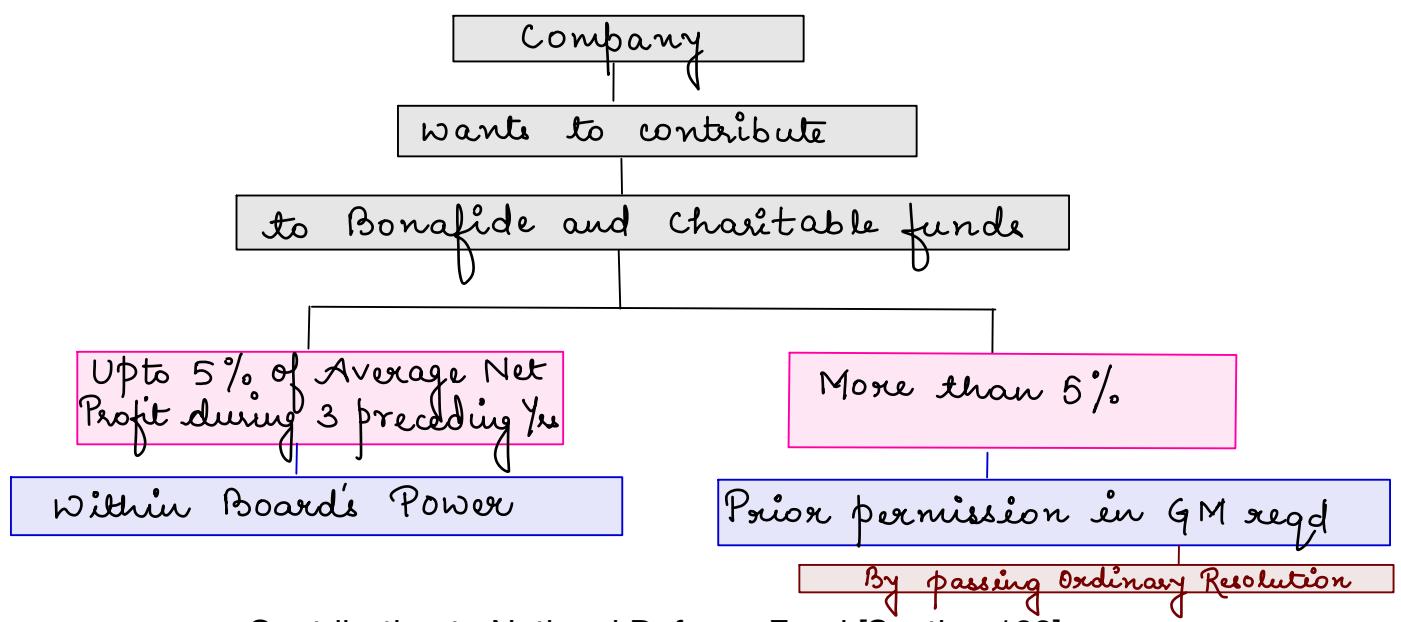




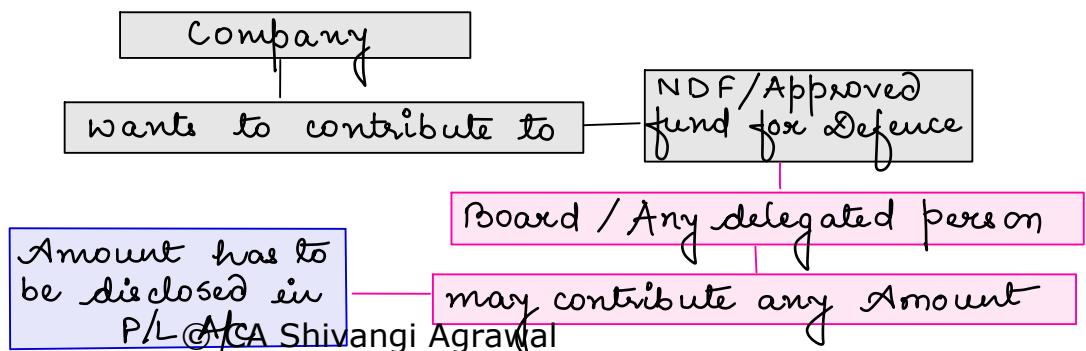
Restrictions on Powers of Board [Section 180]



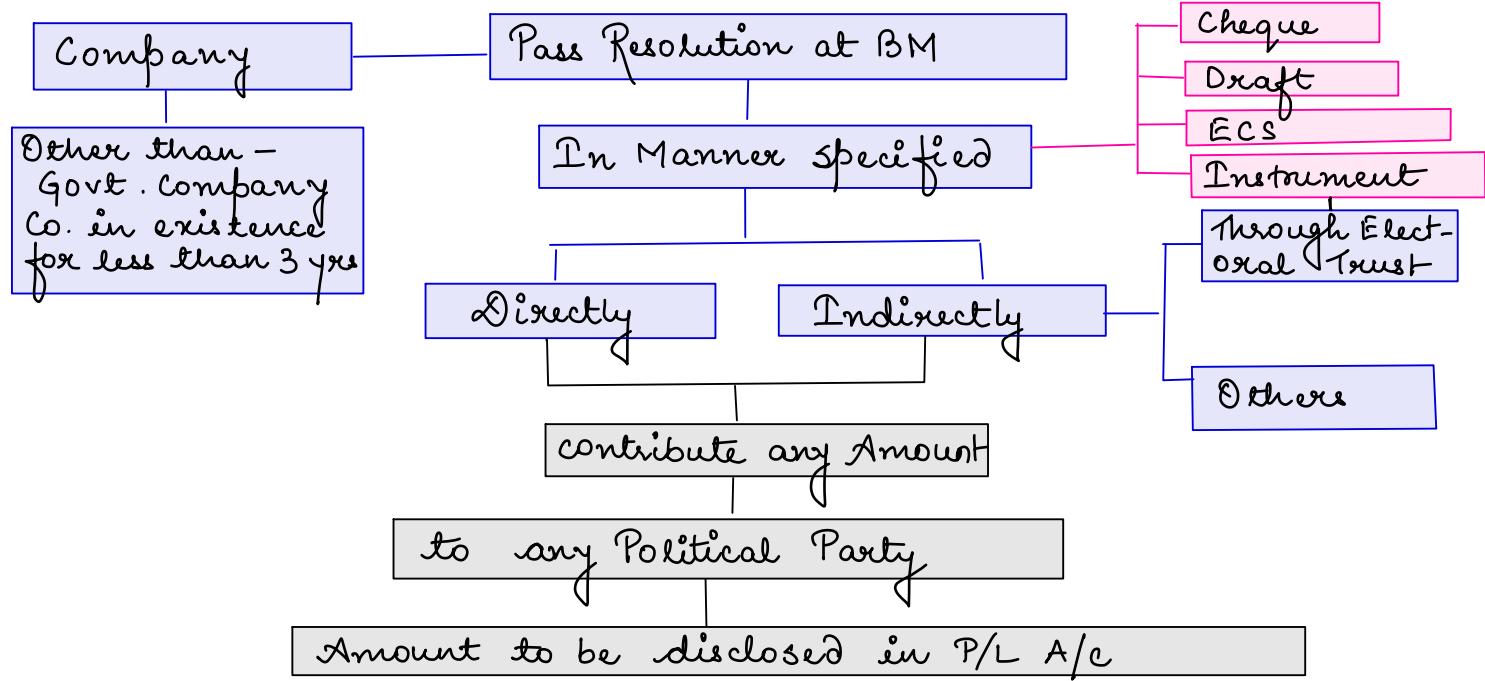
Company to contribute to Bonafide and Charitable Funds [Section 181]



Contribution to National Defence Fund [Section 183]

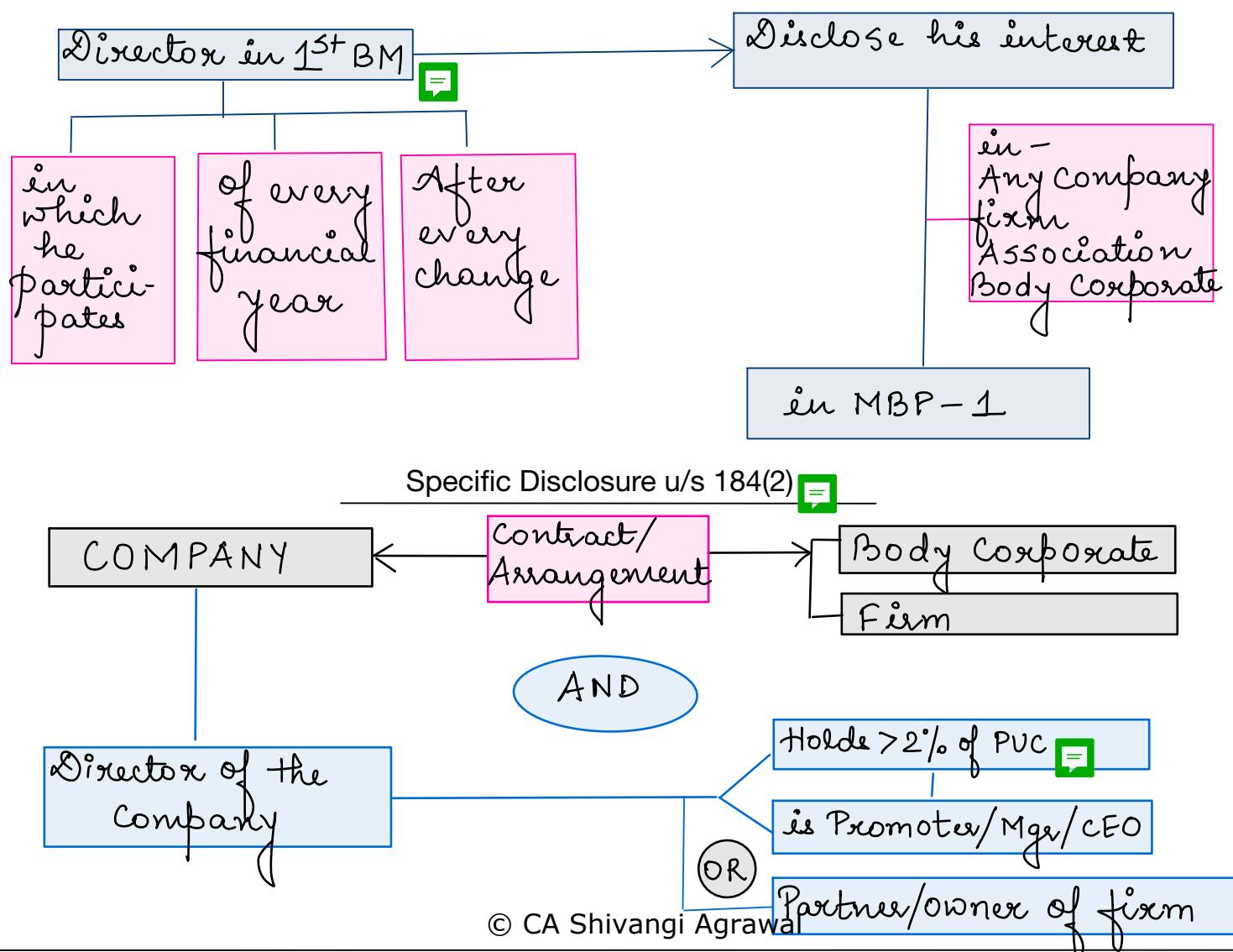


Prohibition & Restriction regarding Political Contribution [Section 182]

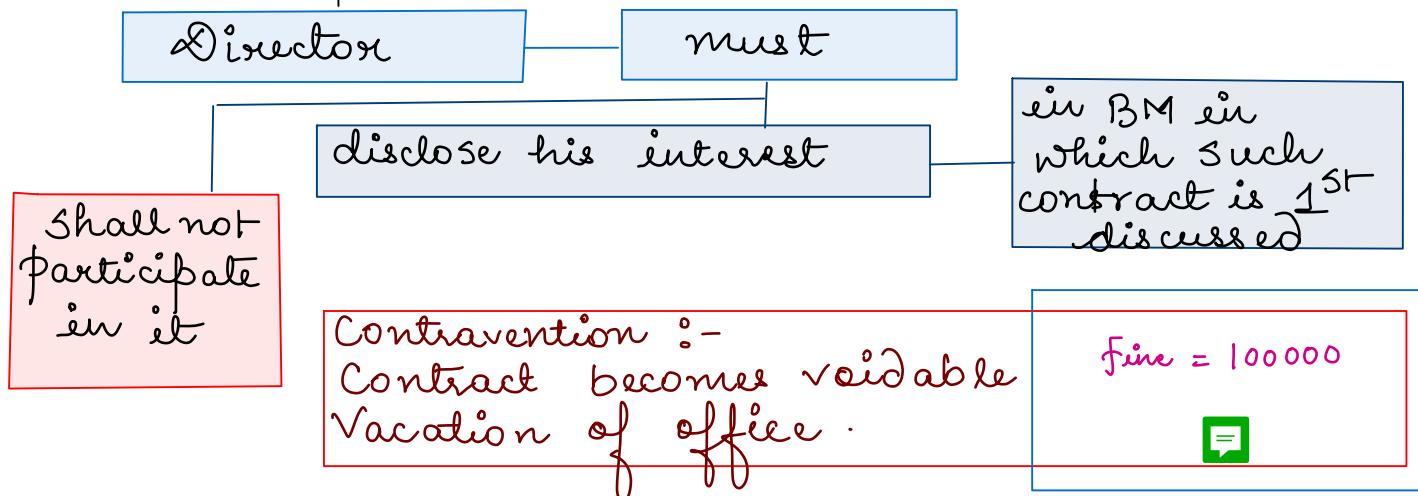


If contravention :- Company :- fine upto 5 times of contribution.
 officer in default :- Imprisonment - upto 6 months
 fine upto 5 times of contribution.

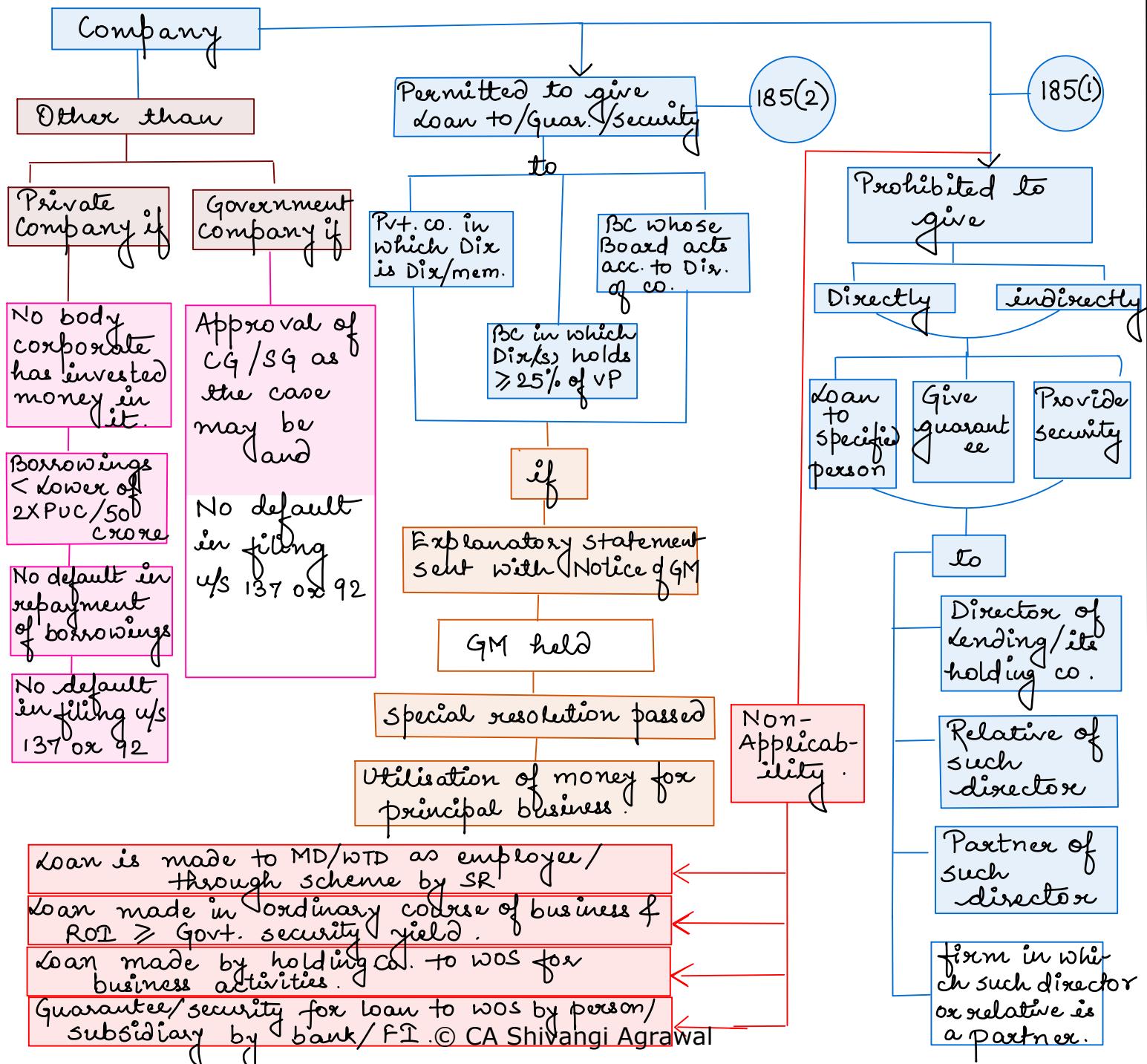
Disclosure of Interest by Director [Section 184]



In case above situation arises,



Loan to Directors etc [Section 185]



Loan is made to MD/WTD as employee/through scheme by SR

Loan made in ordinary course of business & ROI ≥ Govt. security yield.

Loan made by holding co. to WOS for business activities.

Guarantee/security for loan to WOS by person/subsidiary by bank/ FI. © CA Shivangi Agrawal

Partner of such director

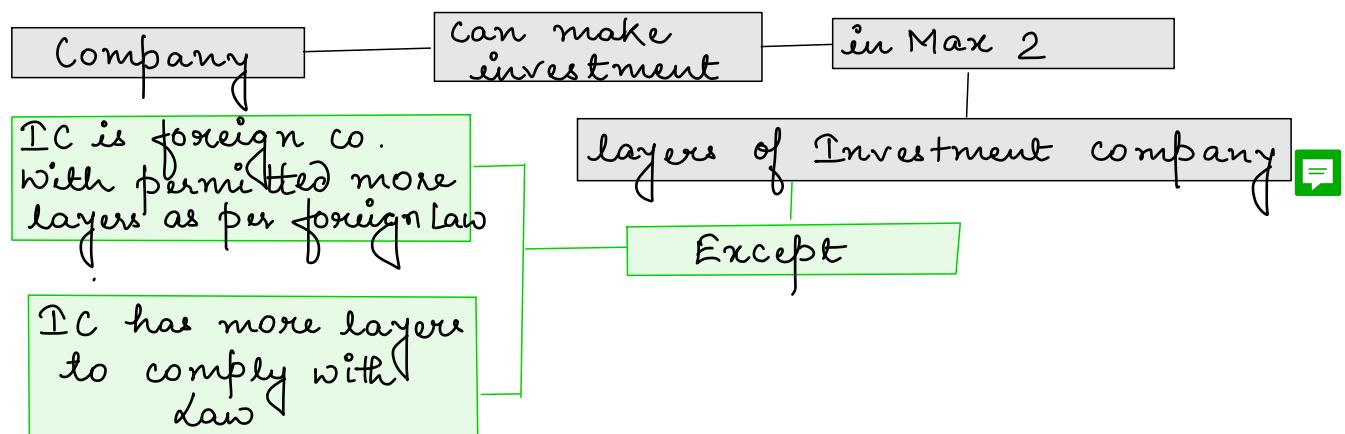
firm in which such director or relative is a partner.

Director of lending/its holding co.

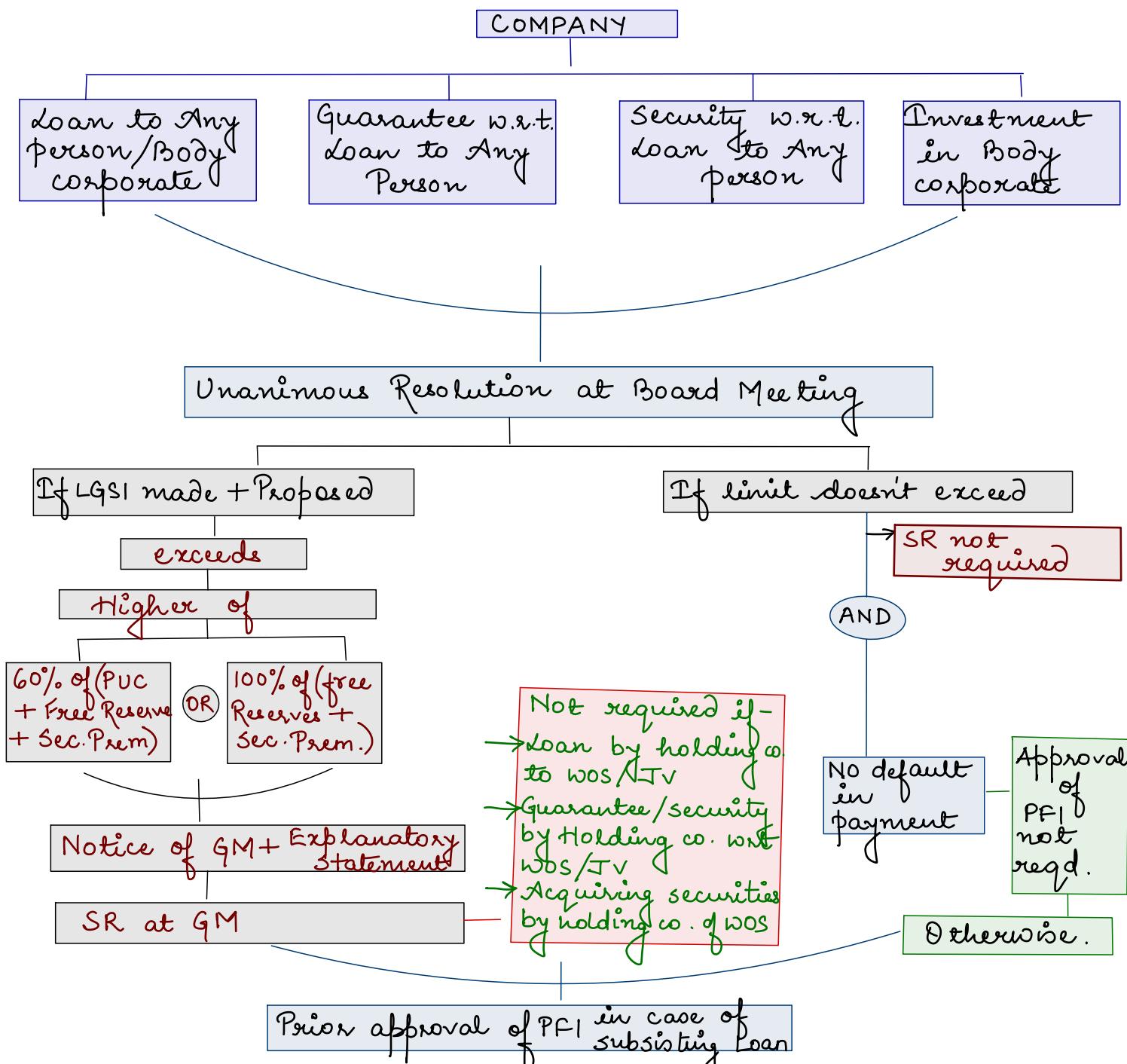
Relative of such director

Loans, Investments etc by a Company [Section 186]

Restriction on layers of Investment Companies [Section 186(1)]



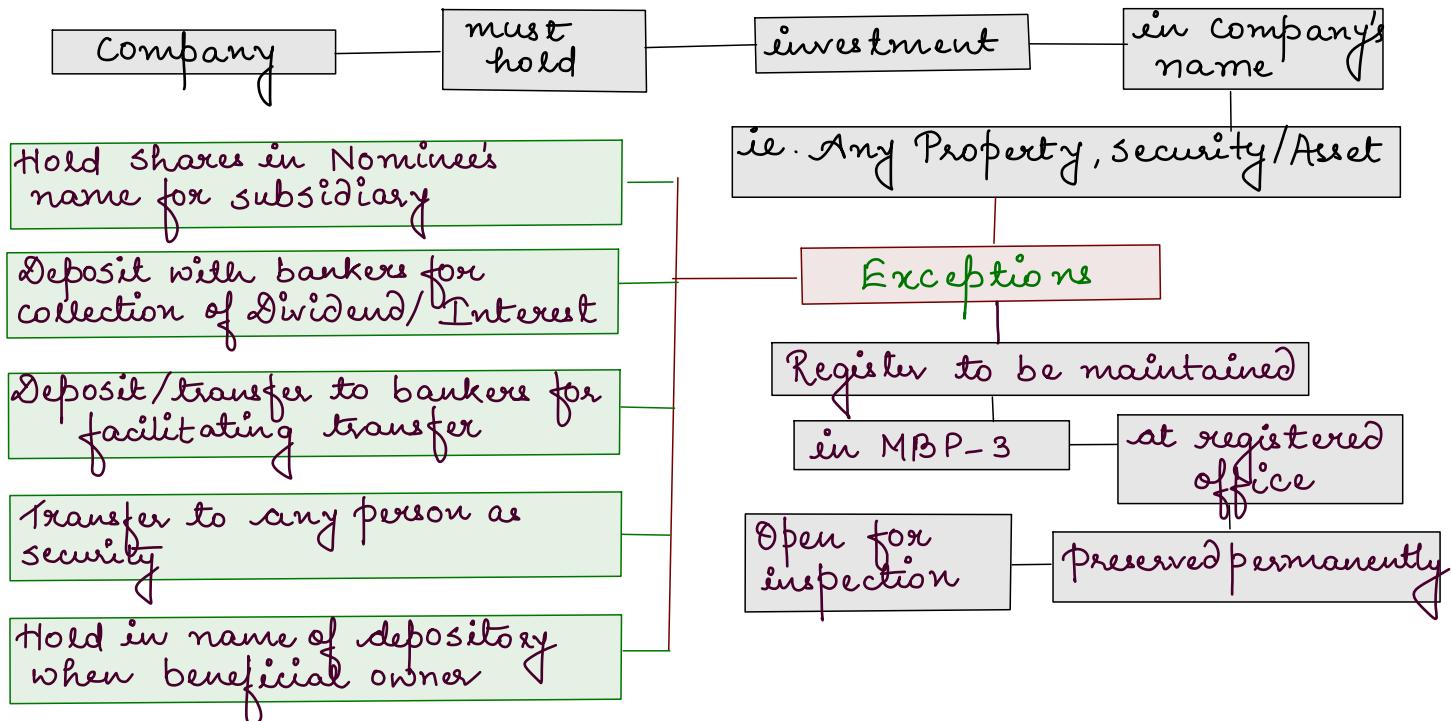
Other Provisions of Section 186



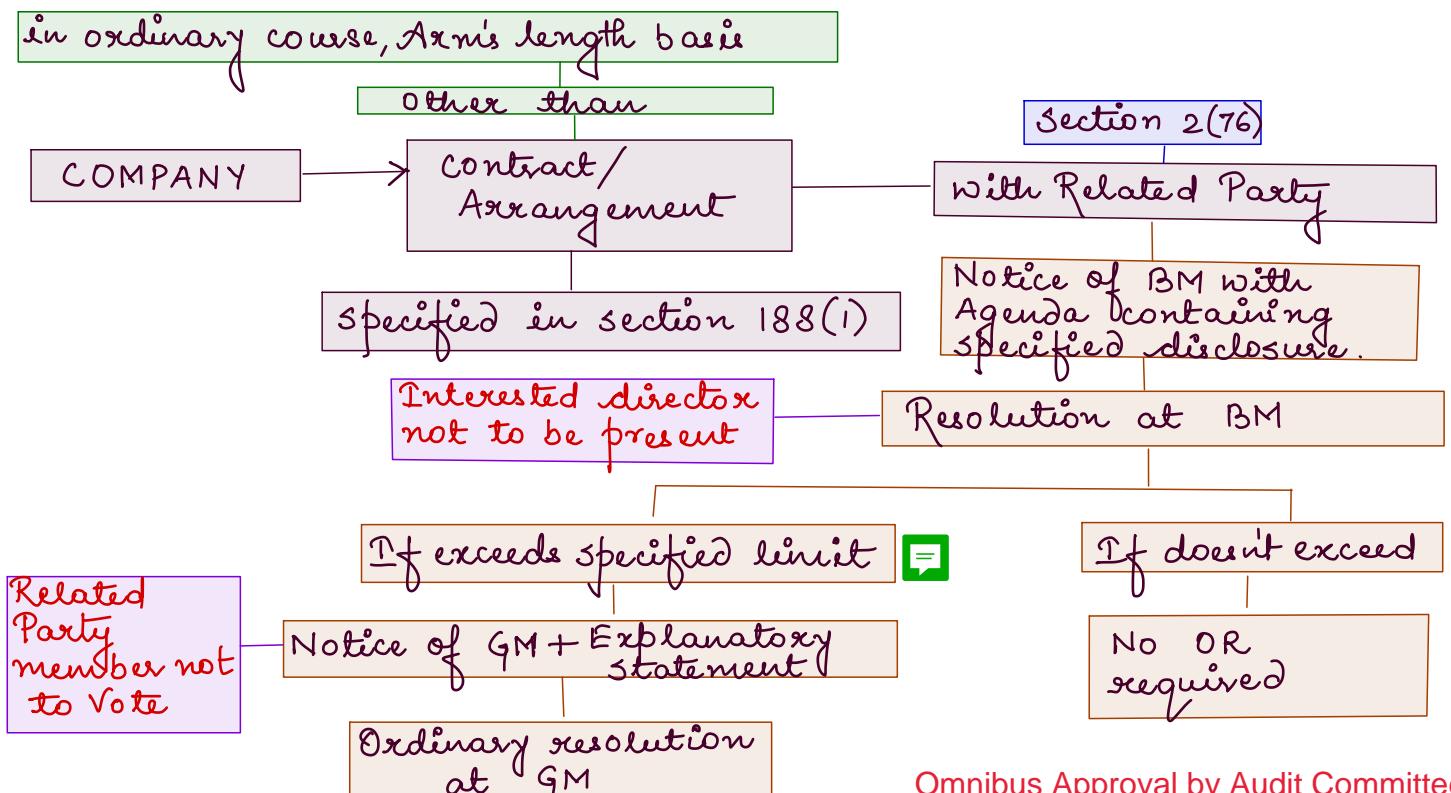
Other Requirements :-

- ⇒ Rate of interest on loan ≥ Yield of Govt. security
- ⇒ No subsisting default w.r.t. deposits
- ⇒ Disclosure of full particulars in financial statement.

Investment of Companies to be held in its own name [Section 187]



Related Party Transactions [Section 188]



Omnibus Approval by Audit Committee.

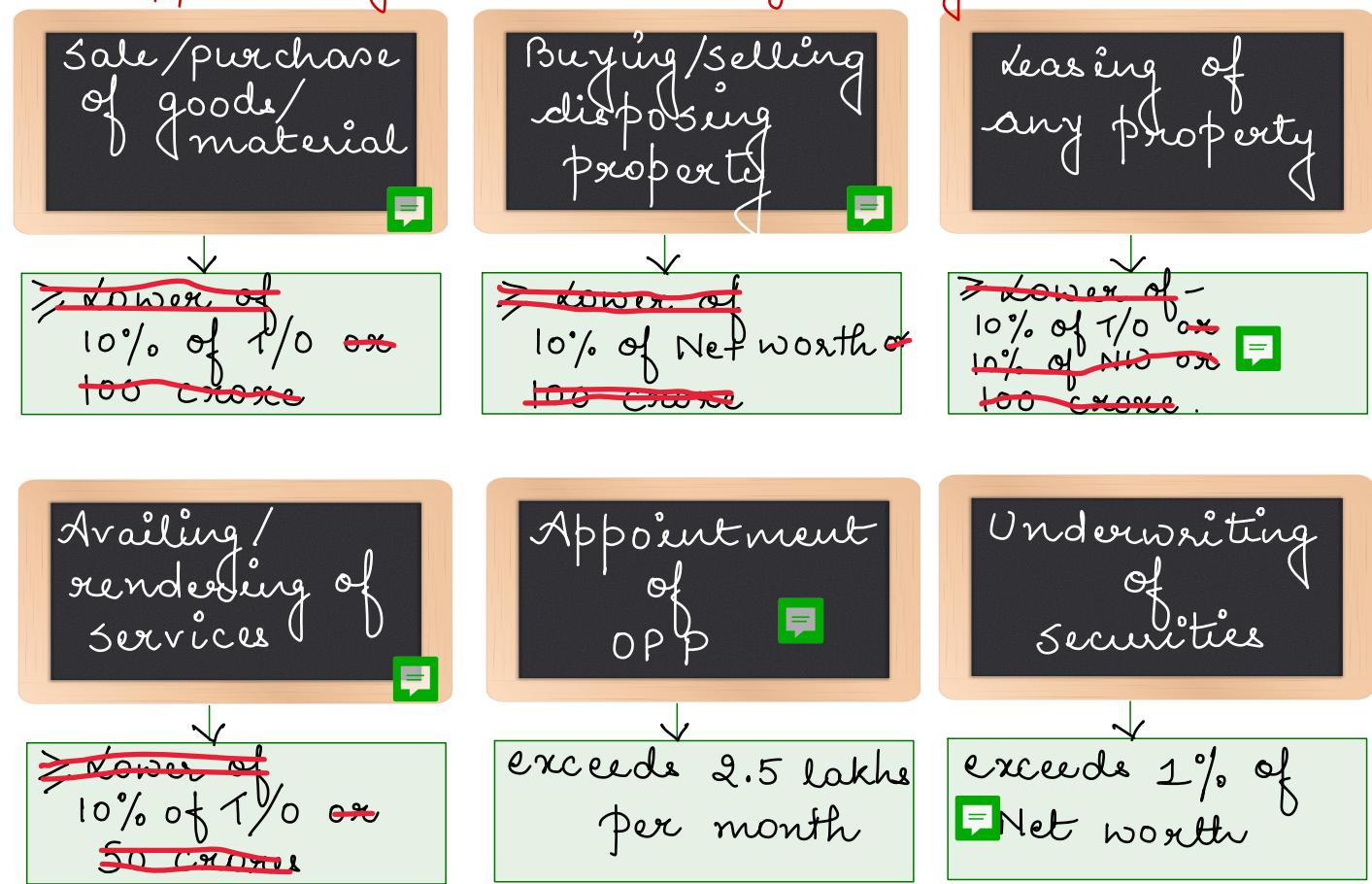


Specified Contracts u/s 188(1) to which section 188 applies



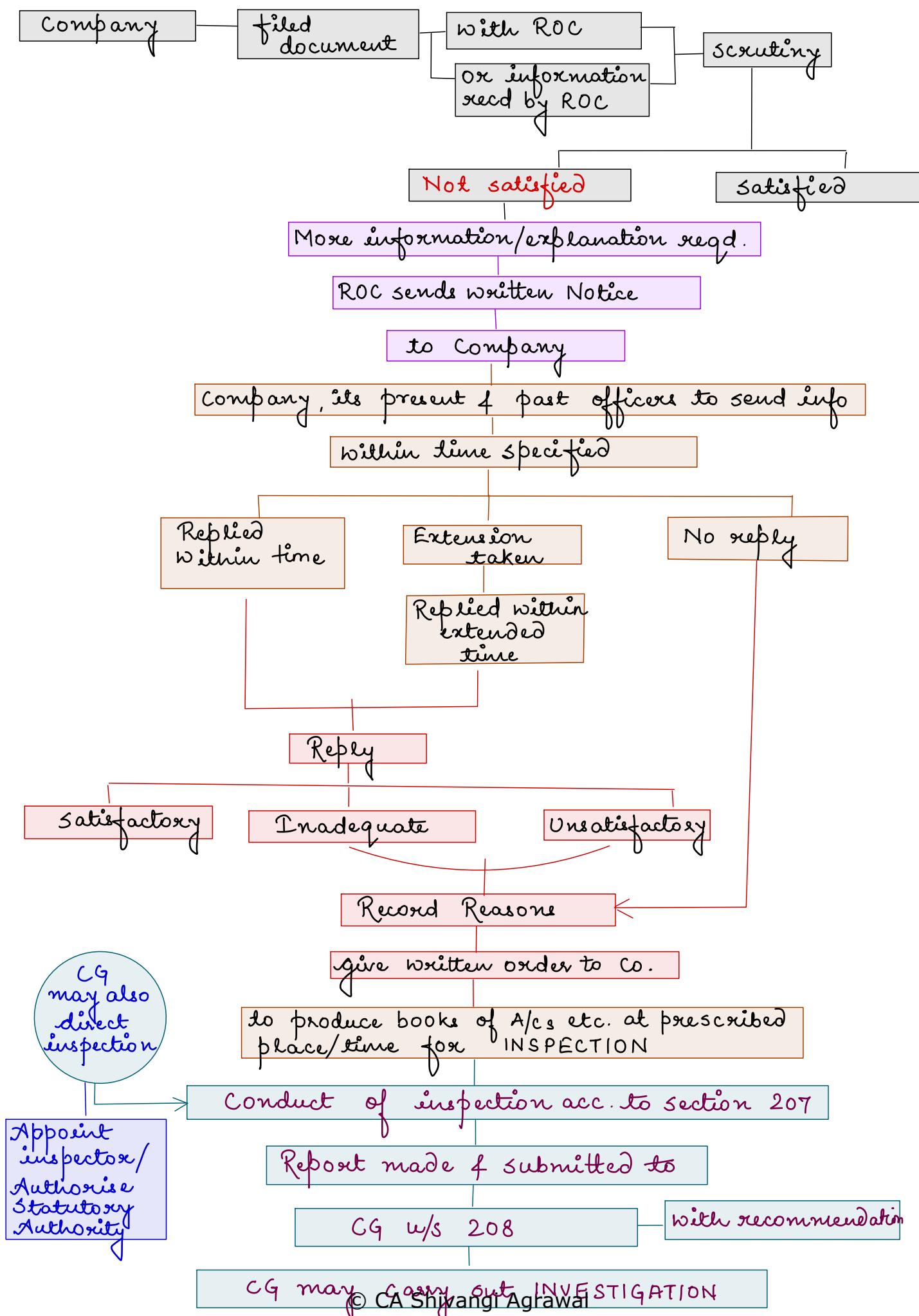
Limit of above Specified Contracts

Prior Approval by OR in the following cases :-

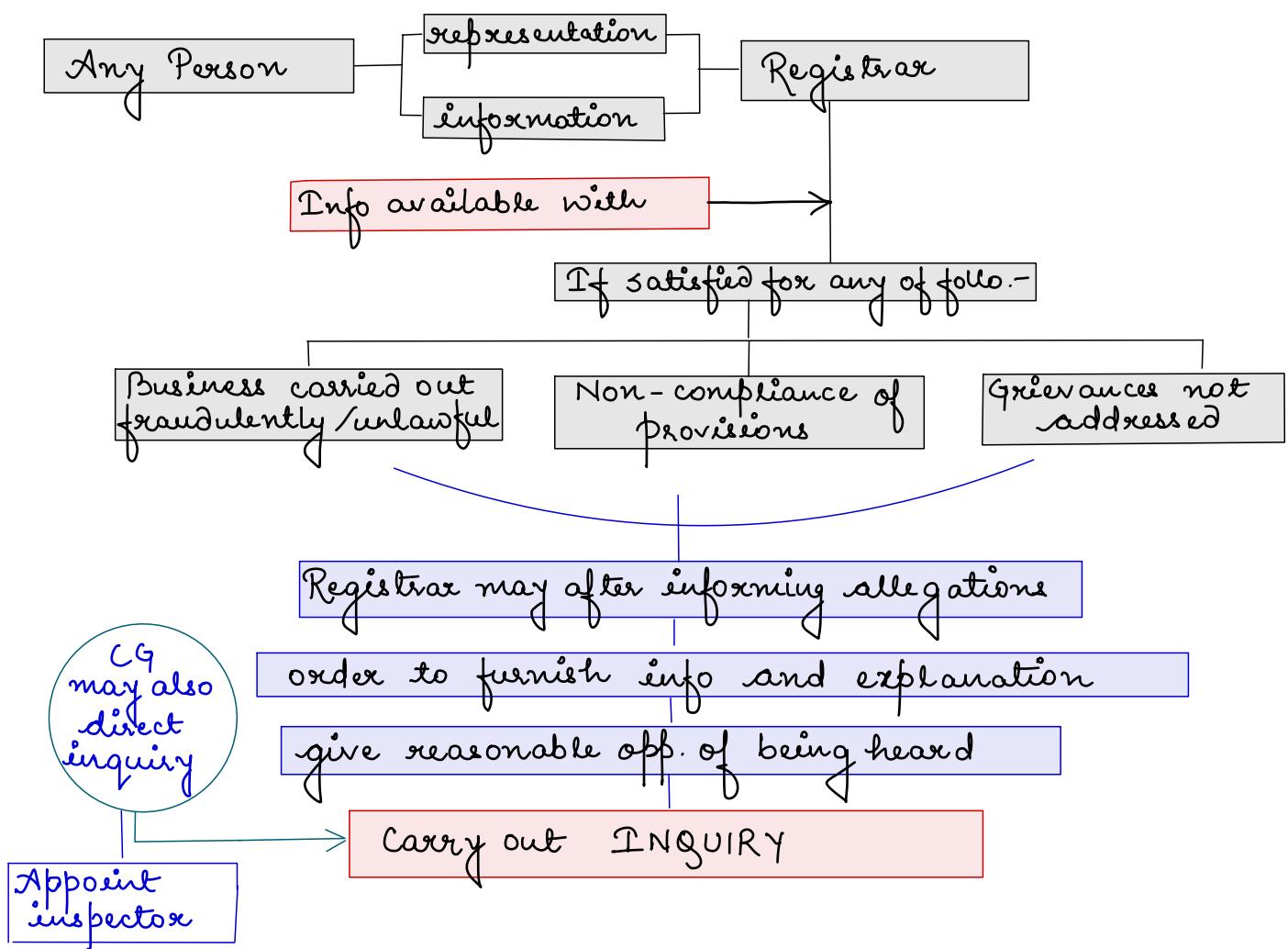


If contract entered without Board and/or Member's Approval,
it may be ratified within 3 months by them.
If not ratified -
Voidable at the option of Board/members as the case may be
AND
Directors concerned shall indemnify company against loss.

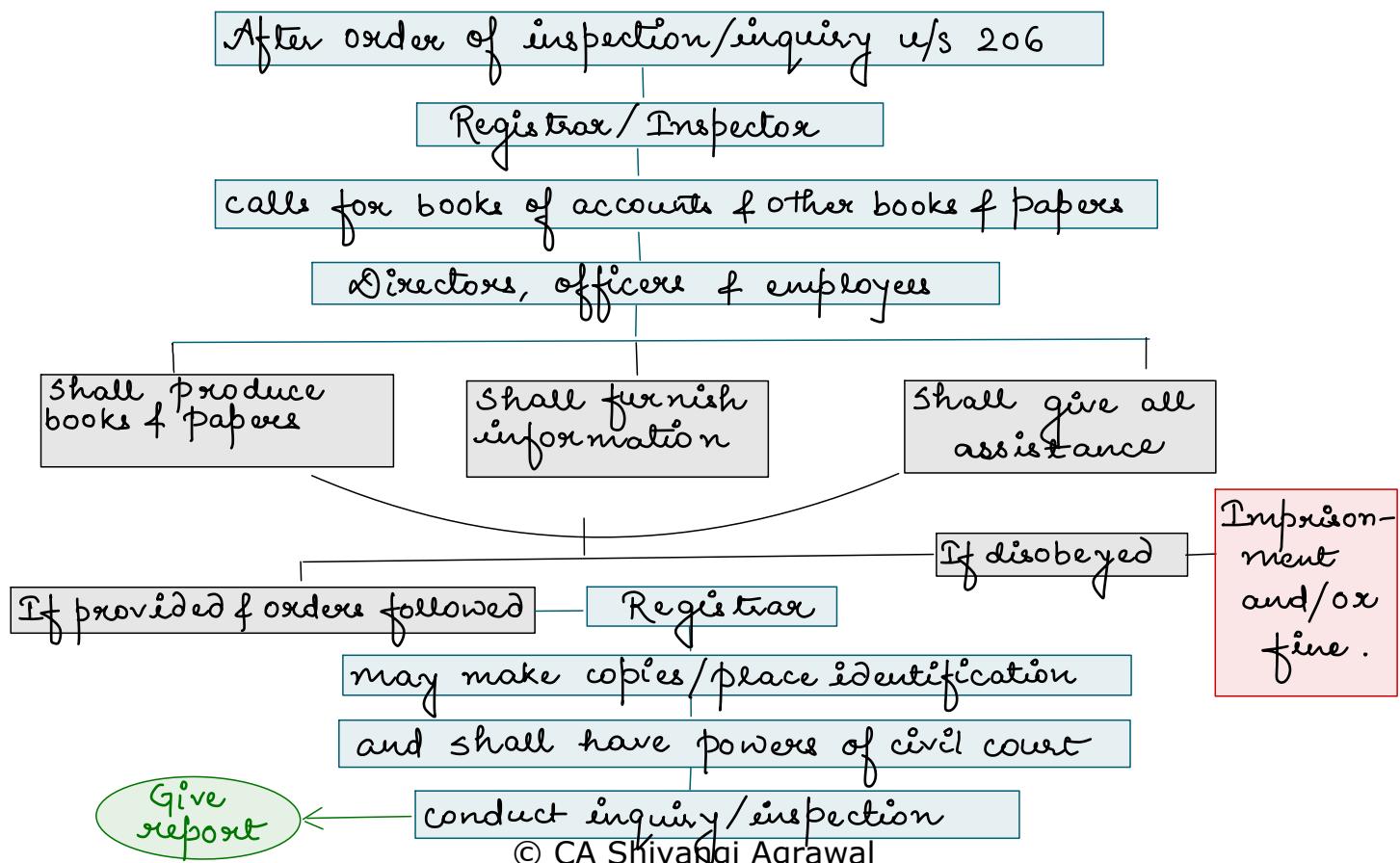
Power of ROC to call for Info, Inspect Books [Section 206]



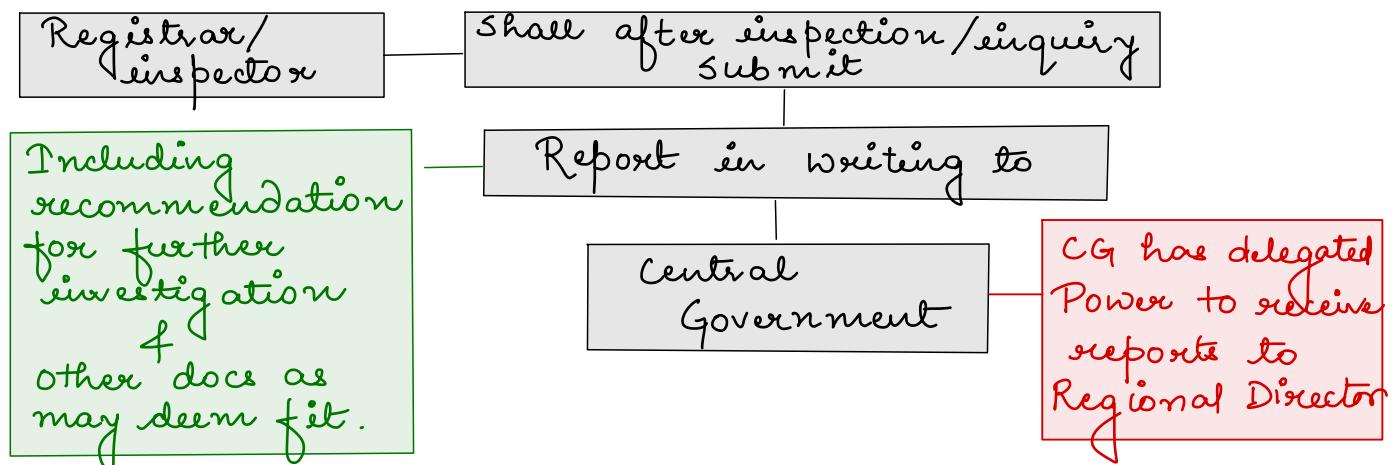
Power of ROC to call for Info, Conduct Inquiries [Section 206(4)].



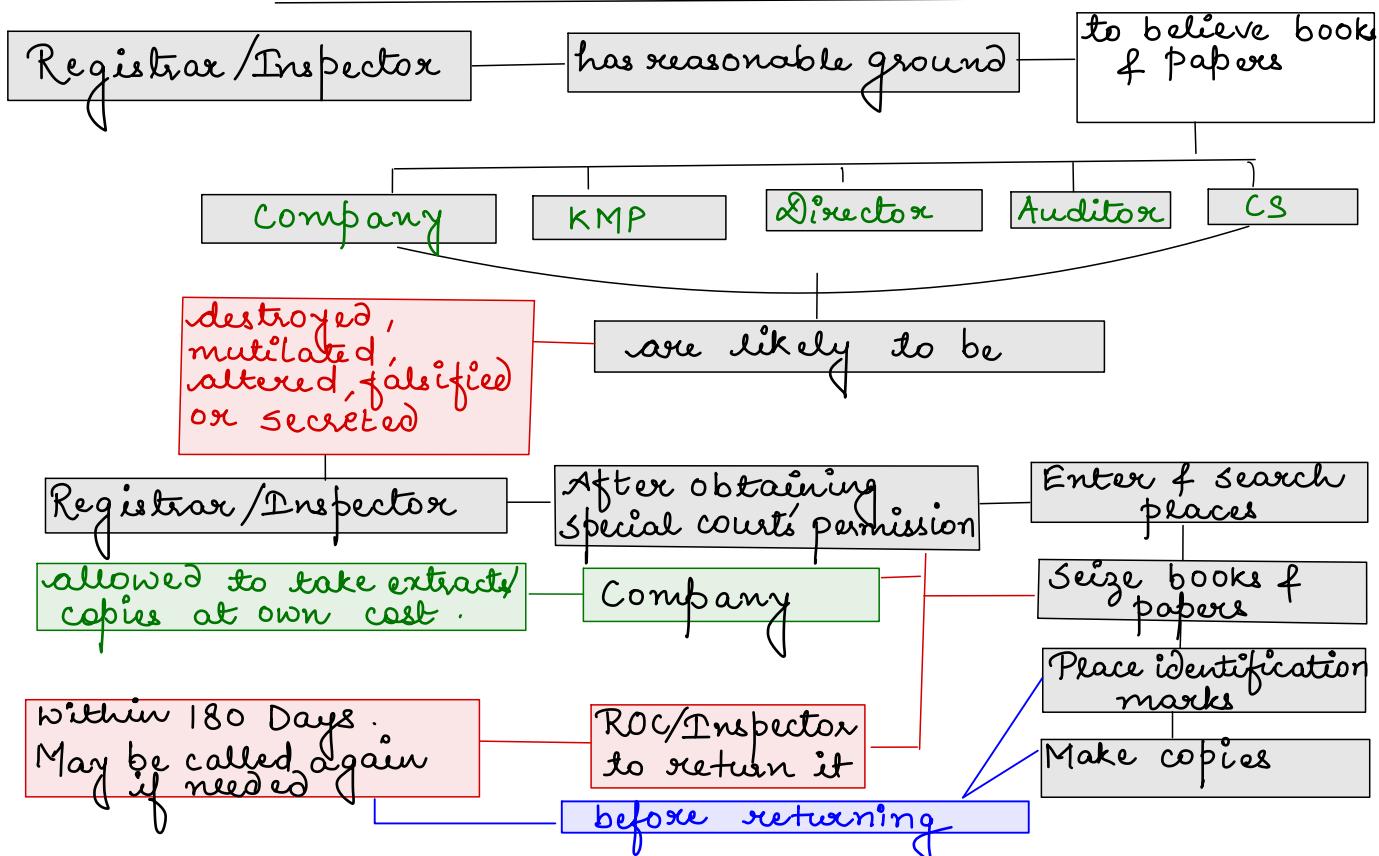
Conduct of Inspection and Inquiry [Section 207]



Report after Inquiry/ Inspection [Section 208]

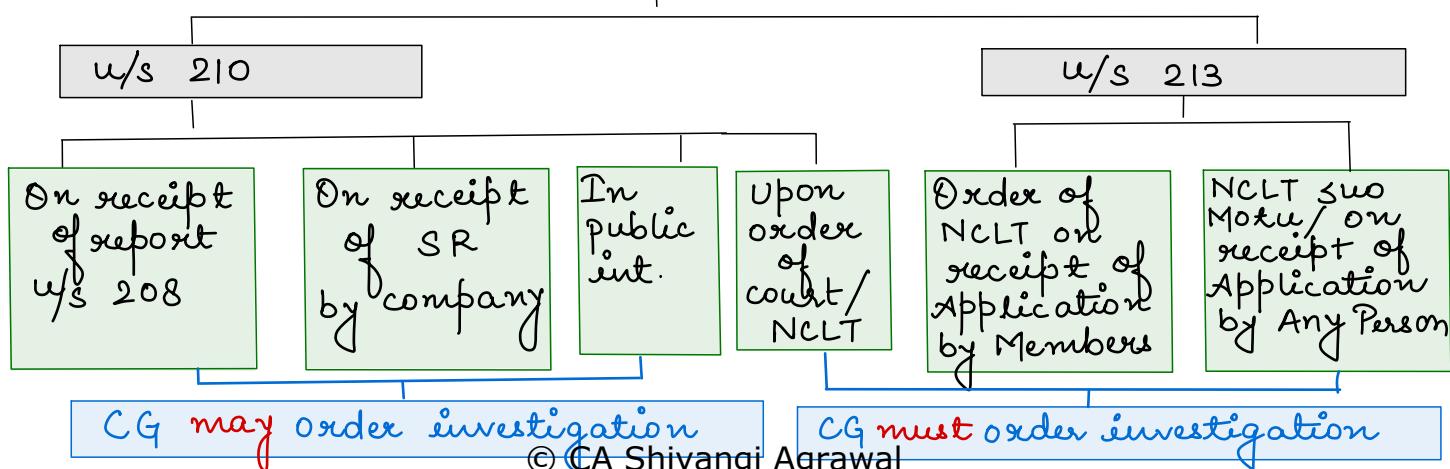


Search and Seizure [Section 209]



Investigation into affairs of the Company

Grounds of Investigation

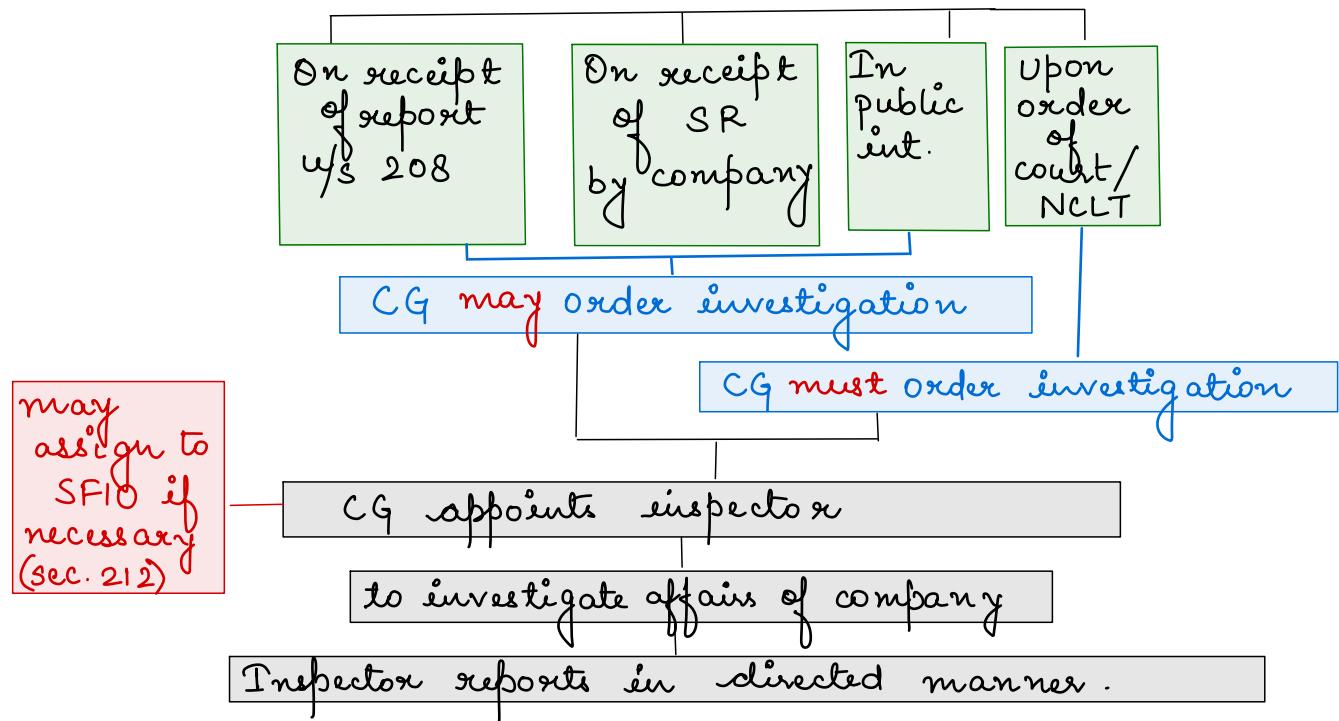


CG may order investigation

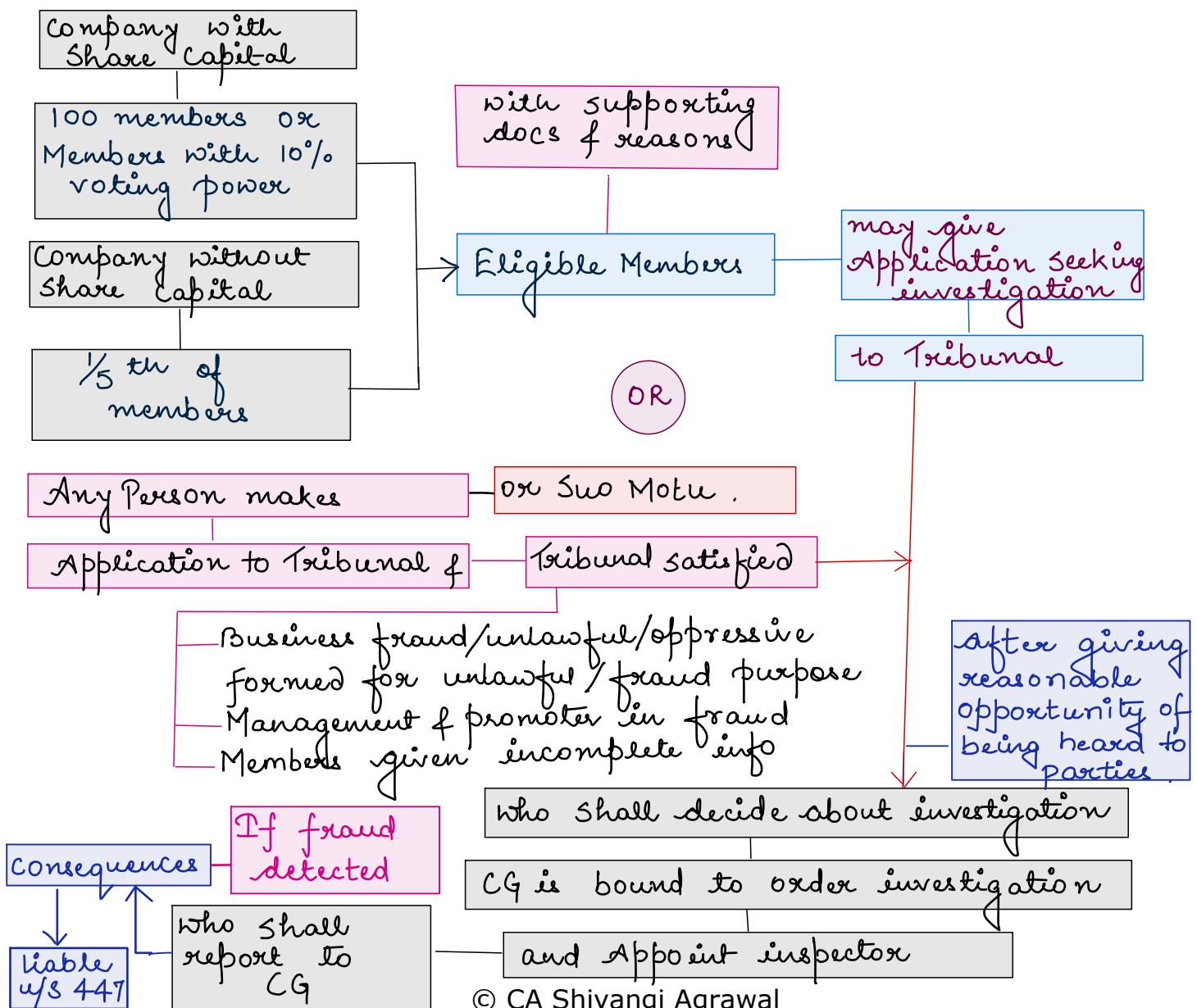
© CA Shivangi Agrawal

CG must order investigation

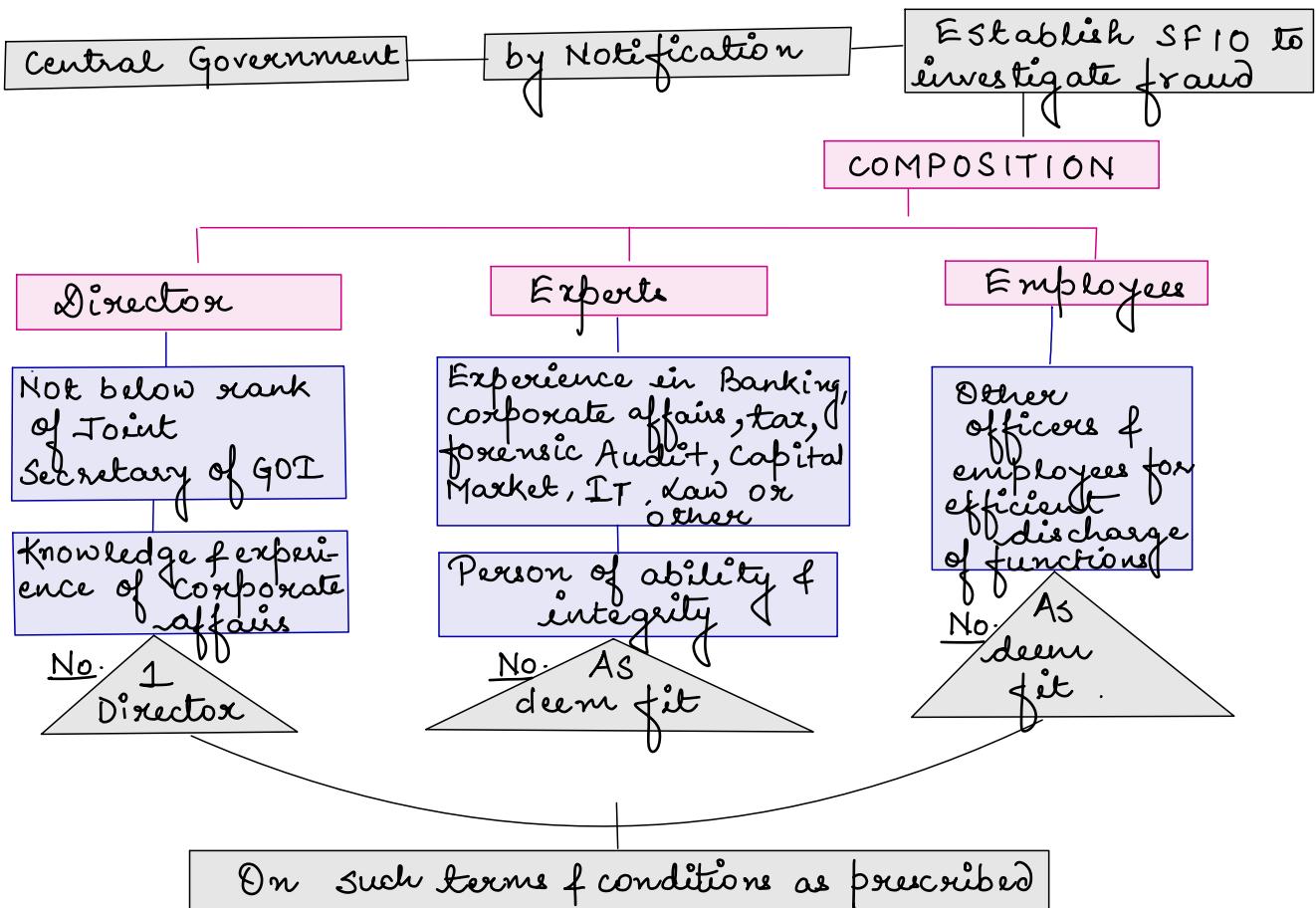
Investigation into affairs of Company [Section 210]



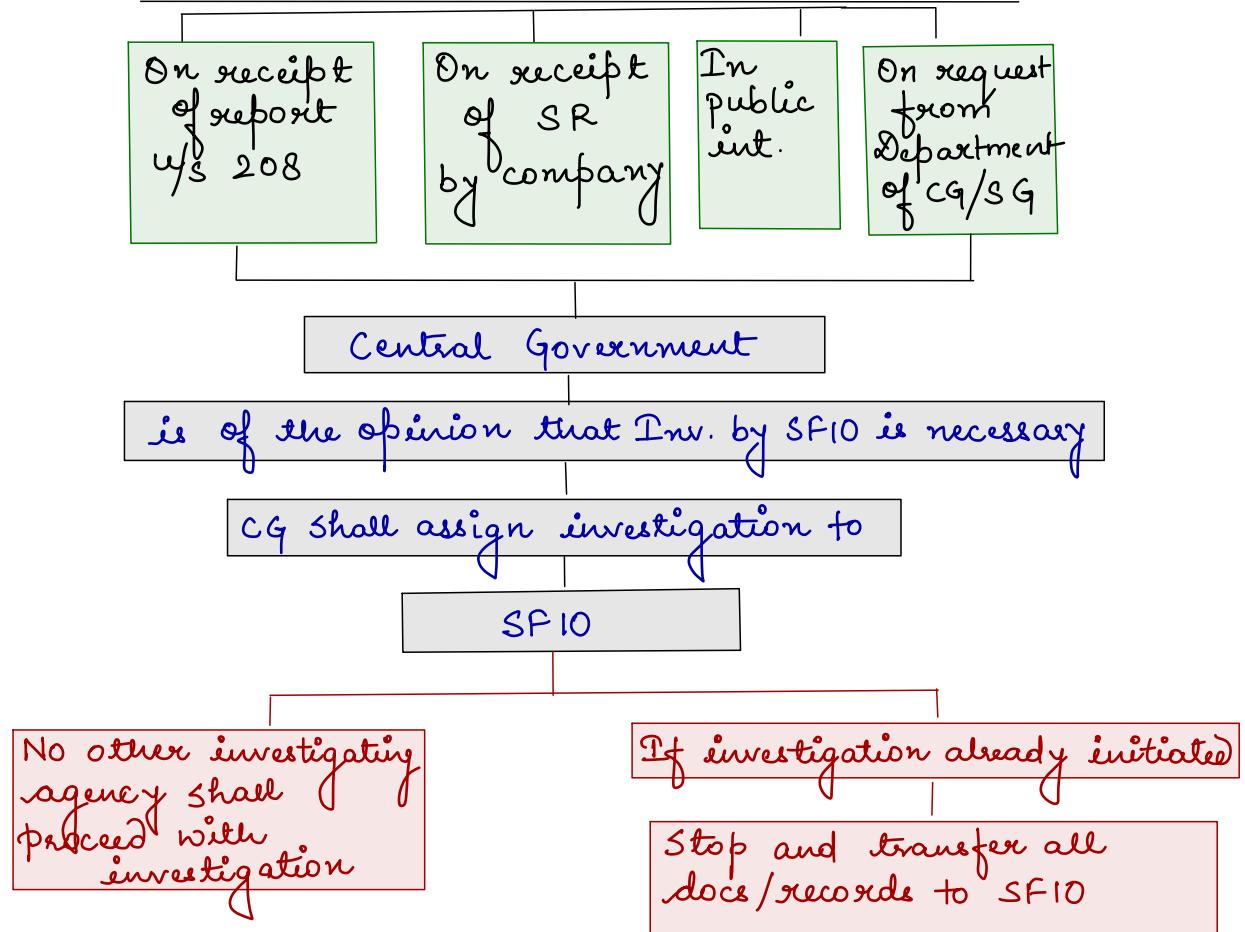
Investigation into affairs of Company on order of Tribunal [Section 213]



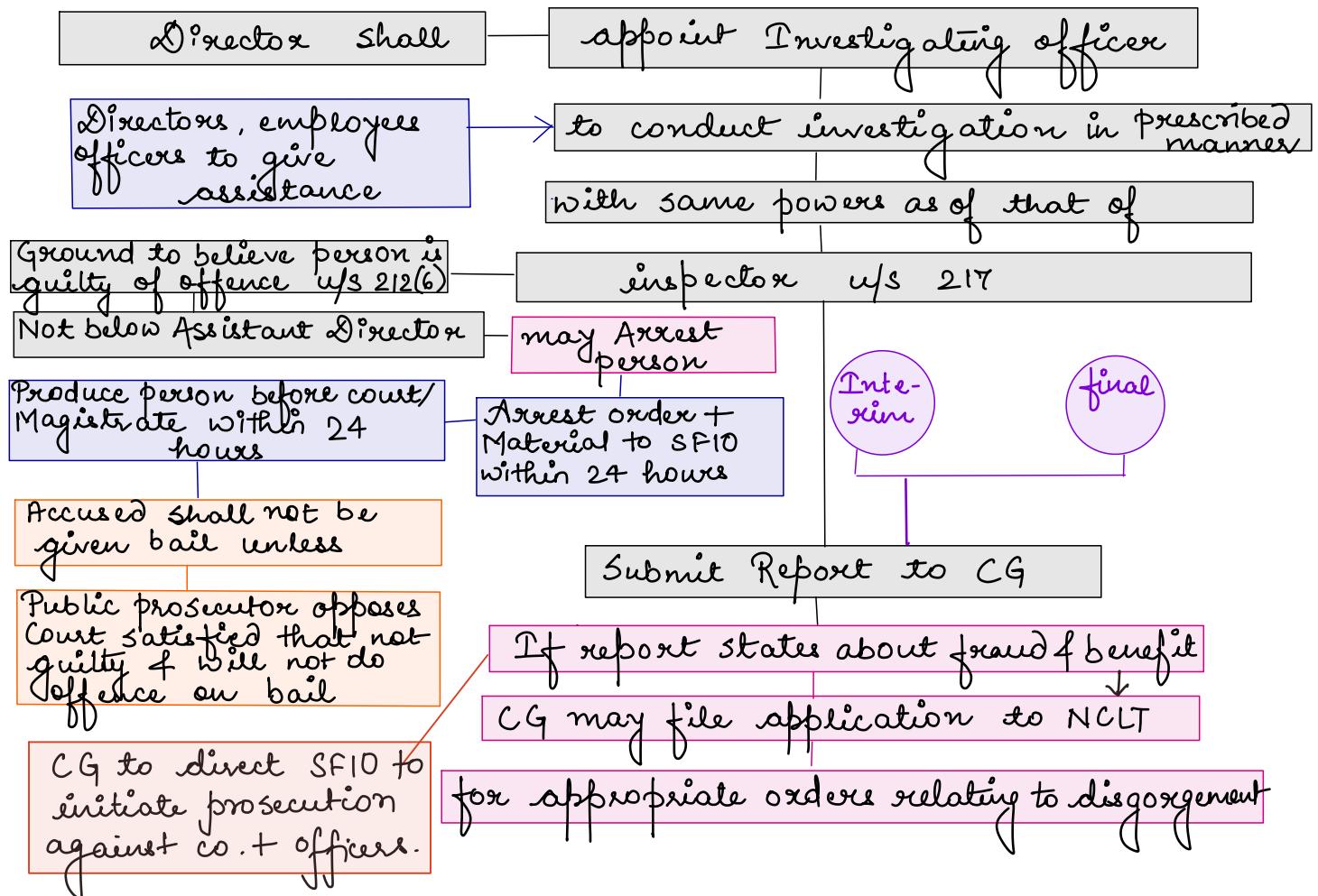
Establishment of SFIO [Section 211]



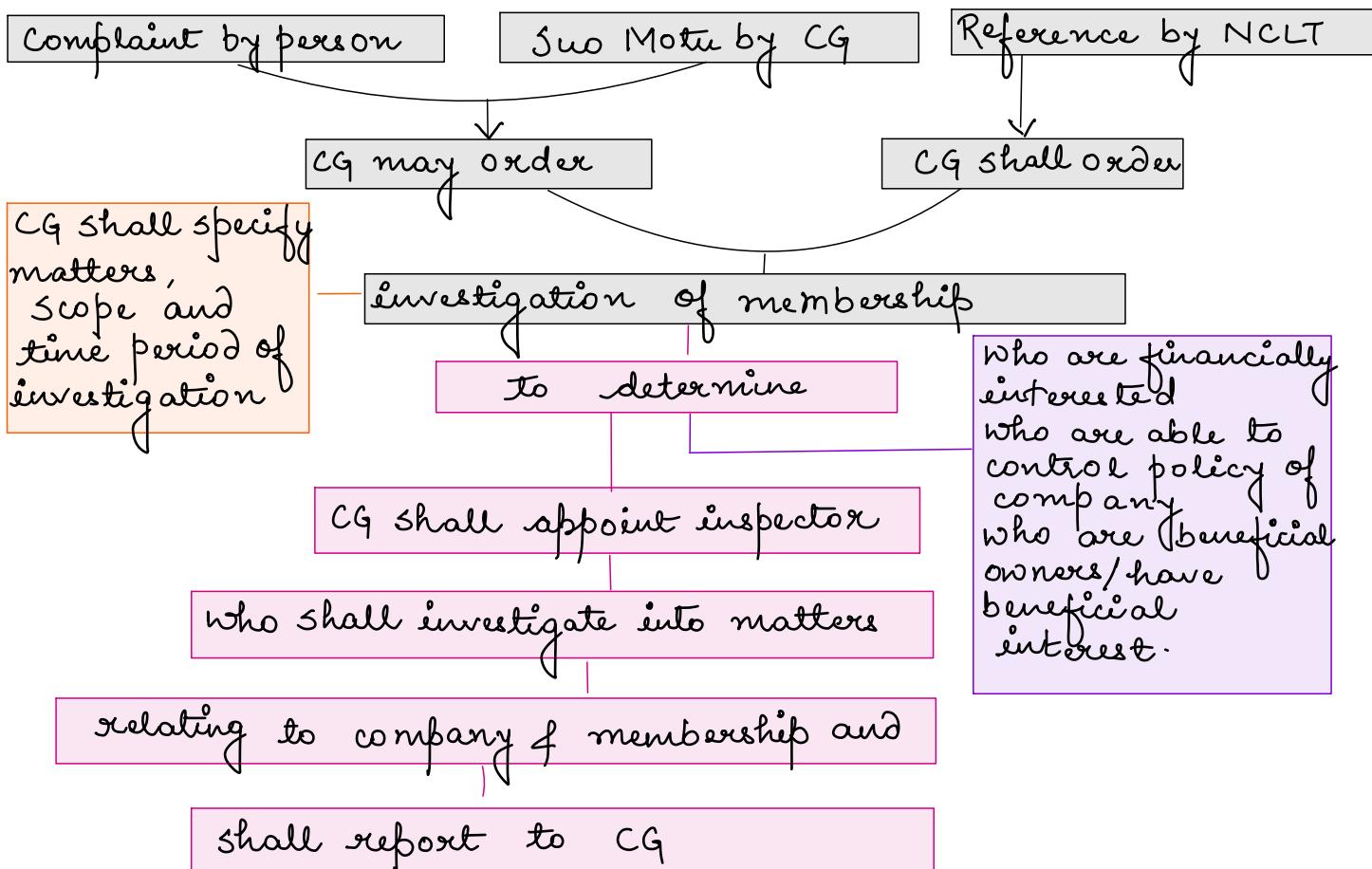
Investigation into affairs by SFIO [Section 212]



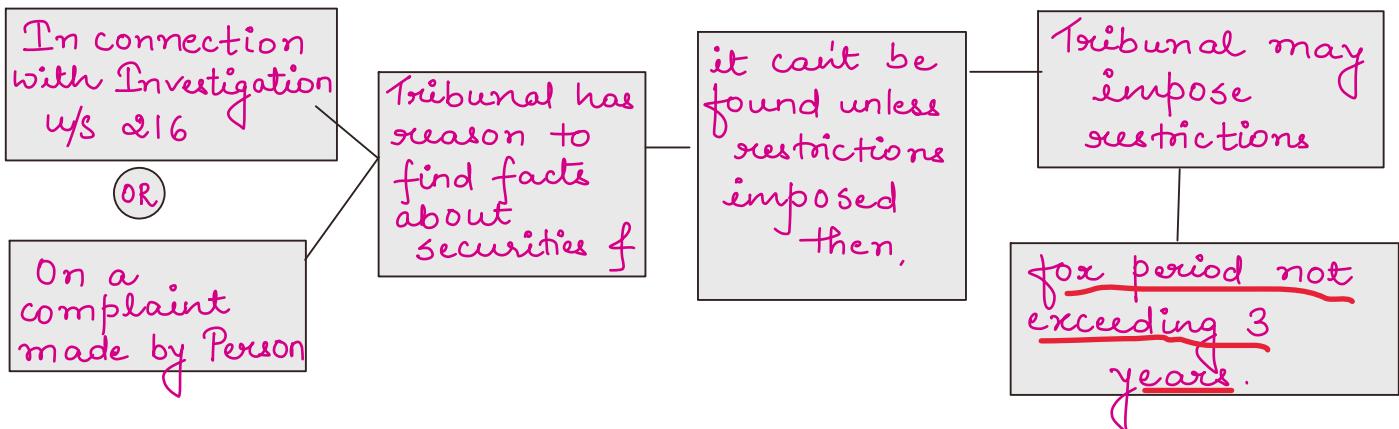
Procedure to be followed by SFIO



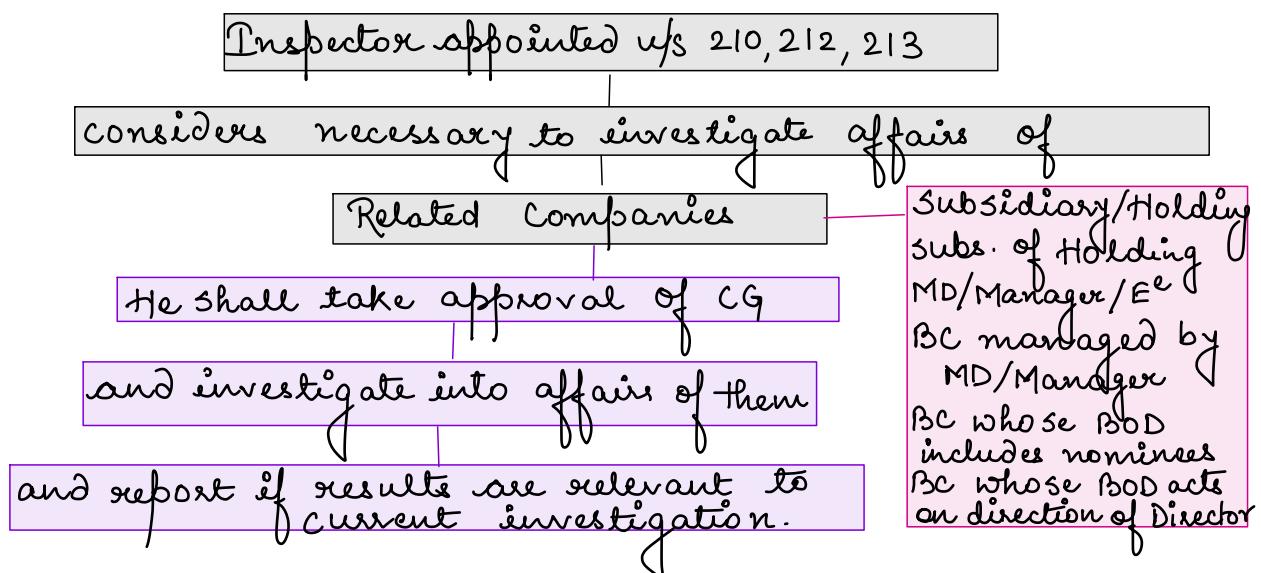
Investigation of Membership of a Company [Section 216]



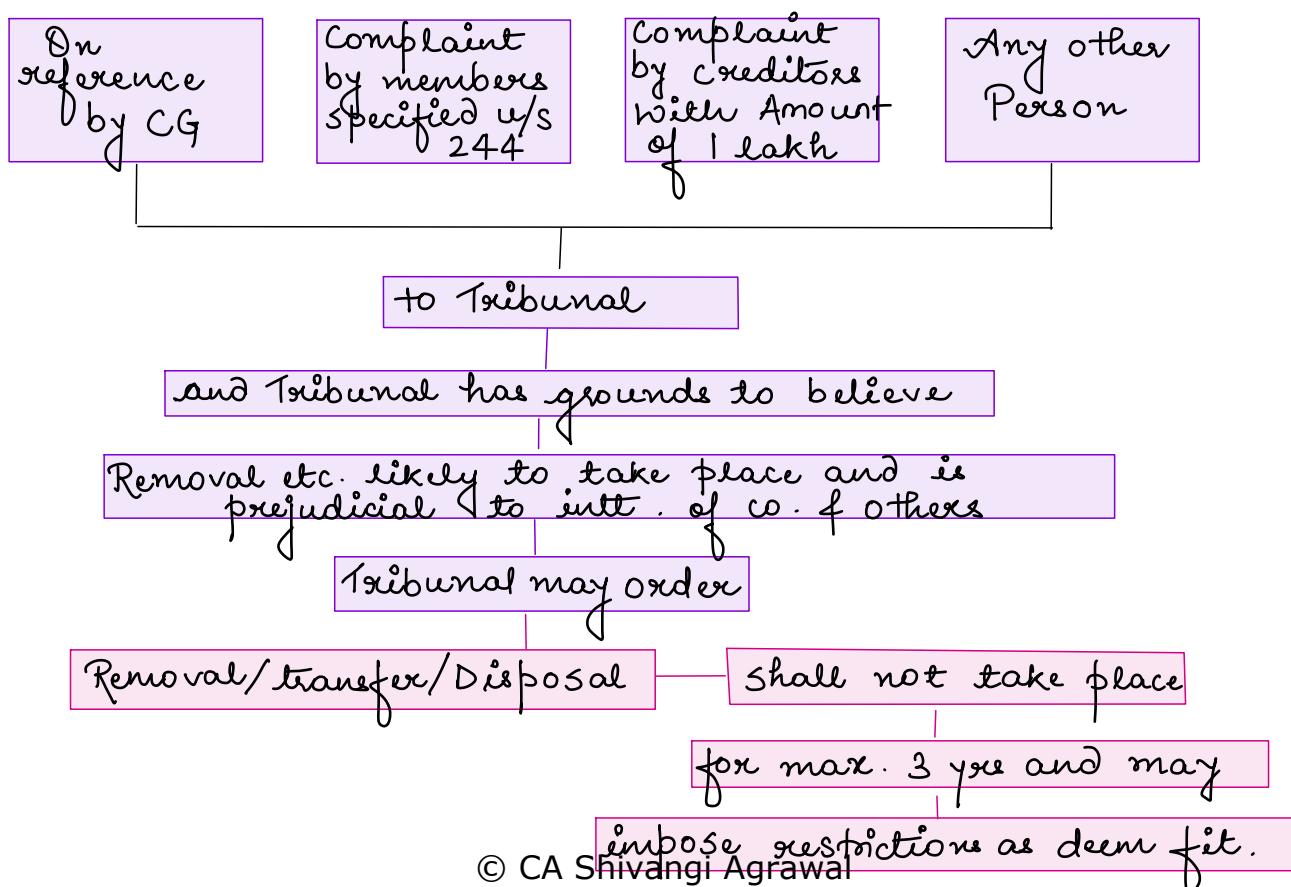
Imposition of Restrictions upon Securities (Section 222)



Powers of Inspector to investigate affairs of Related Companies [Section 219]



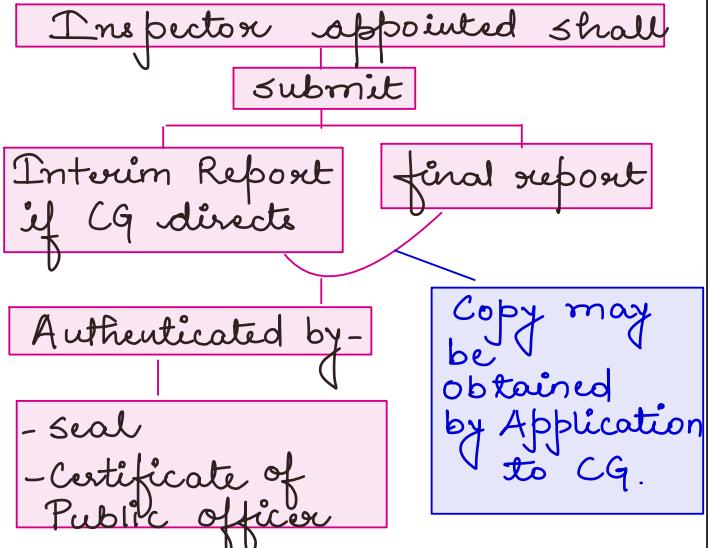
Freezing of Assets of a Company [Section 221]



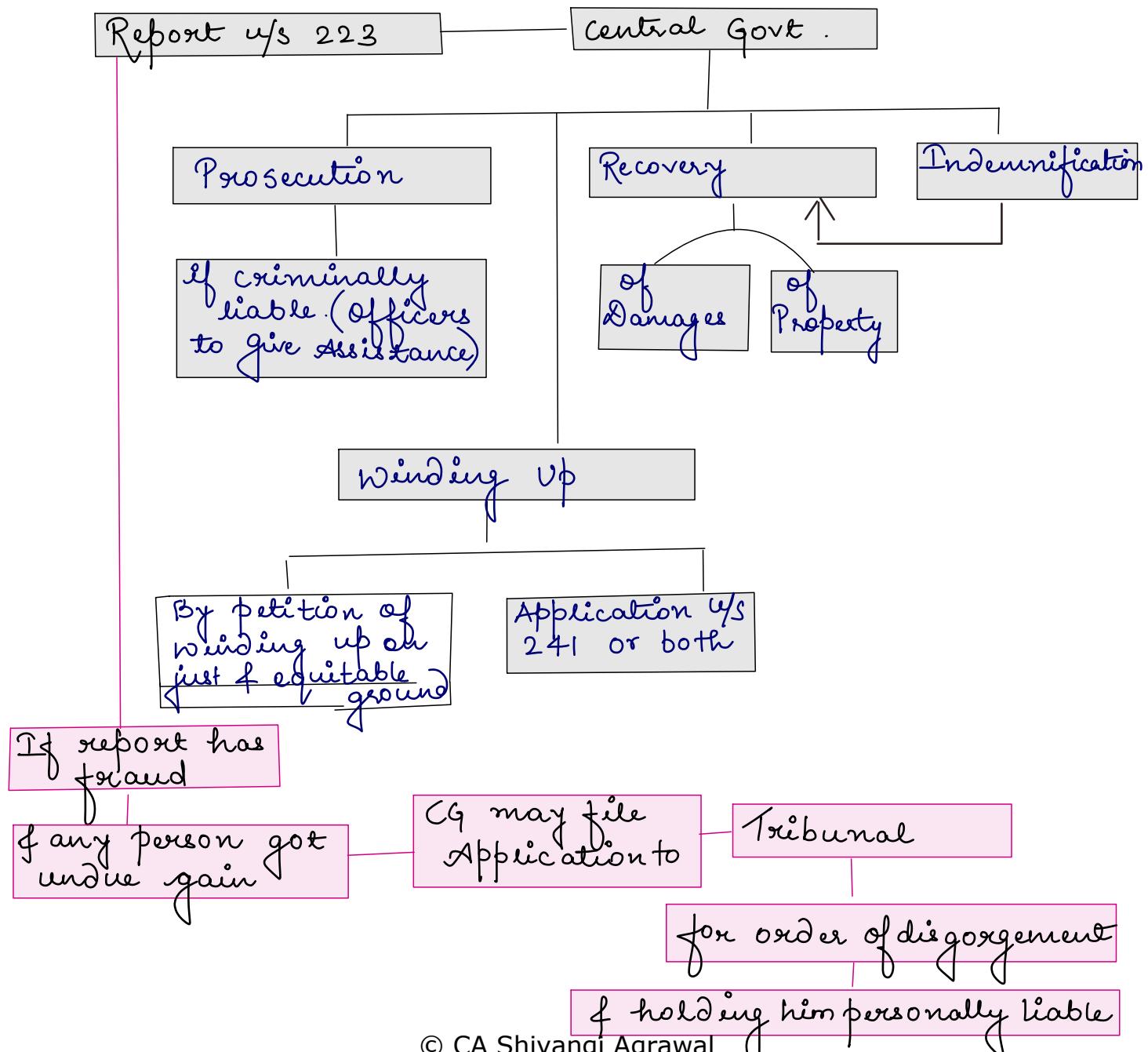
Seizure of Documents [Sec. 220]



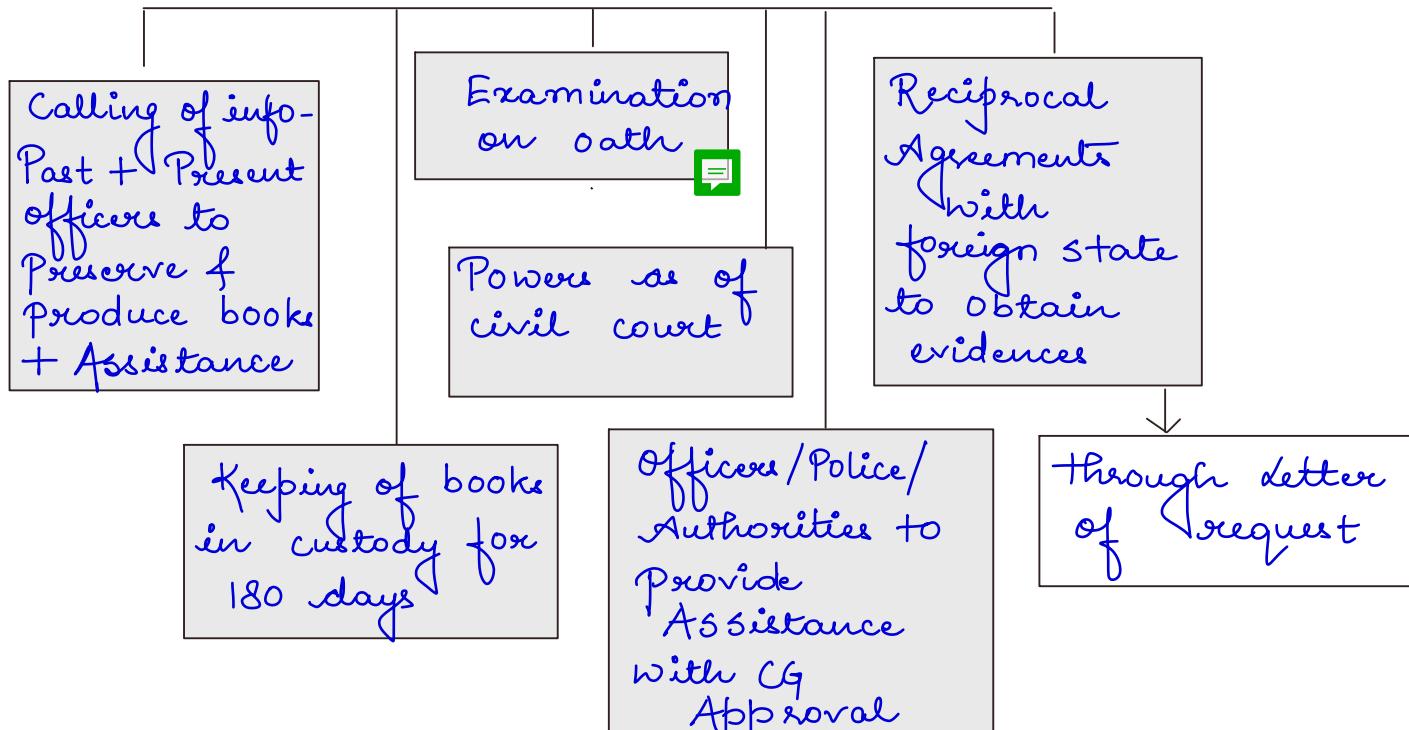
Inspector's Report [Sec. 223]



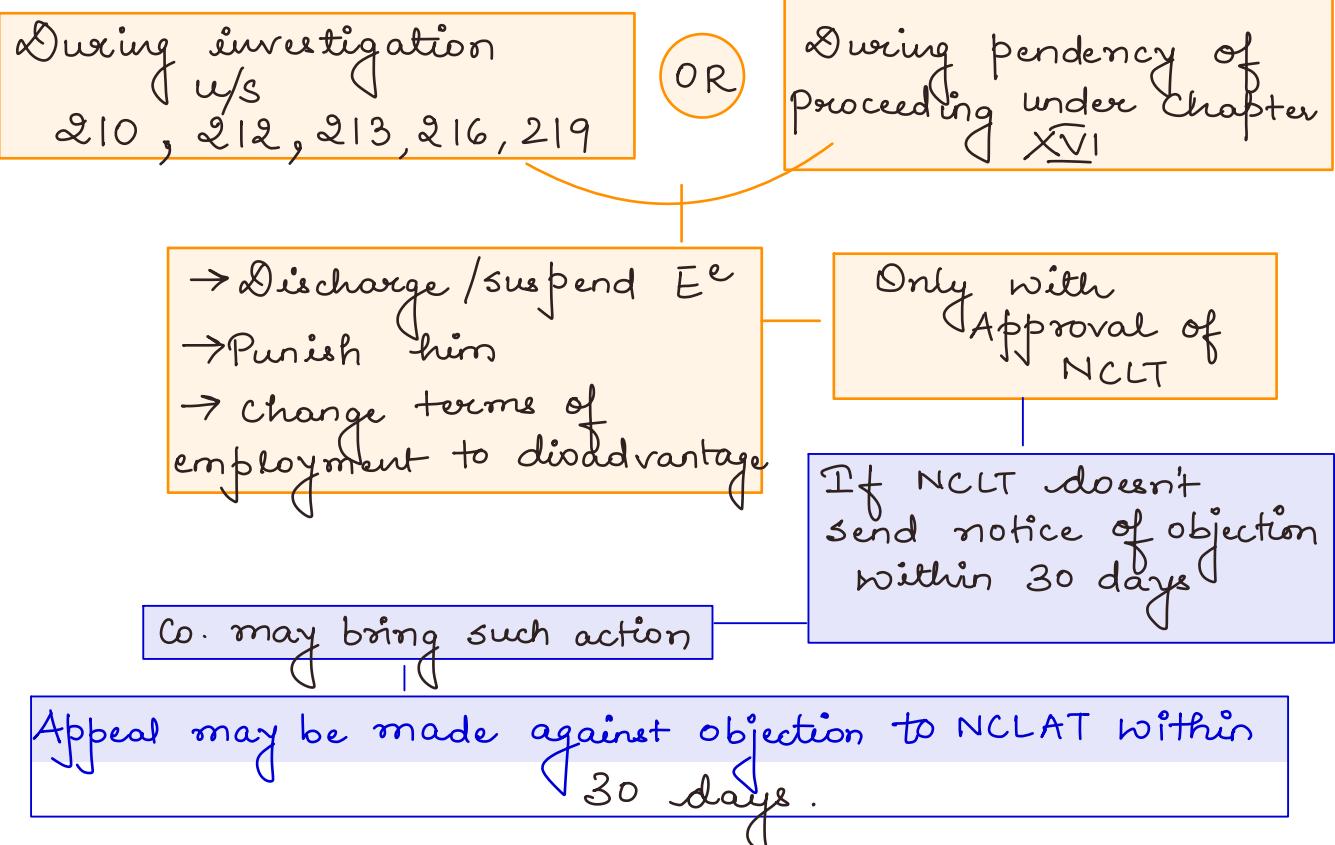
Actions in pursuance of Inspector's Report [Section 224]



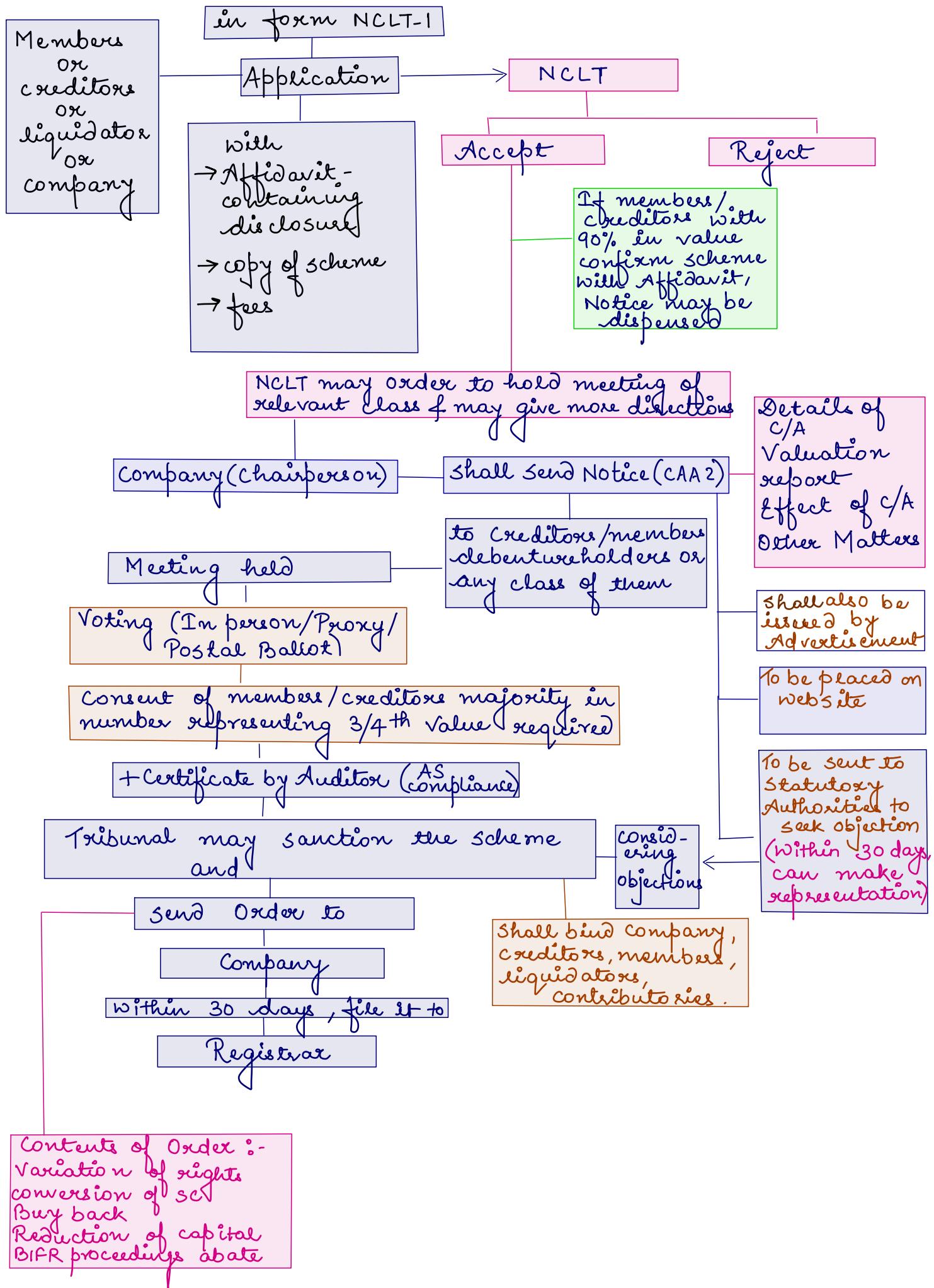
Procedure, Powers of Inspector [Sec. 217]



Protection of Employee [Sec. 218]



Power to make compromises or arrangements with creditors & members [Section 230]



Power of Tribunal to enforce Compromise/Arrangement [Section 231]

Scheme Sanctioned (230)

Tribunal shall have following powers

Supervise implementation of C/A

Give Directions

Make modifications

Order winding up.

Merger and Amalgamation of Companies [Section 232]

Applicant

Application u/s 230

Tribunal

Provisions of sec. 230 to apply

relating to M/A/R

Sending of Notice to eligible person
Advertisement website
Objection allowed
Notice to Authorities
Approval by members / creditors

may order meeting of creditors/members/ Any class

Also may give directions for meeting

Circulate Additional Documents

If all conditions complied with and

Certificate by Auditor recd (As compliance)

Draft Scheme f its confirmation, valuation report, financial statement, Report of Directors

Tribunal may sanction scheme

Transfer of undertaking
Allotment of shares
continuation of legal proceedings
Dissolution
Provision for dissenting shares to Non-resident
eff of employees listed co.
Set off of fees other matters.

Send Order to

Company

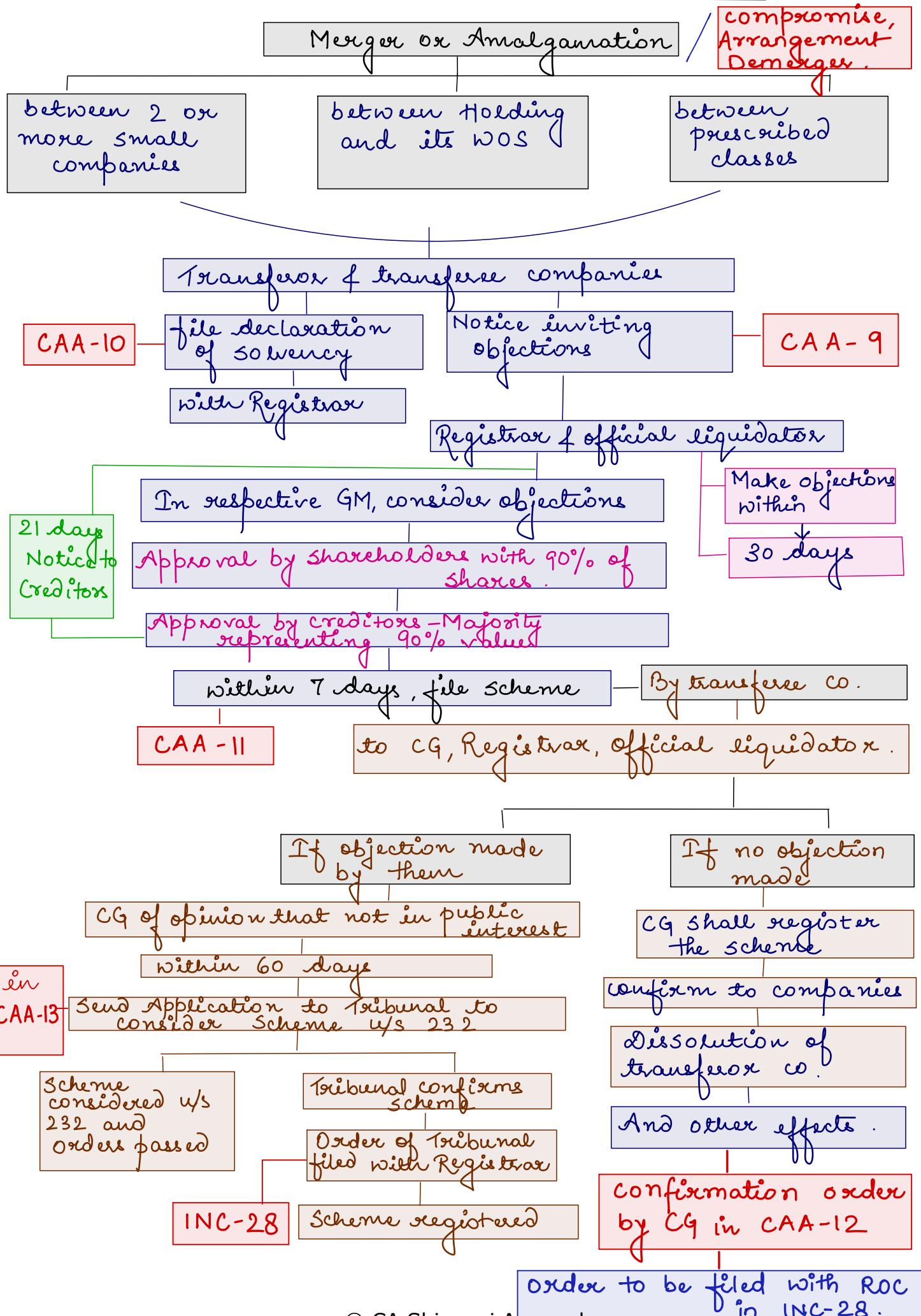
within 30 days, file it to

Registrar

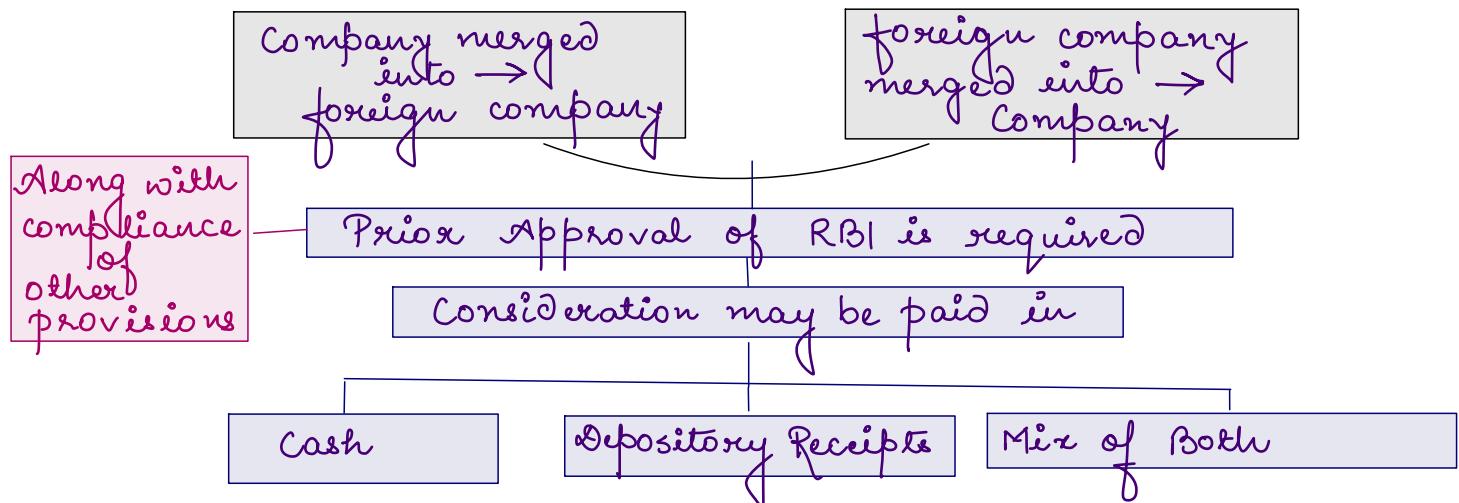
Shall file certified Statement of compliance

every year

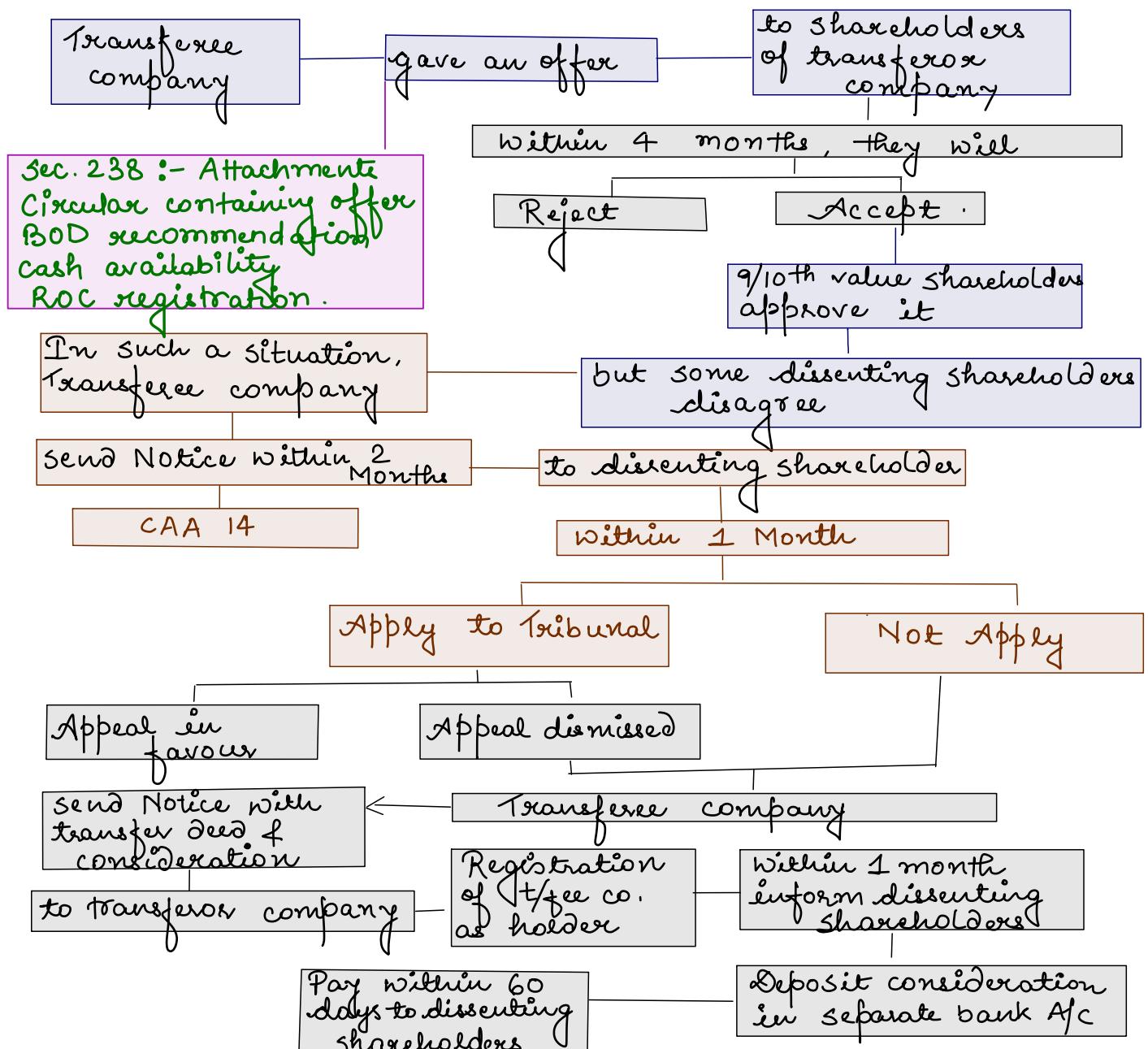
Merger and Amalgamation of certain companies [Section 233]



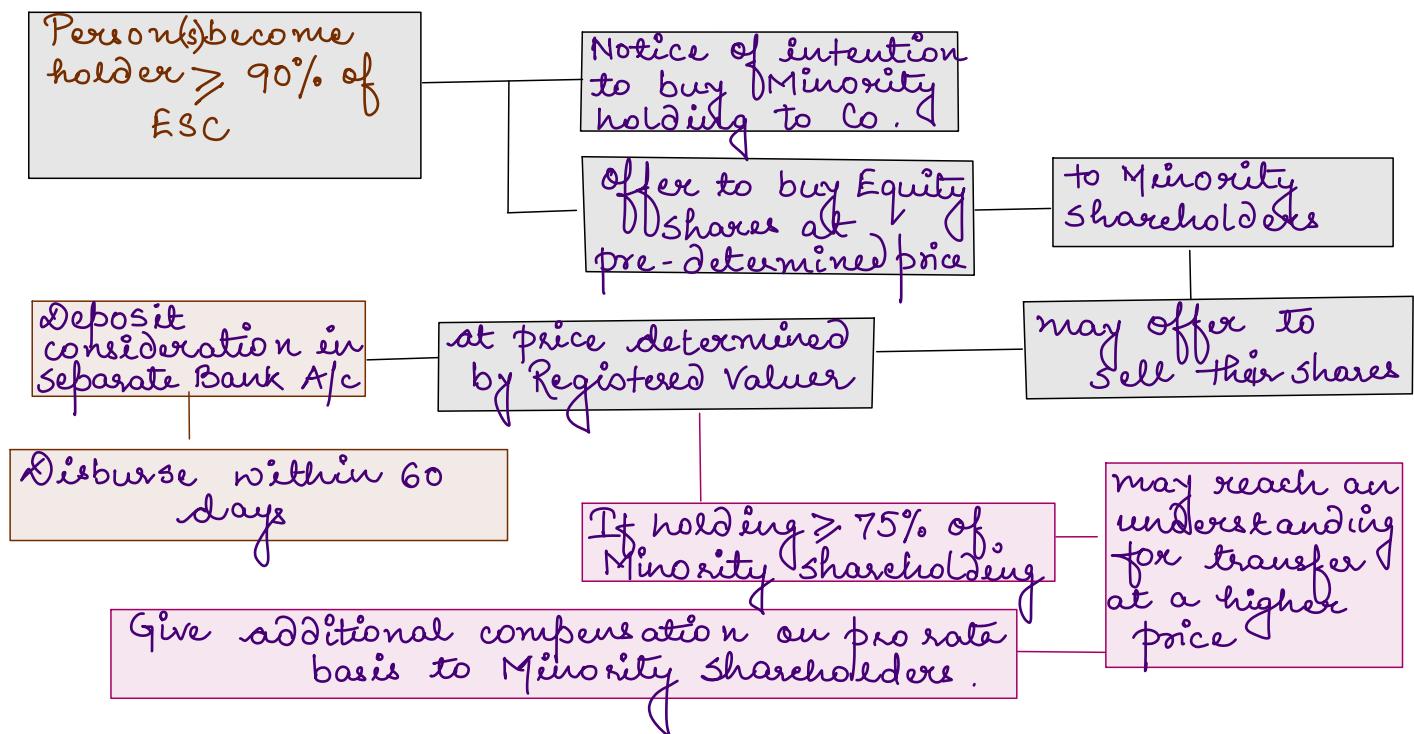
Merger & Amalgamation with Foreign Company [Section 234]



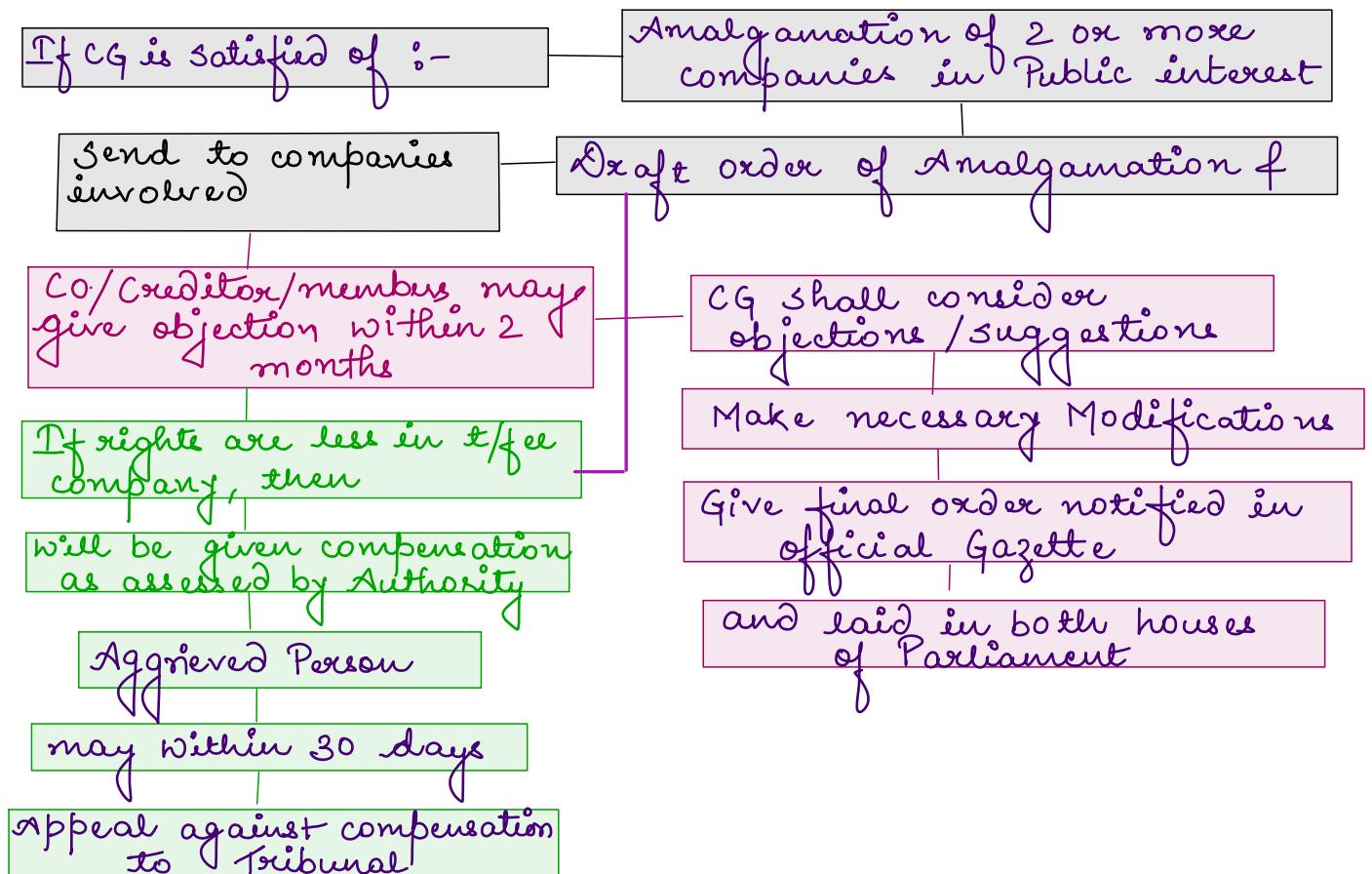
Power to acquire shares of dissenting shareholders [Section 235]



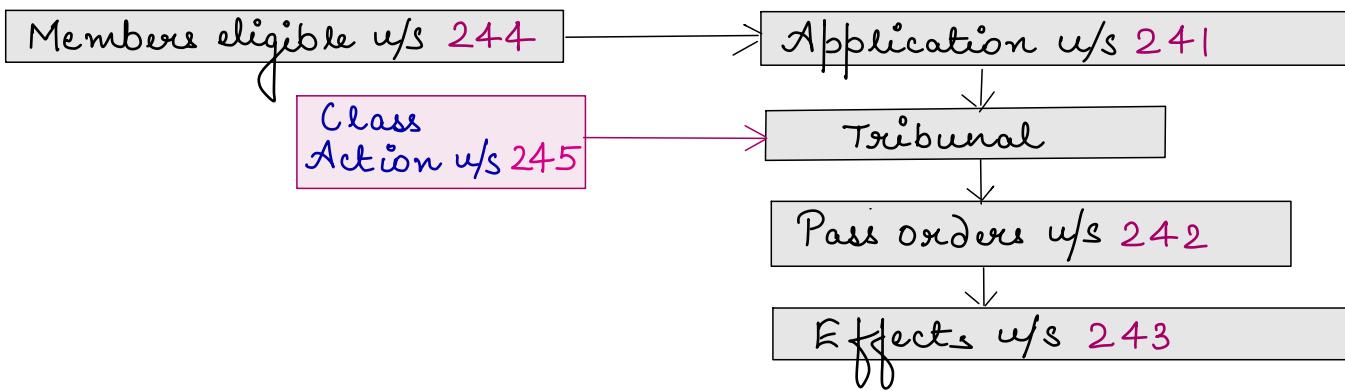
Purchase of Minority Shareholding [Section 236]



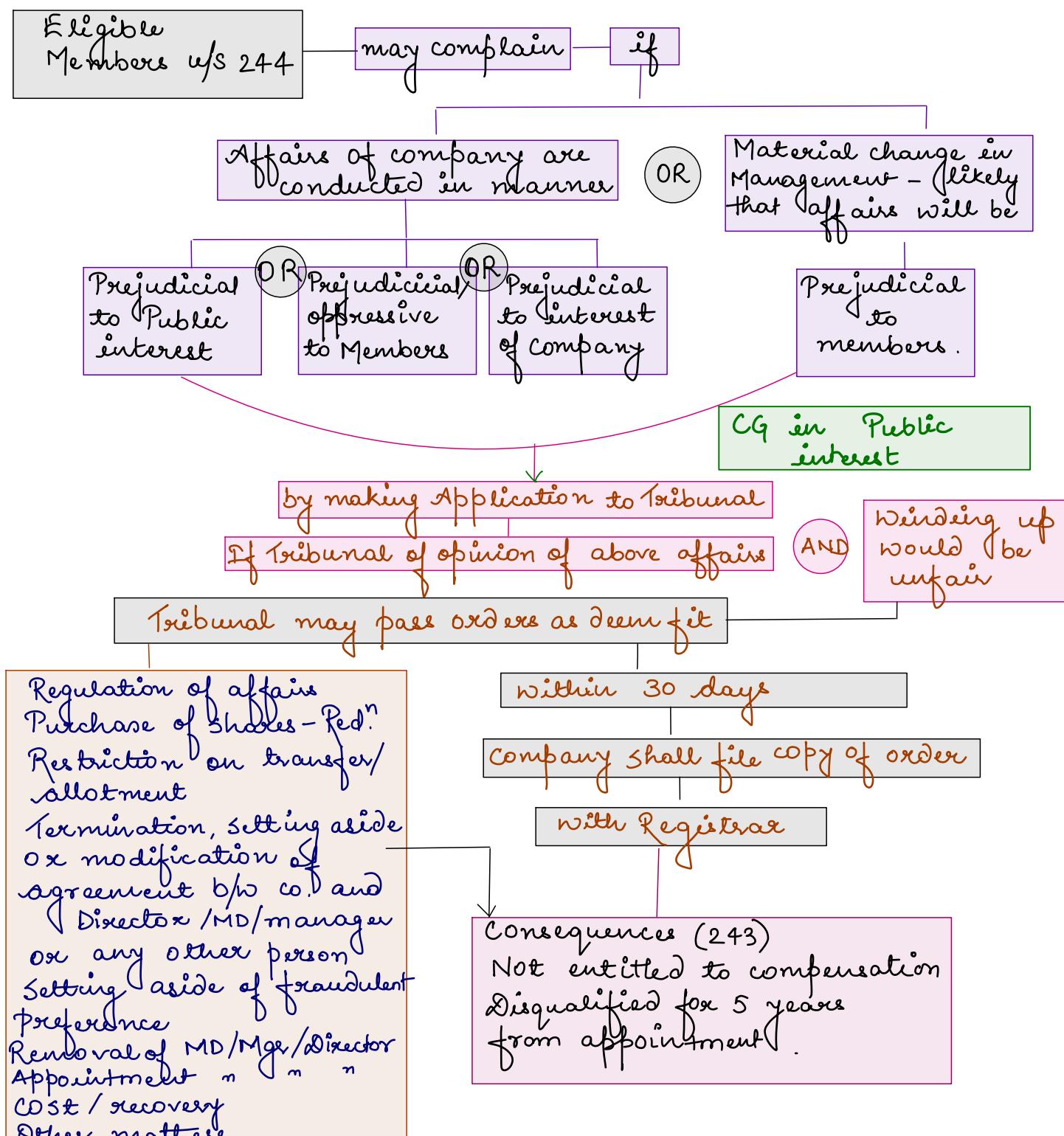
Power of CG to provide for amalgamation in public interest [Section 237]



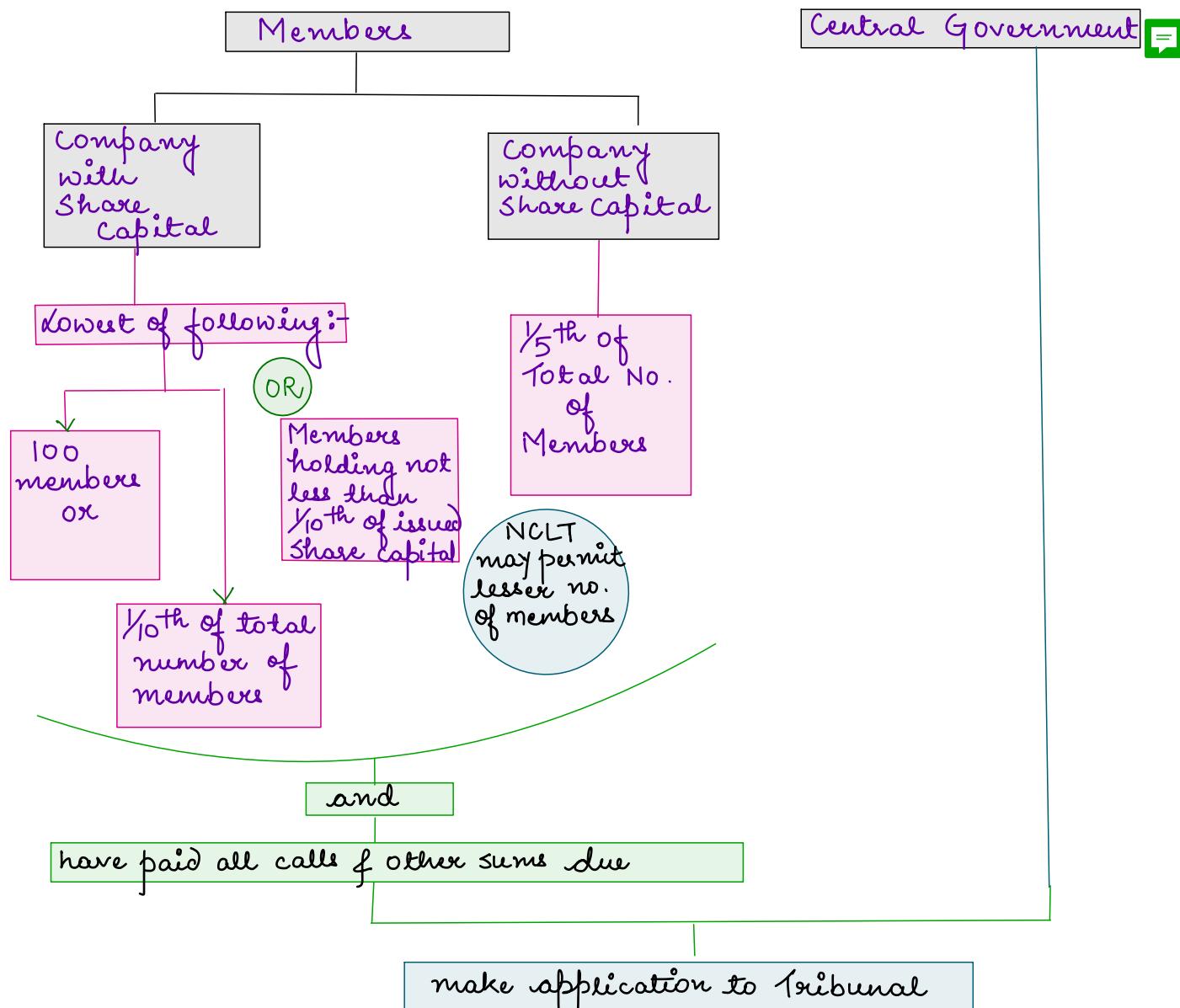
Chapter Overview



Application to Tribunal for relief in case of oppression etc. [Section 241] and Powers of Tribunal [Section 242]

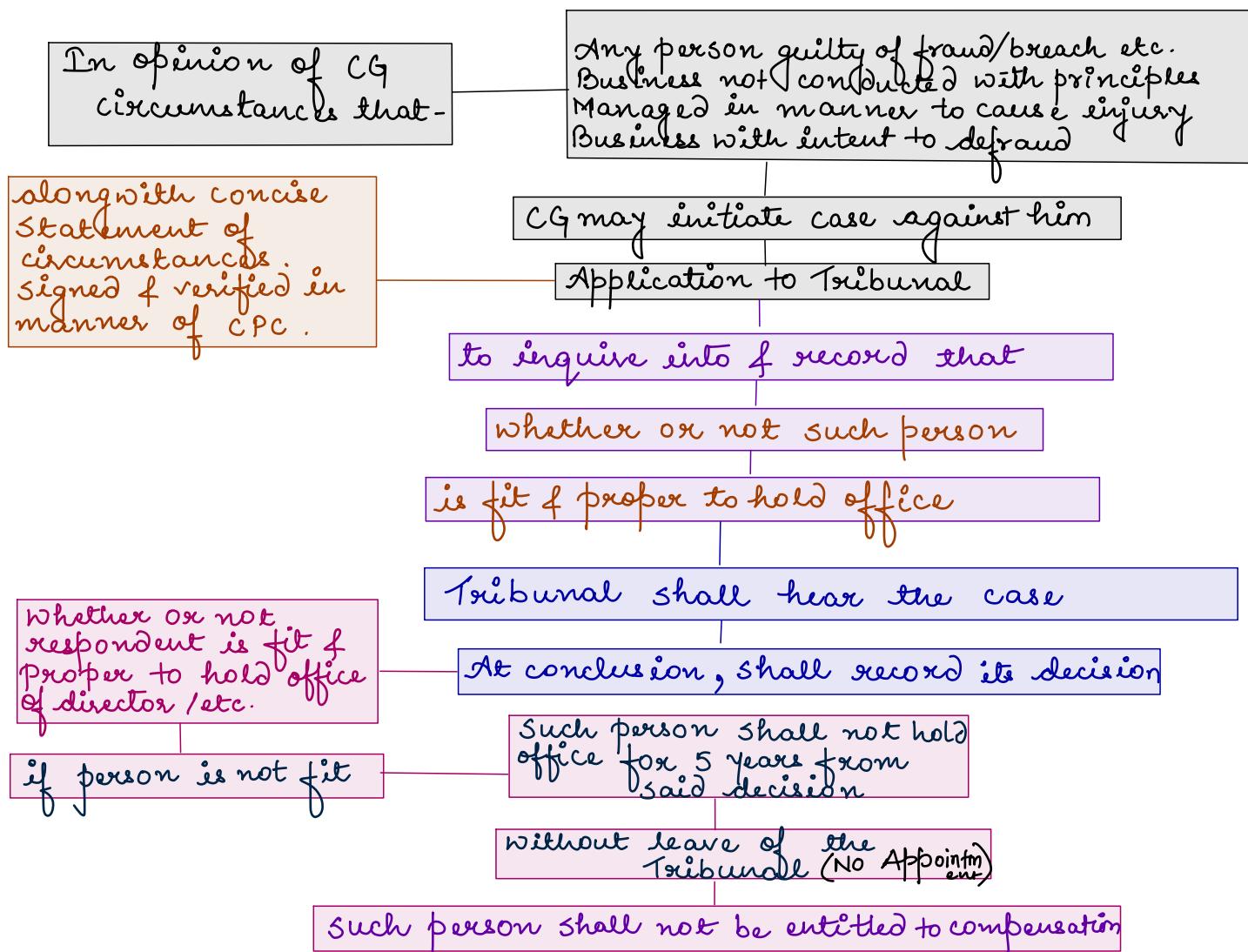


Right to apply u/s 241 [Section 244]

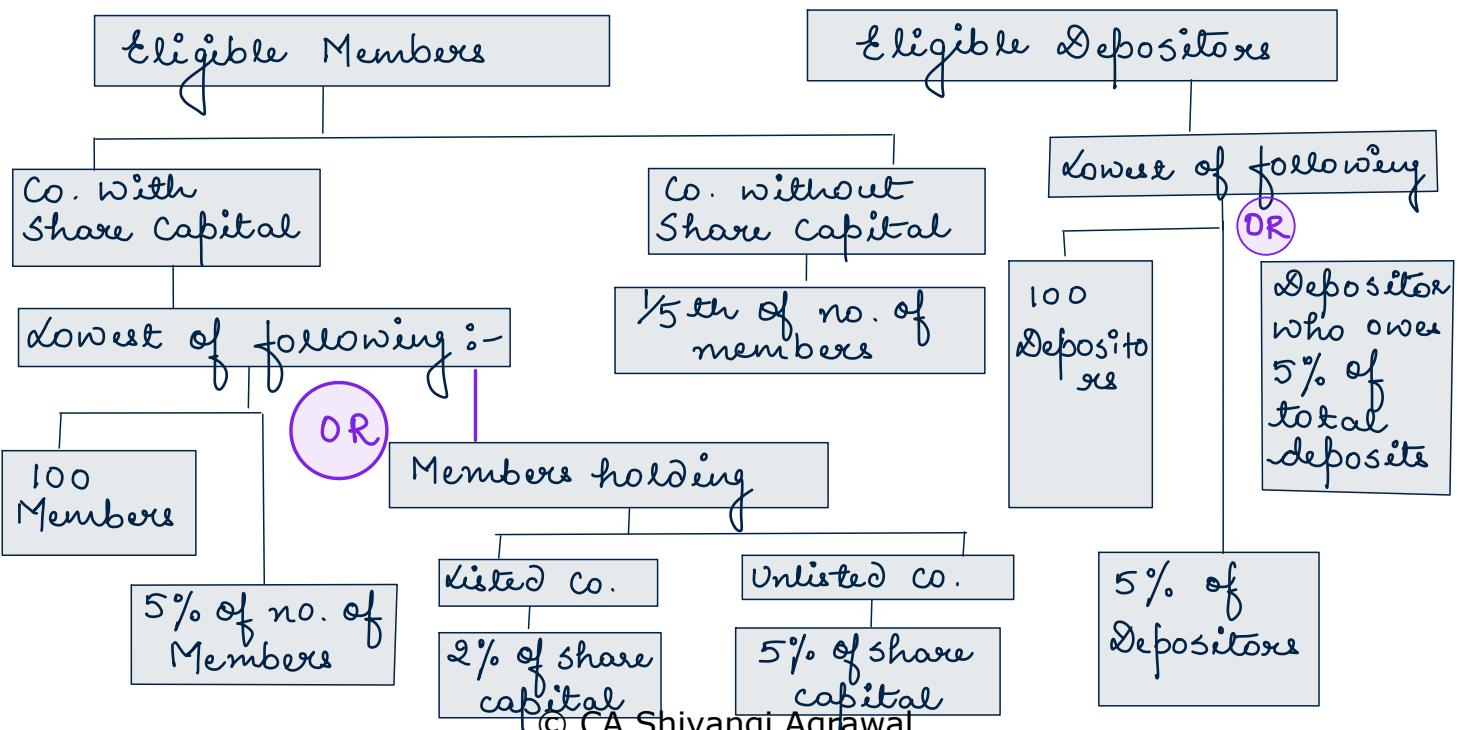


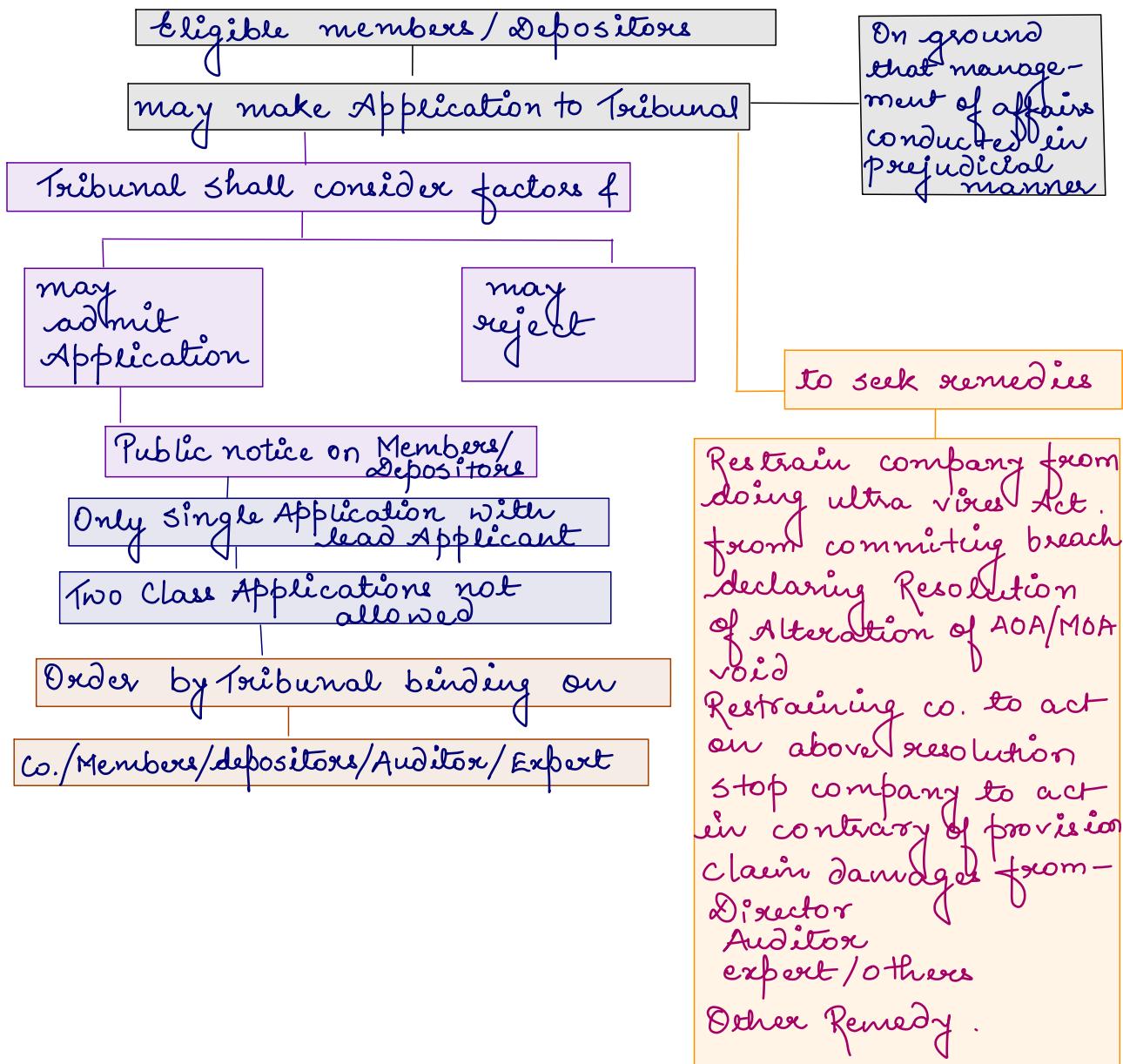
Applicants to hold requisite no. of shares at the time of filing application. One/more members may make application on behalf of all consenting members. Consent has to be checked at the time of making application to Tribunal.

Application to Tribunal for relief in case of oppression etc. [Section 241]
and Powers of Tribunal [Section 242] and Section 243



Class Action [Section 245]





Whether a Person is fit and Proper or not?
to hold managerial Position in
a company.

Central Government

Sec. 241

along with concise statement

if circumstances suggest
fraud/Negligence/Default
Not sound business Principles
serious injury to Trade/Industry
Intent to defraud

Make Application to NCLT
to inquire whether such person is fit and proper or not

No further action needed

If fit

After hearing NCLT shall pass order whether he is fit and proper or Not?

Sec. 242(4A)

Such person shall be removed

If not fit

AND
disqualified for 5 years to hold office in ANY co.

AND

also not entitled for compensation for loss

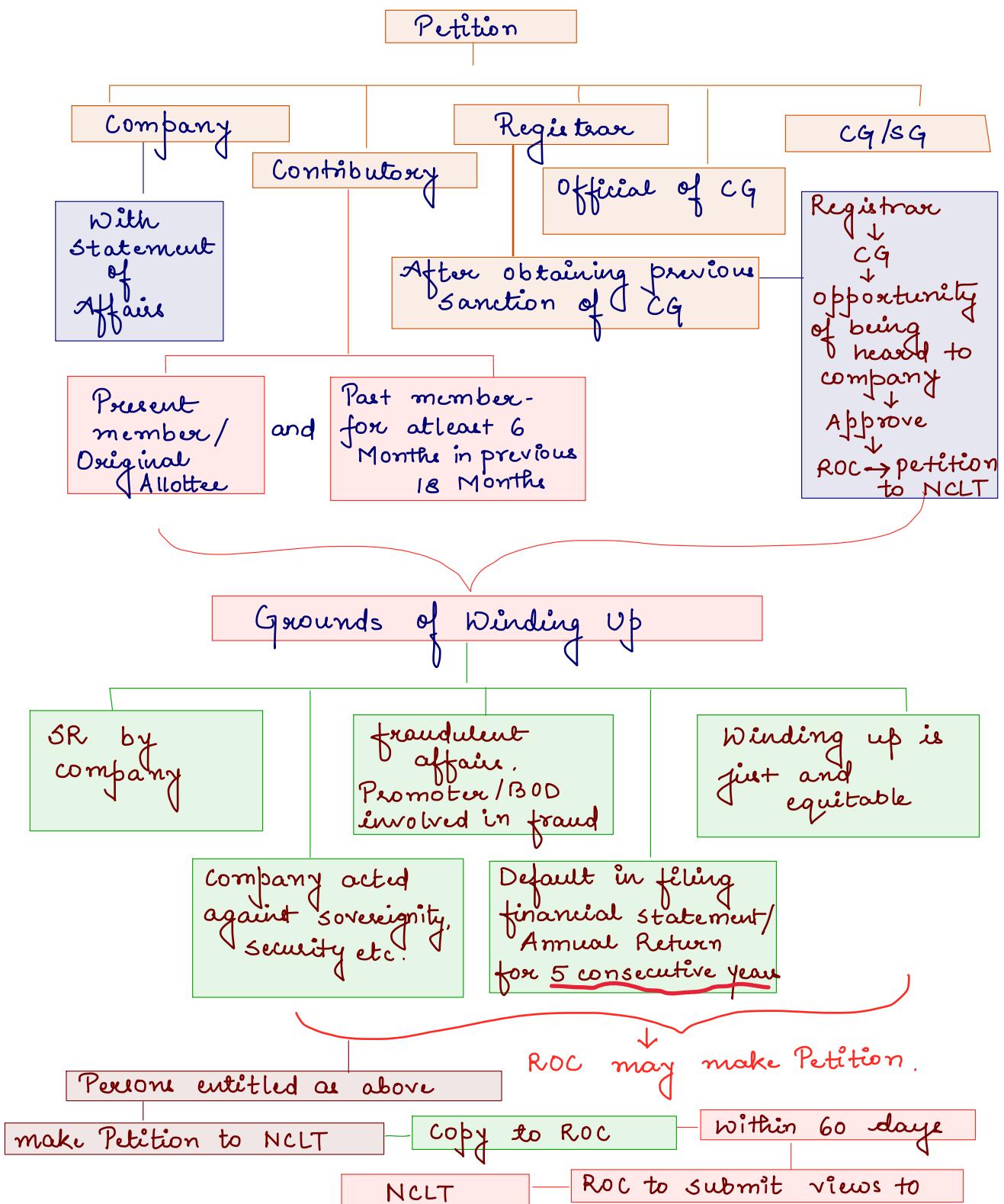
Sec. 243(1A) and
sec. 243(1B)

Case Laws for determining Opression

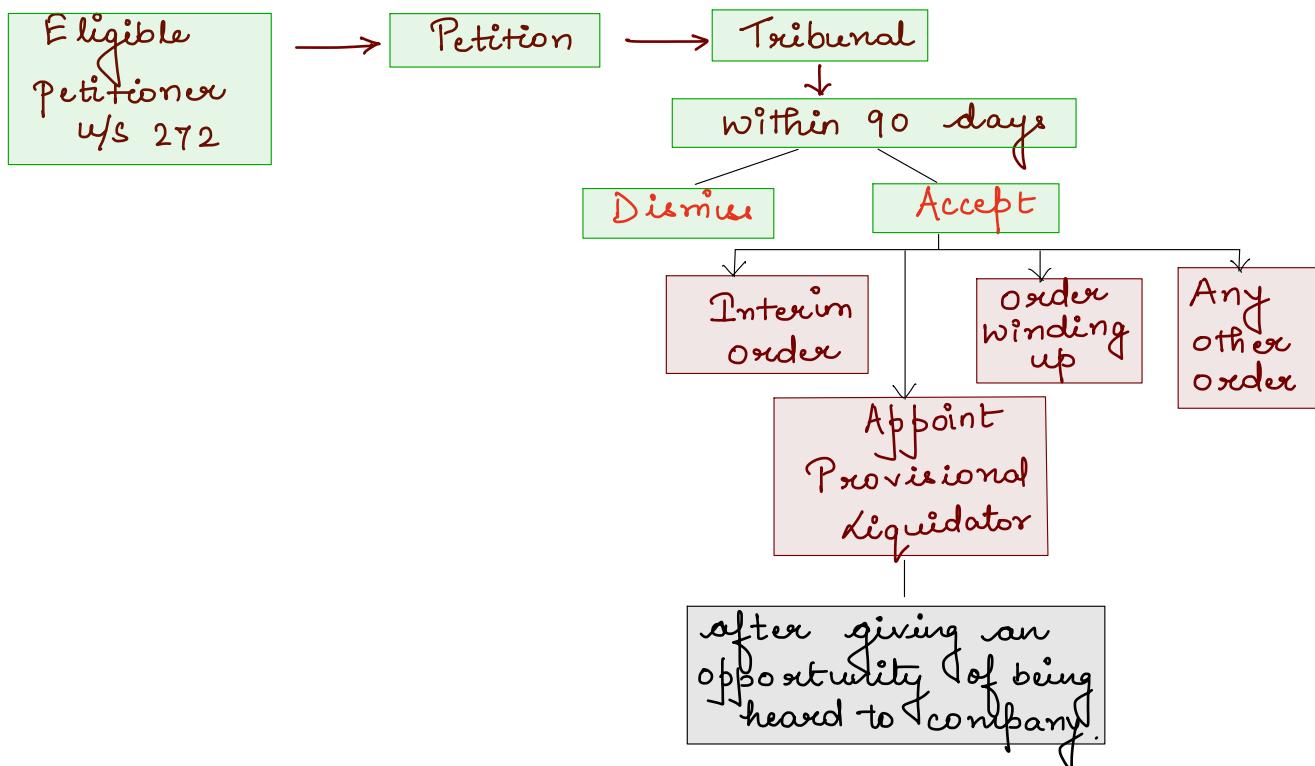


Winding Up

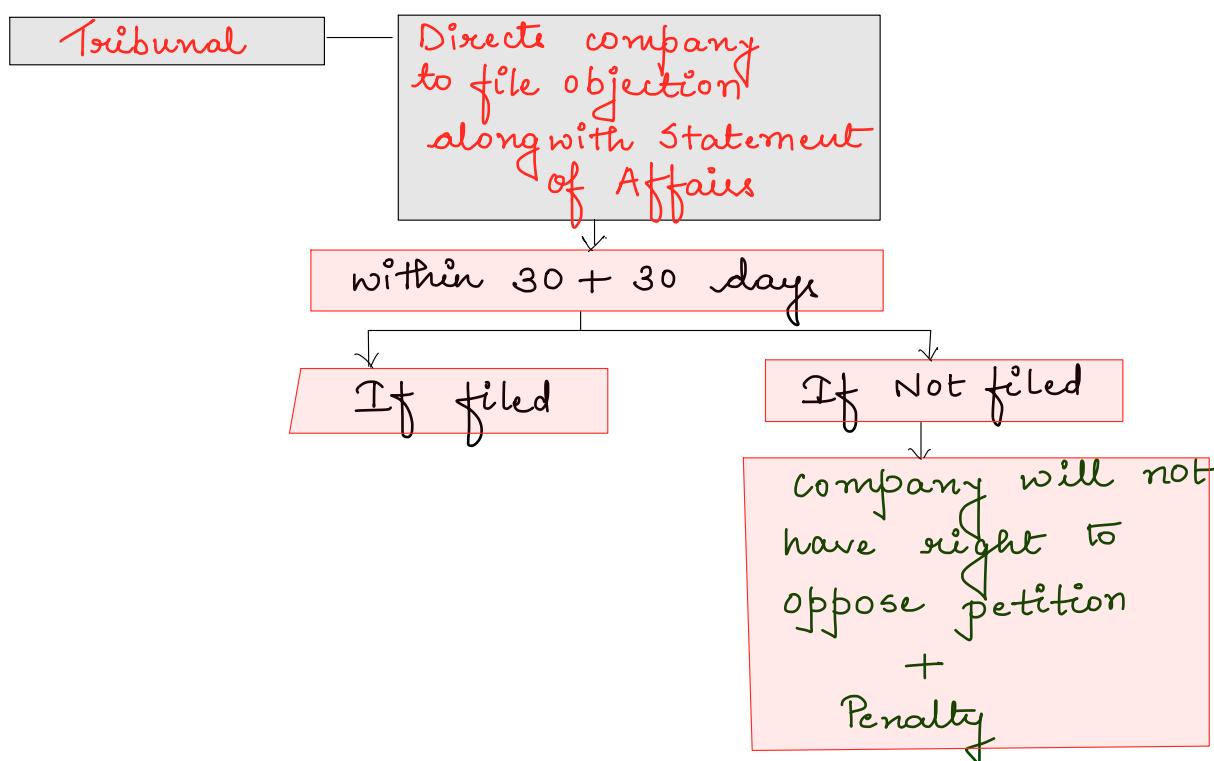
Petition for Winding Up with Grounds (Sec 271, 272)



Order by Tribunal (sec 273)

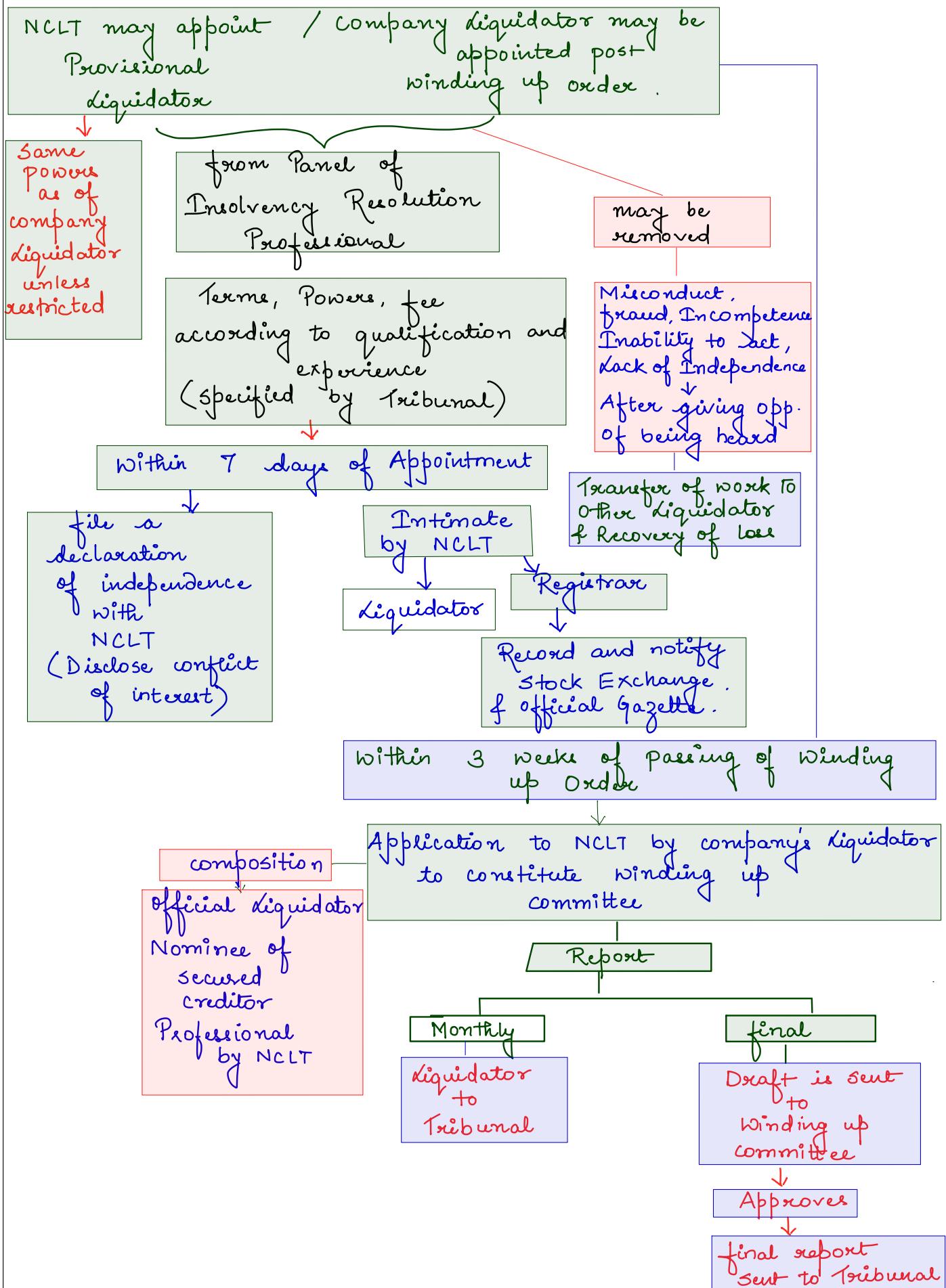


Direction for filing Statement of Affairs (sec 274)

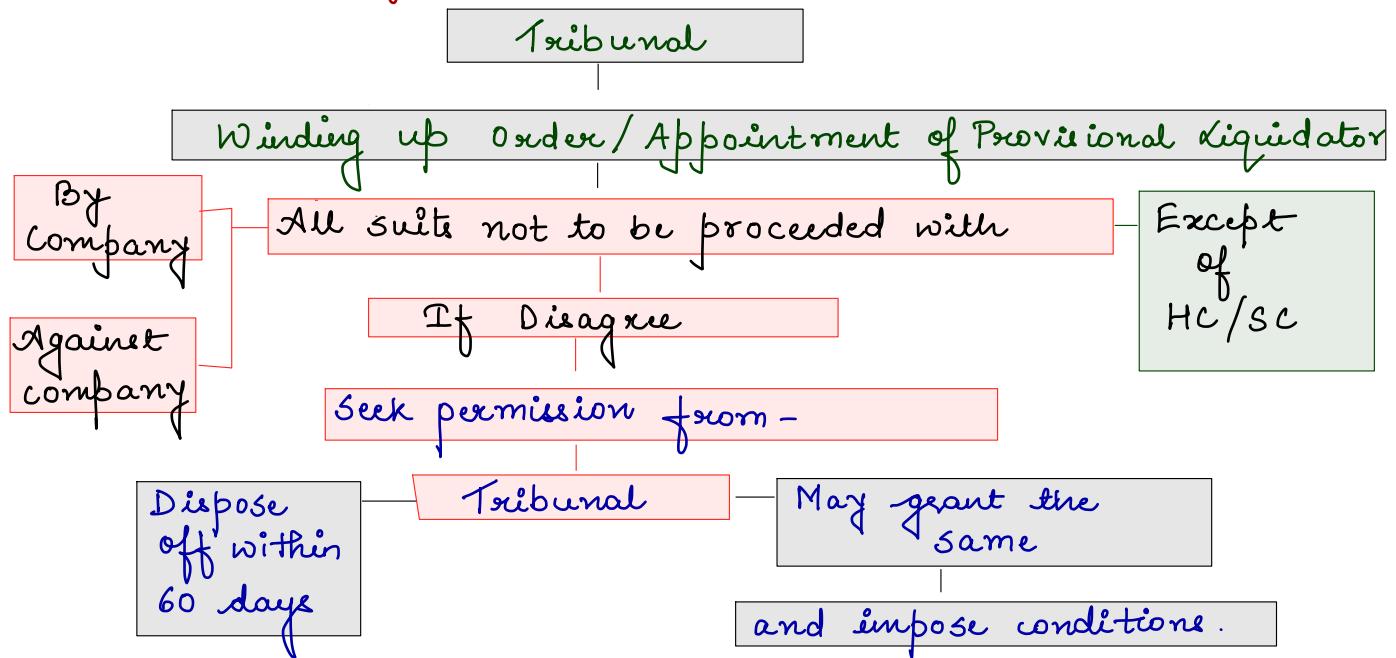


Appointment, Removal of Liquidator, Winding Up Committee

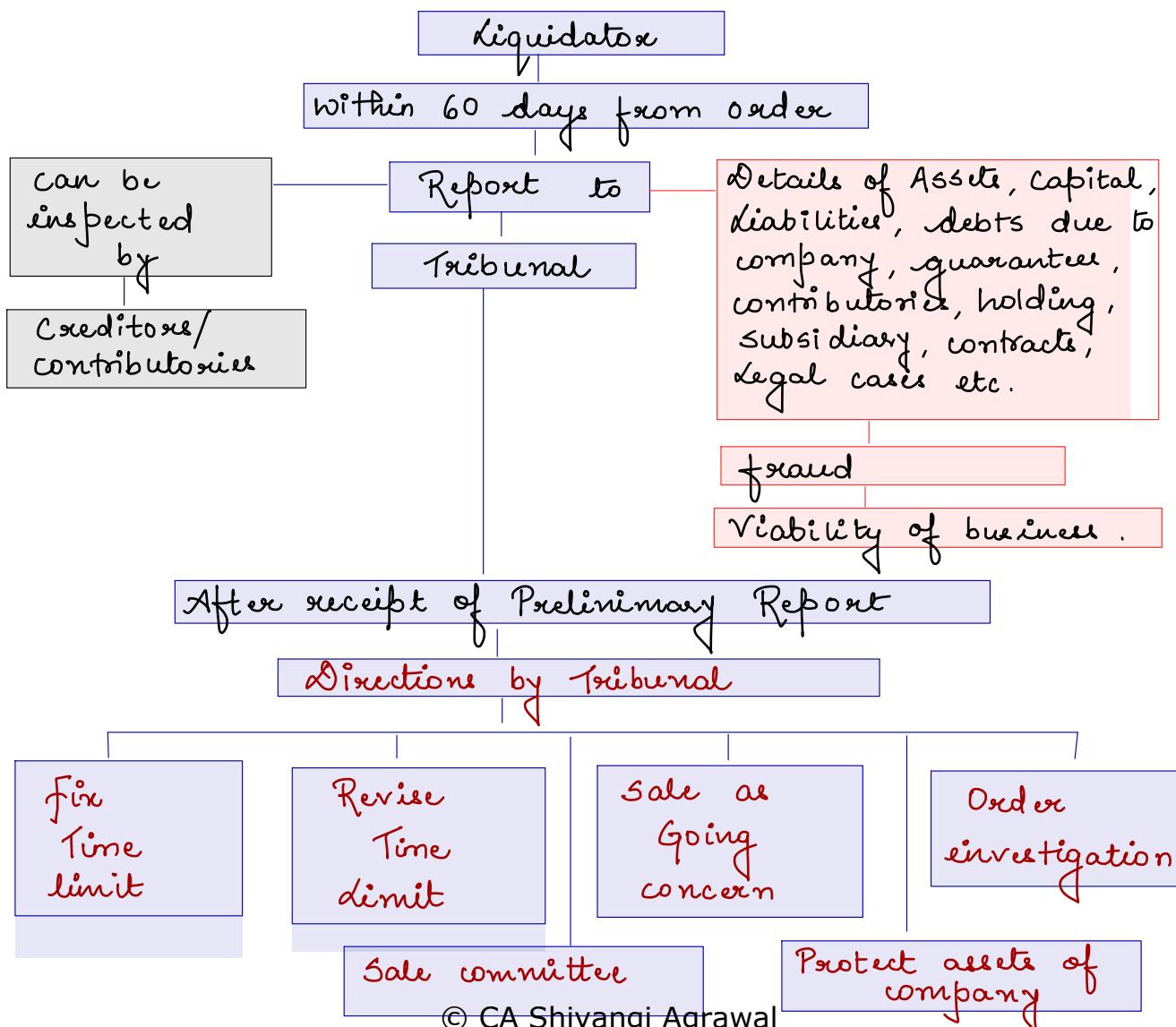
(sec 275, 276, 277)



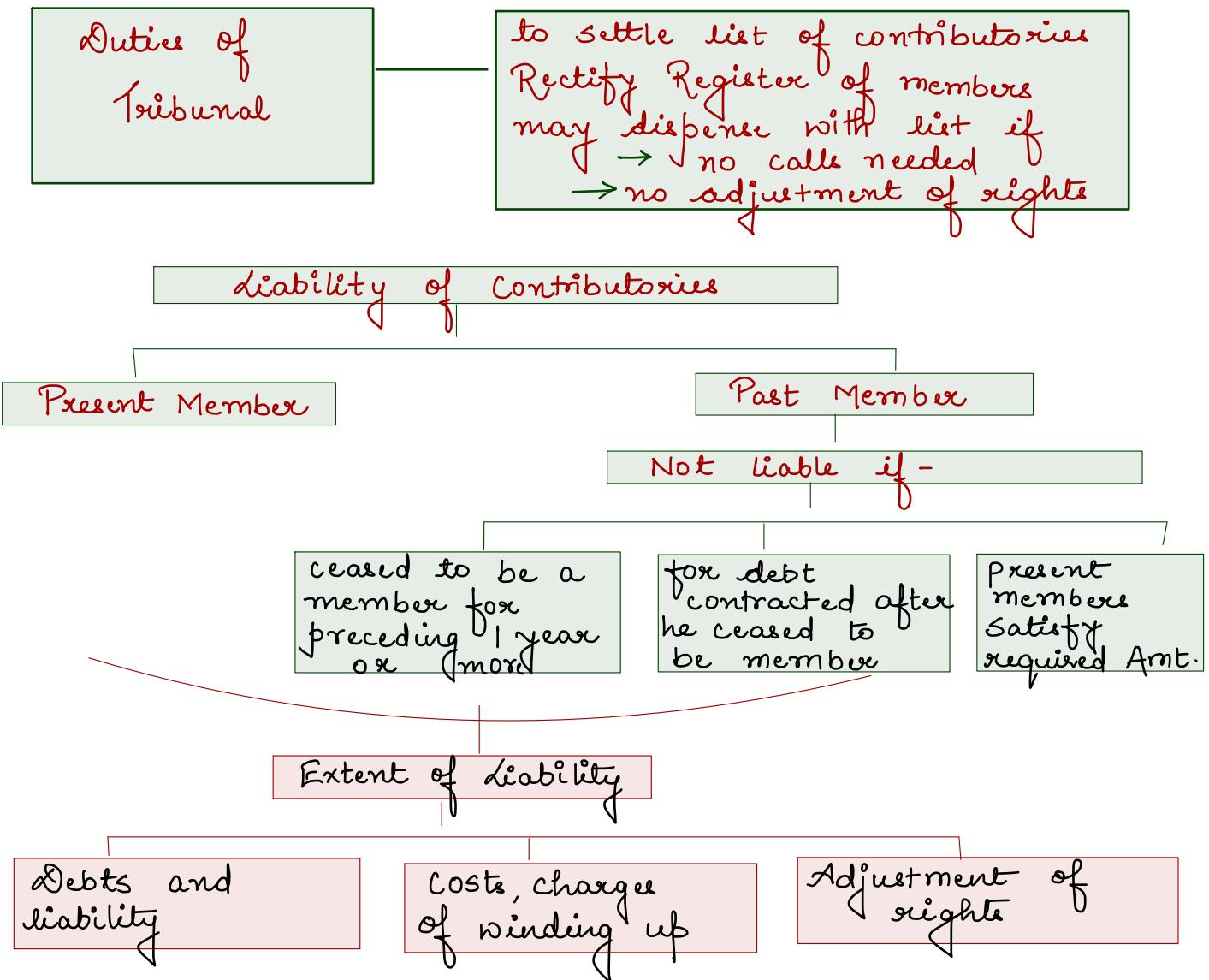
Stay of suit etc. (Sec. 279)



Submission of Report by Tribunal (sec. 281, 282)



List of Contributors (sec. 285)



Advisory Committee (sec. 287)

By whom :— Tribunal

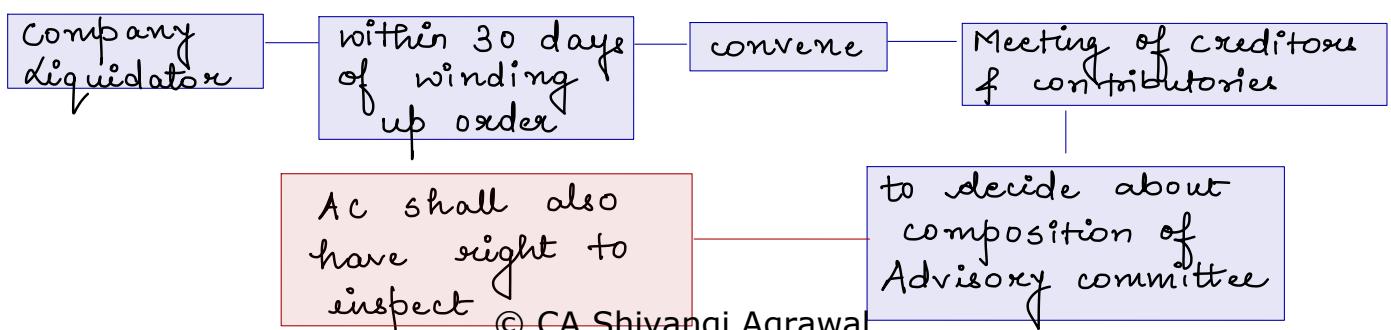
why? :— To advise

when? :— within 30 days of winding up order

composition :— Max 12 Members [creditors & contributors]

Chairman

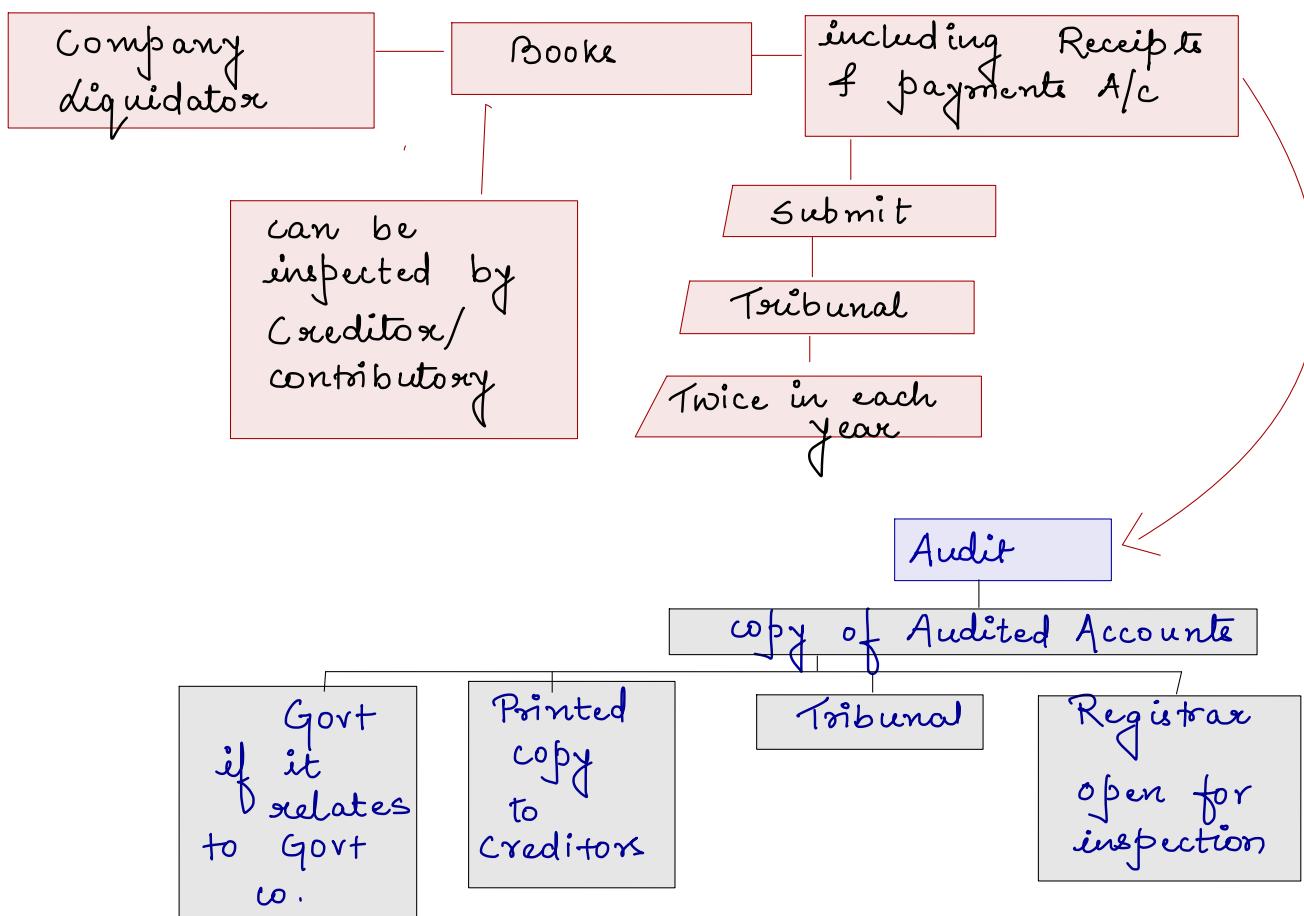
↳ Company liquidator.



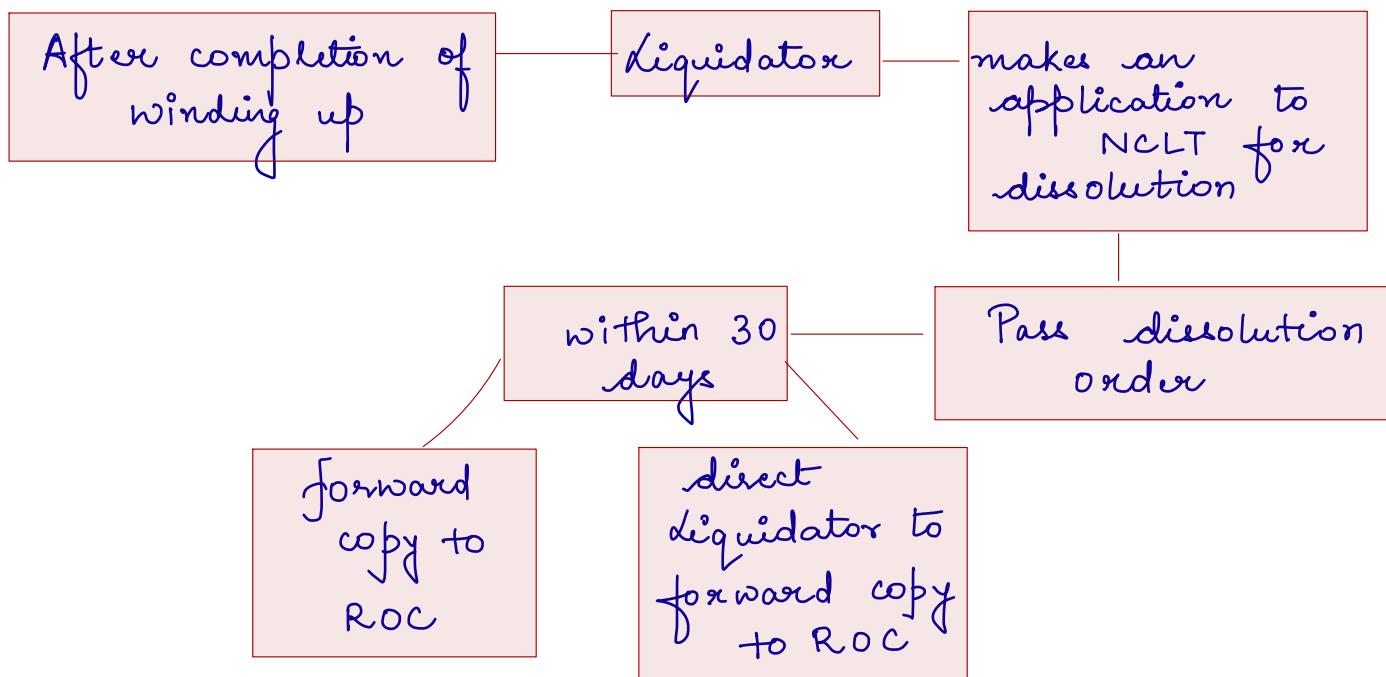
Powers and Duties of Company liquidator (See 290)

- B - Business
- E - Execute Docs
- S - sell Assets / Undertaking
- T - Take out
- R - Raise money
- A - All necessary Actions
- P - Professional Assistance
- L - legal Proceedings
- I - Inspect records
- P - Prove rank
- S - Settle claims
- I - Instruments
- N - Necessary orders

Maintenance of Books and Audit



Dissolution



Over riding Preferential Payments (sec 326)

Debt to be paid in full out of sum of security

If Assets - insufficient, then in Equal Proportions

Workmen's Due

Debt due to secured creditor

Preferential Payments (sec. 327)

Revenue, rates and Taxes (12 Months)

Ex salary, wages (4 Month of 12 Months)

Holiday accrued remuneration

ESIC contribution

Compensation- Death, Disablement

PF, Gratuity etc.

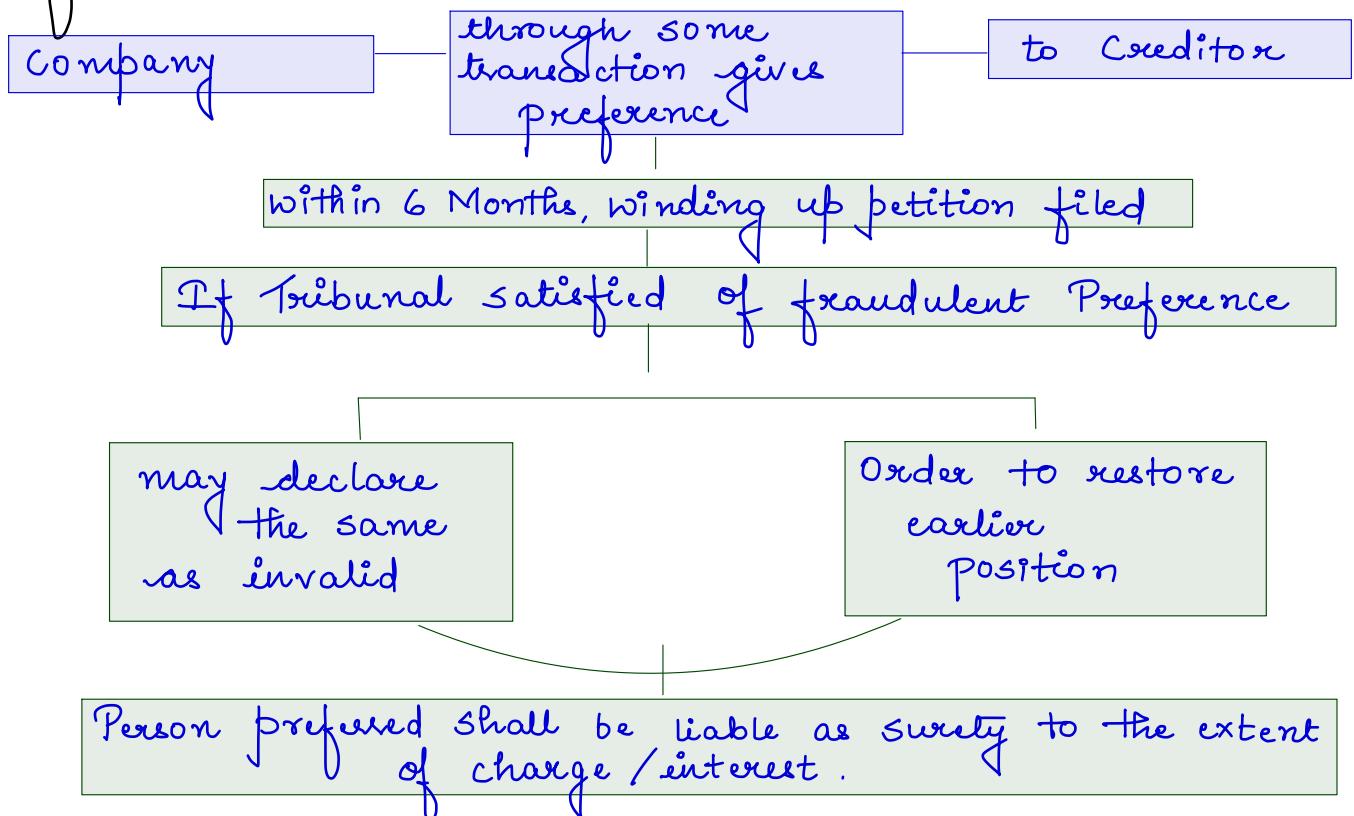
Investigation expense

Above shall have equal rank.

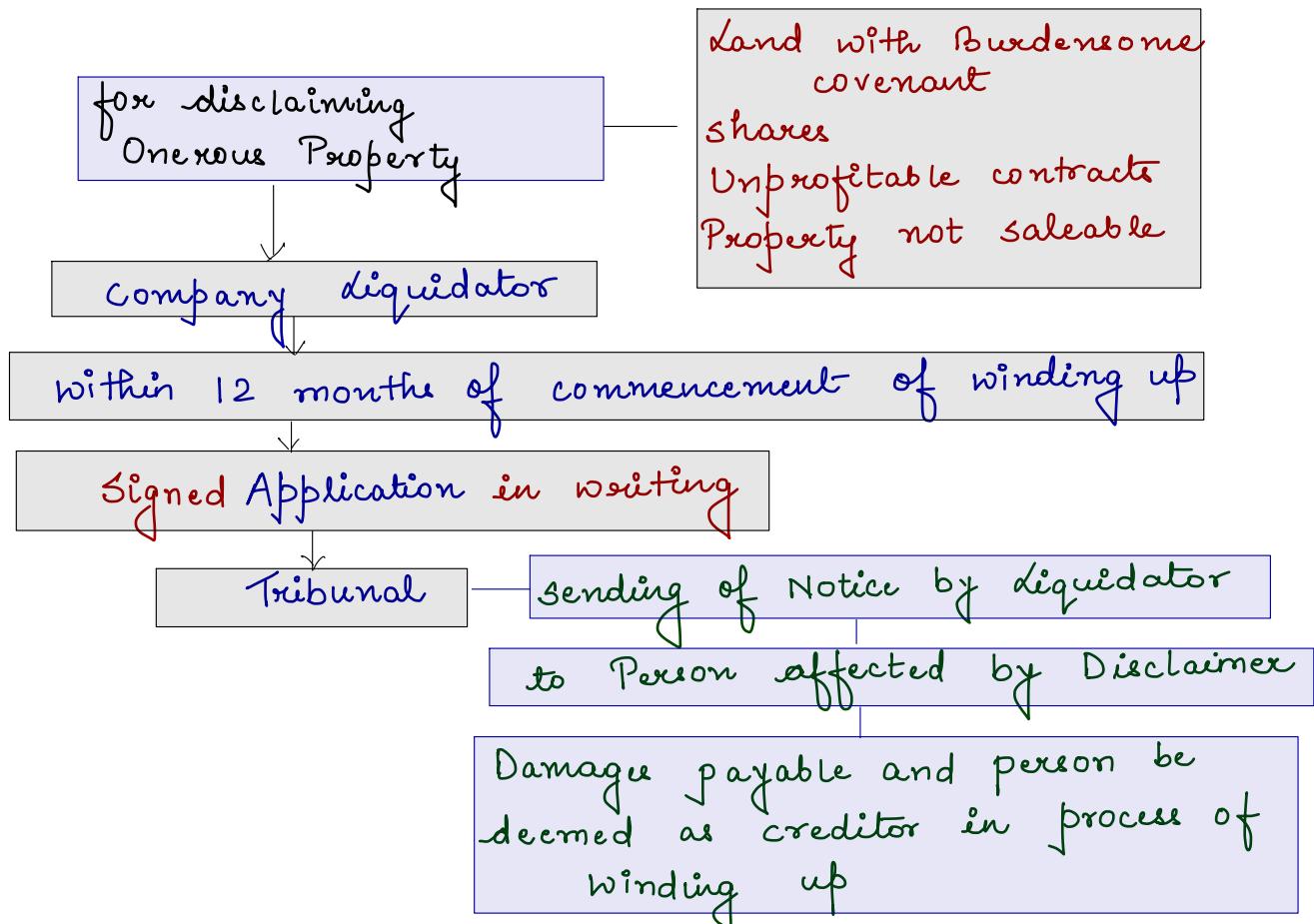
Paid after winding up cost

Have priority over Debentures with floating charge

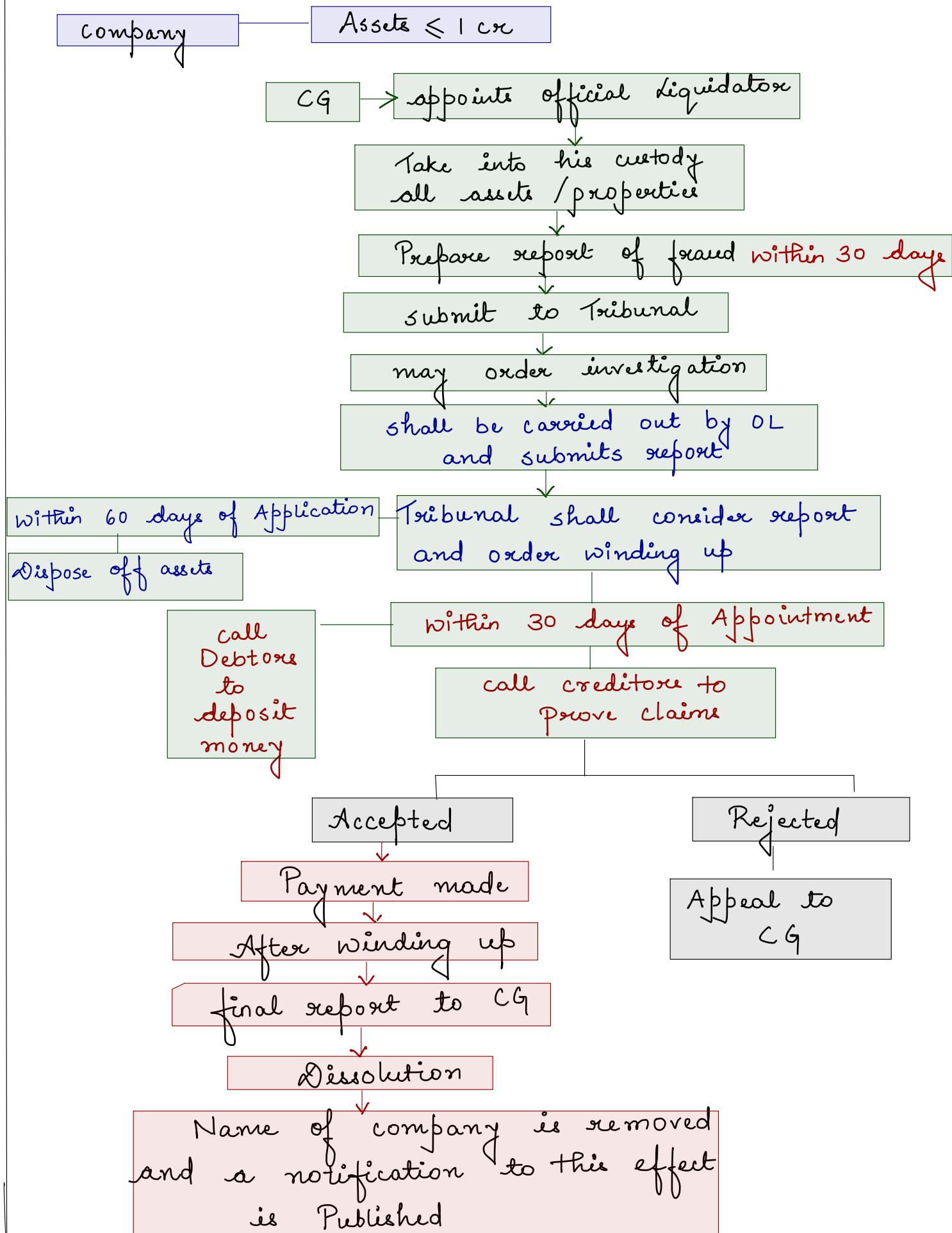
Fraudulent Preference (sec. 328)

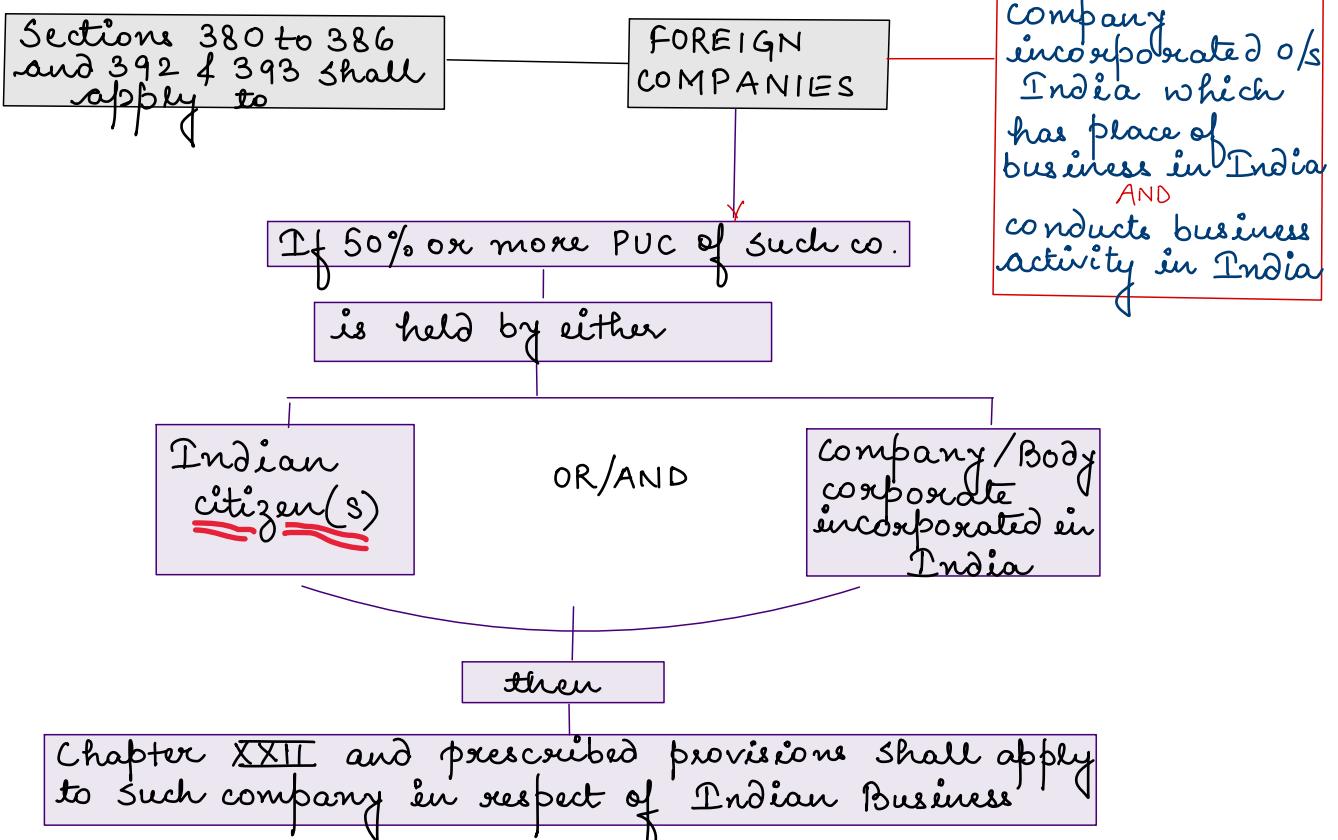


Disclaimer of Onerous Property

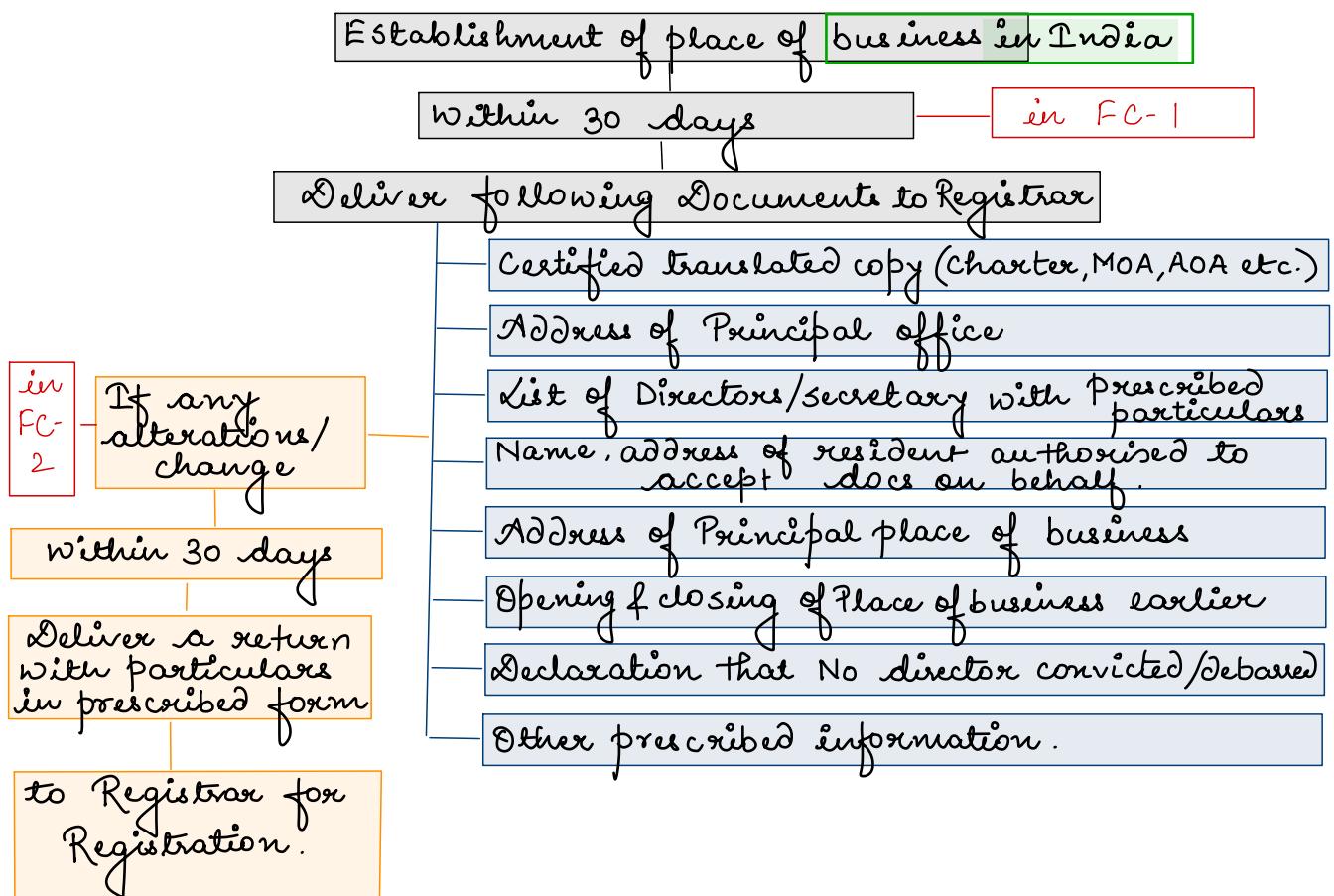


Summary Winding up - official liquidator

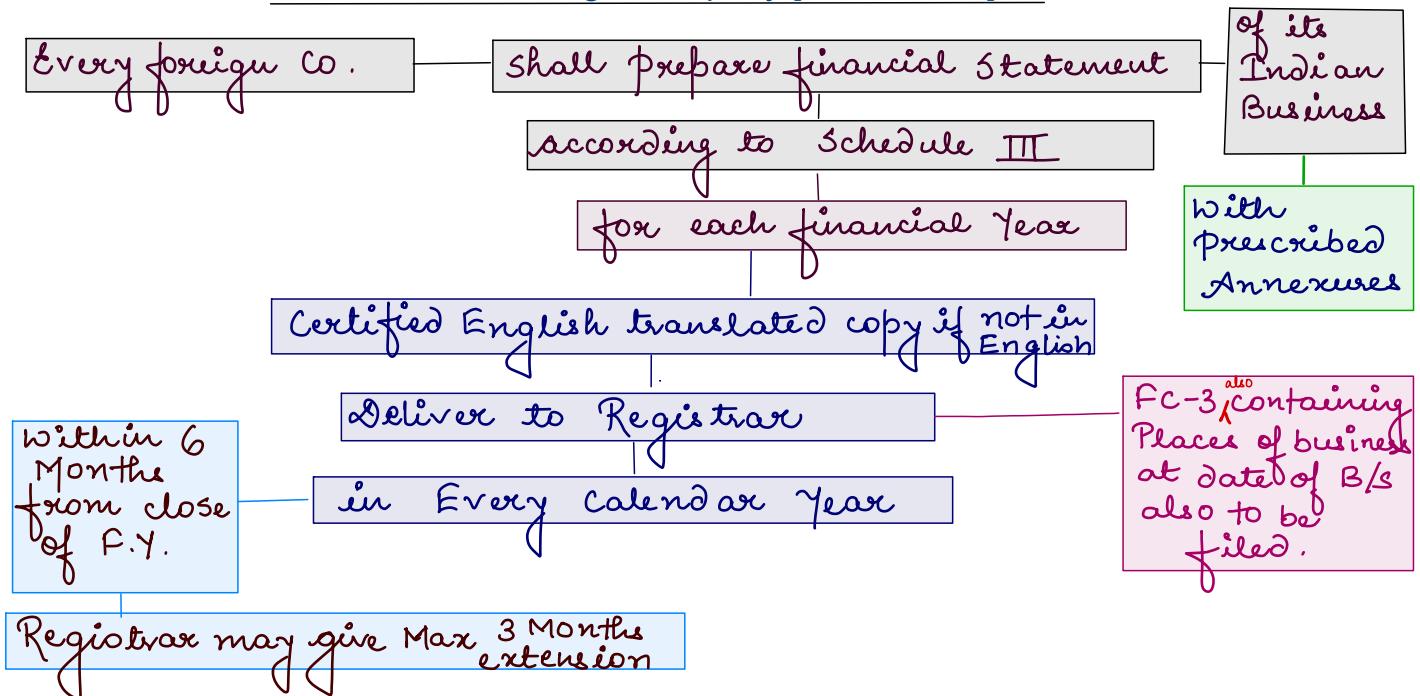




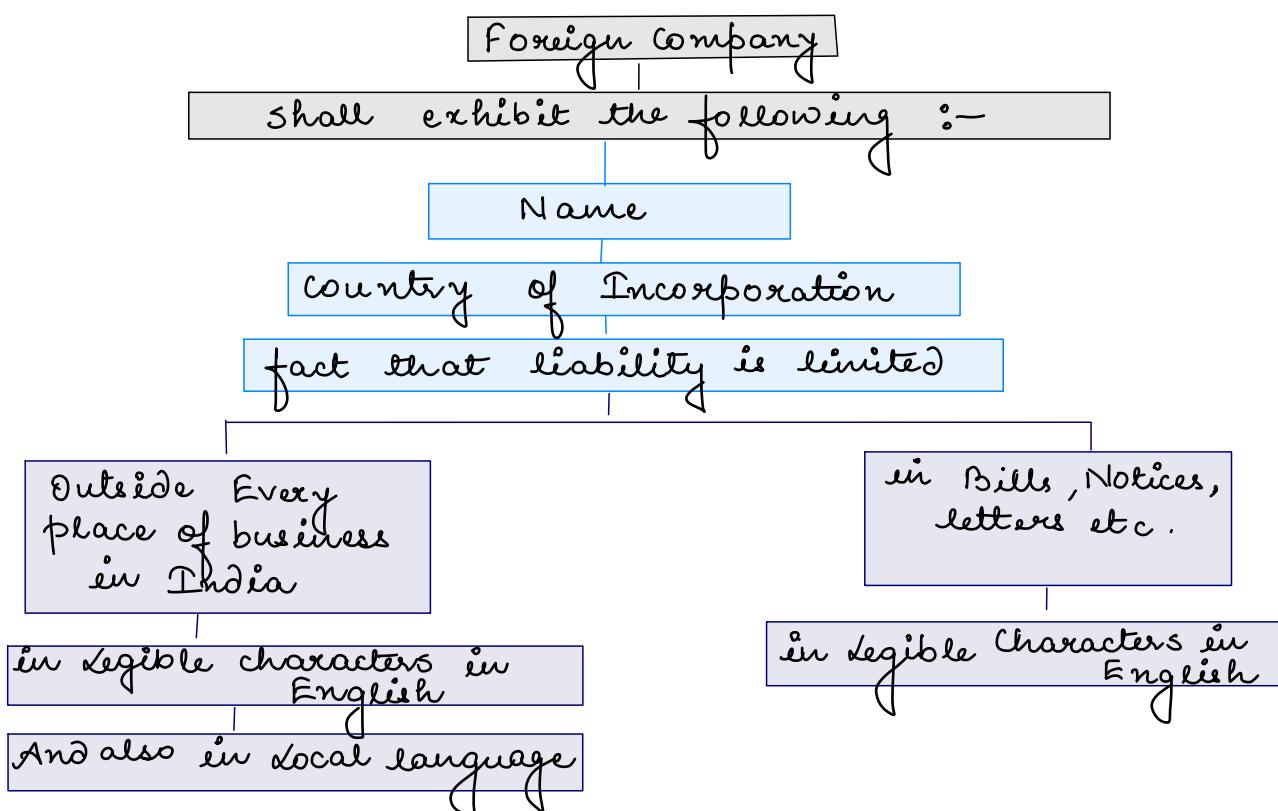
Documents to be delivered by Foreign Companies to ROC [Section 380]



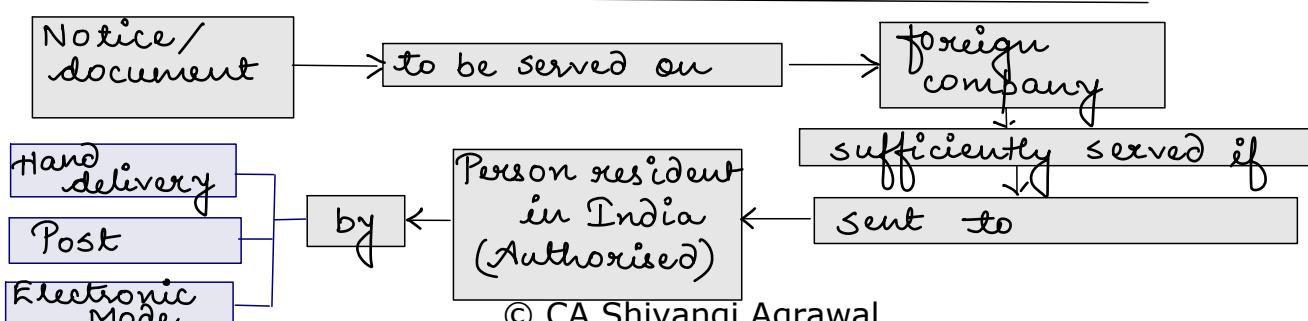
Accounts of Foreign Company [Section 381]



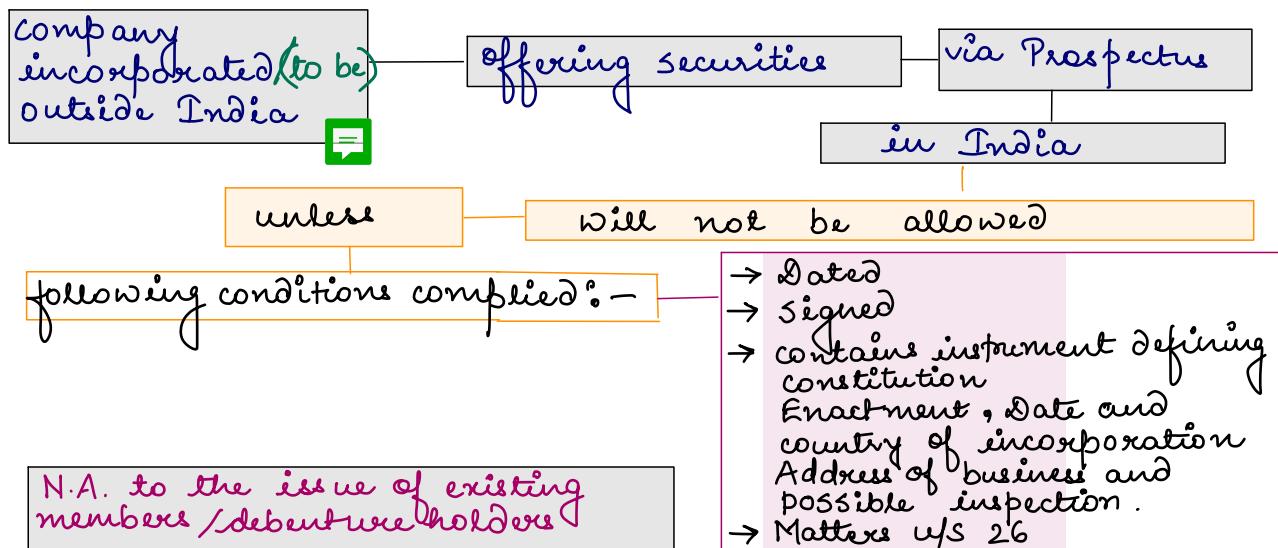
Display of Name of Foreign Company [Section 382]



Service of Documents [Section 383]



Dating of Prospectus and Particulars therein [Section 387]



Registration of Prospectus
Section 389

Document attached

Expert's consent
Other prescribed Docs

Expert's Consent [Section 388]

Expert statement included

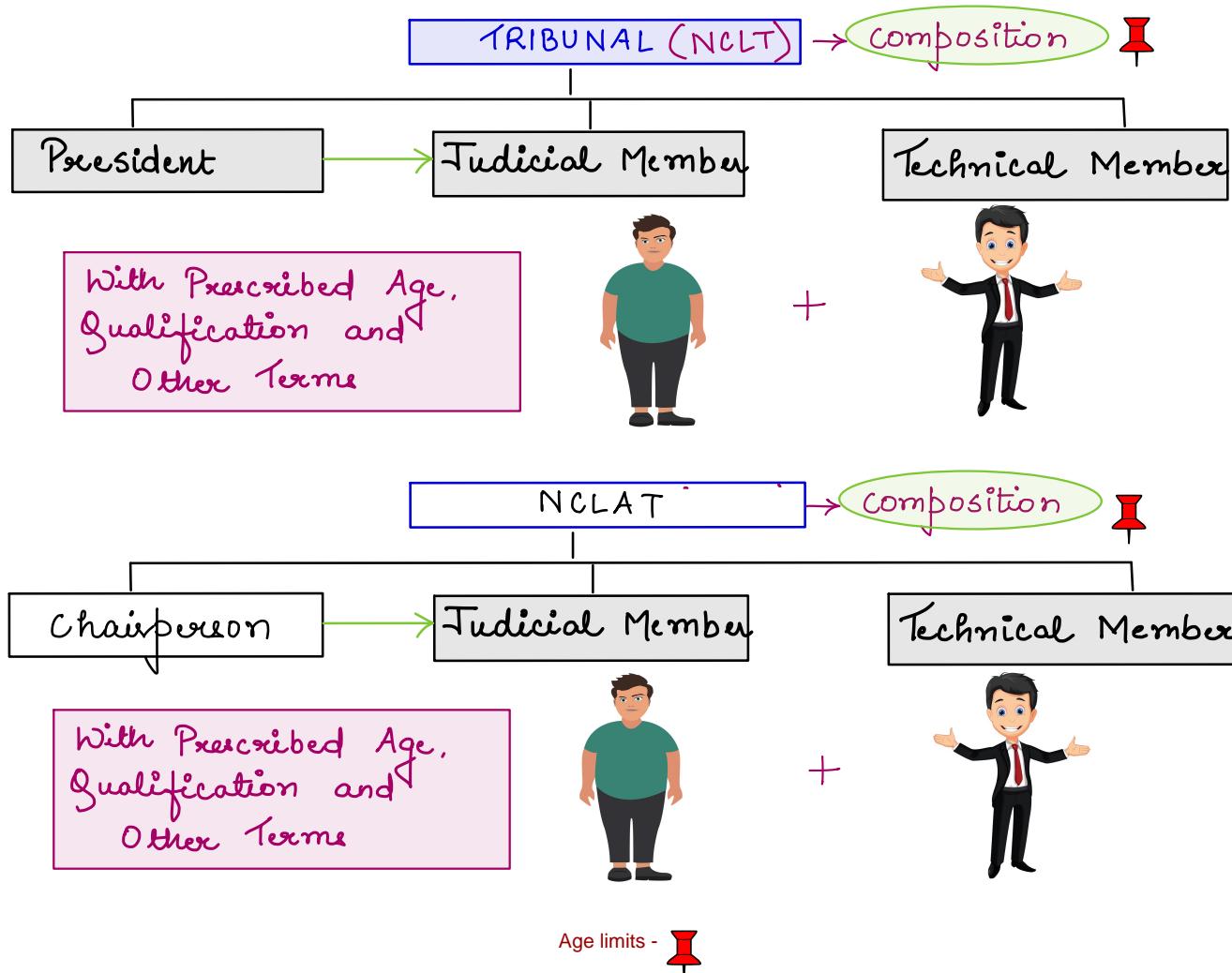
only when :-

Expert given consent if

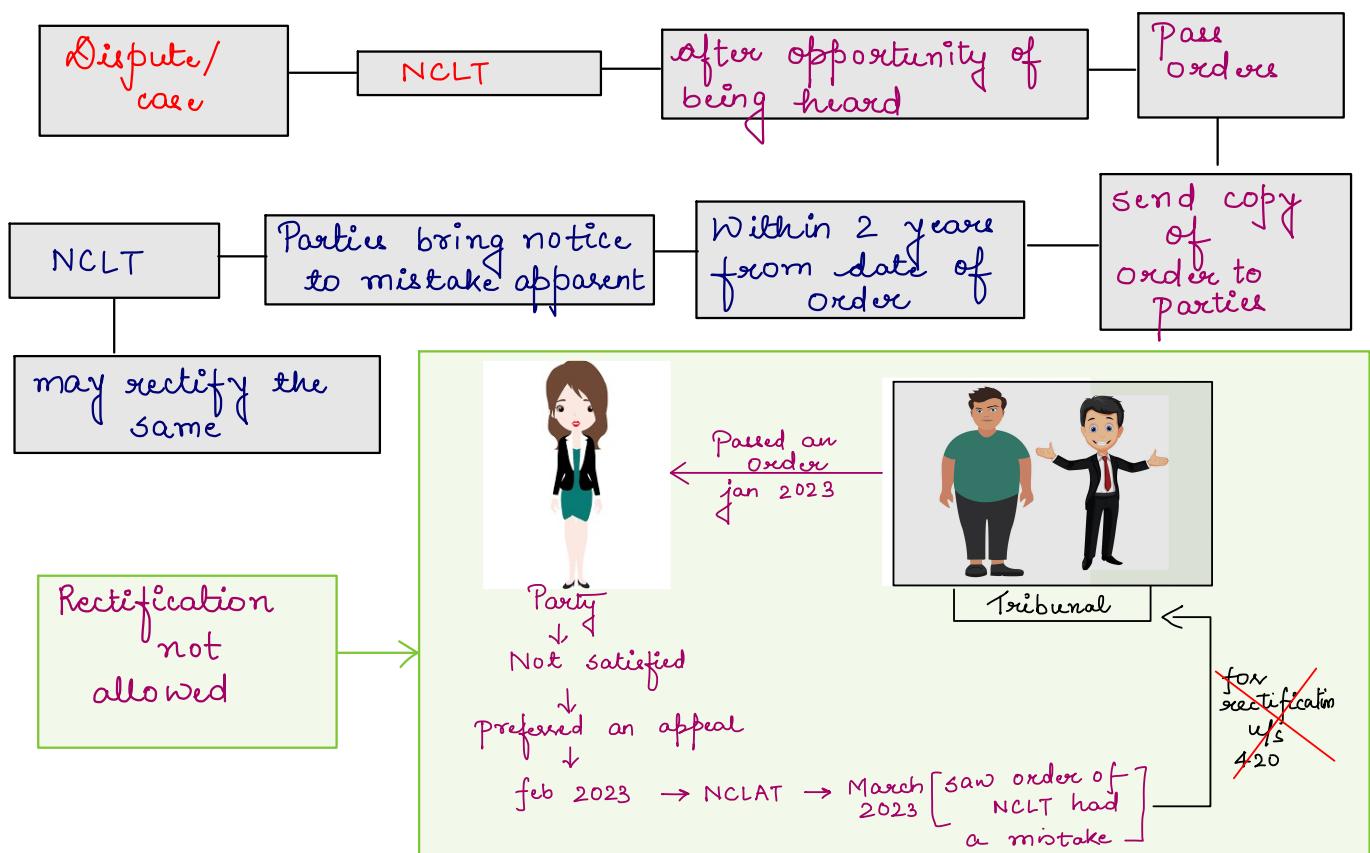
Not withdrawn his consent

and Prospectus contains a statement that Expert has given consent and not withdrawn consent.

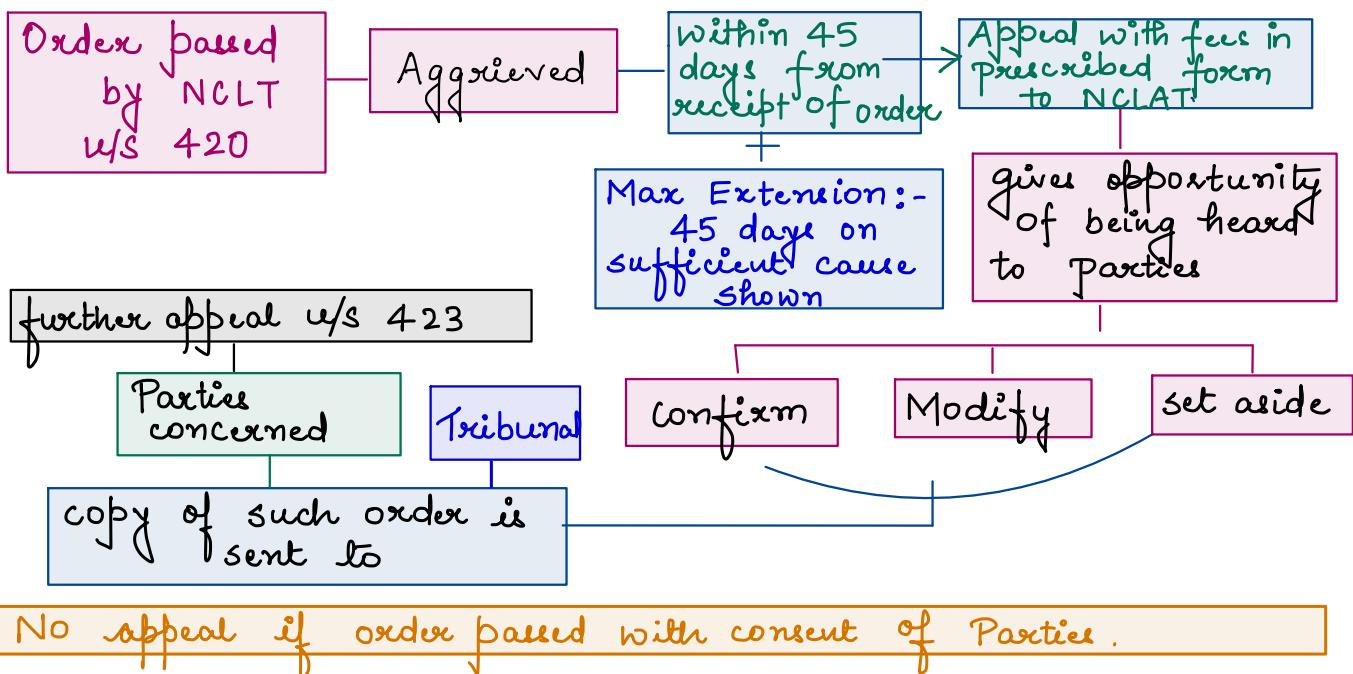
NCLT and NCLAT (Sections 407 - 434)



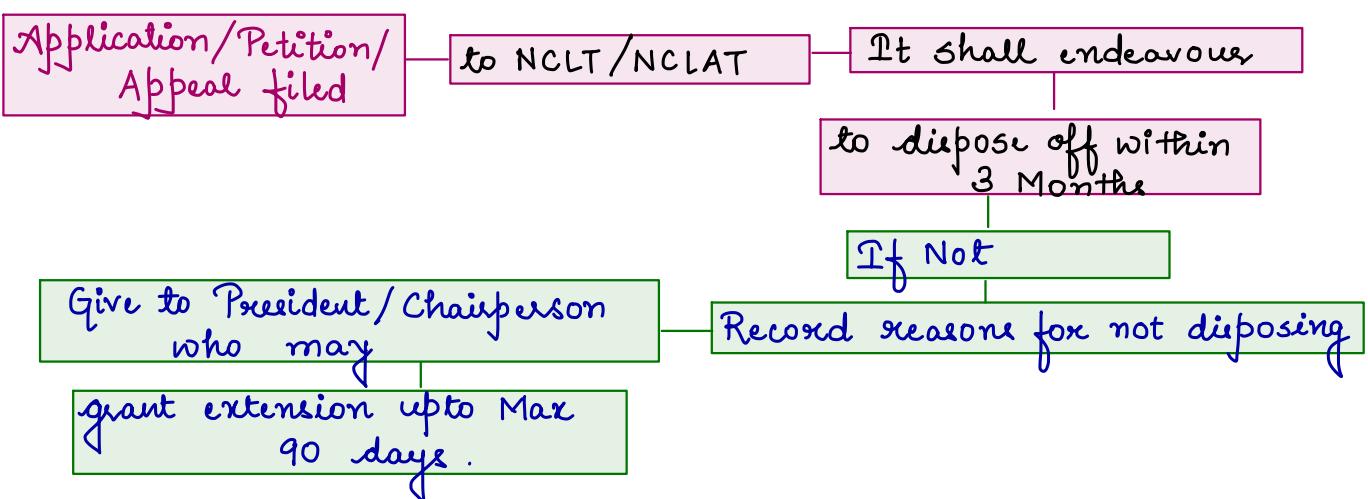
Sec. 420 – Order and Rectification



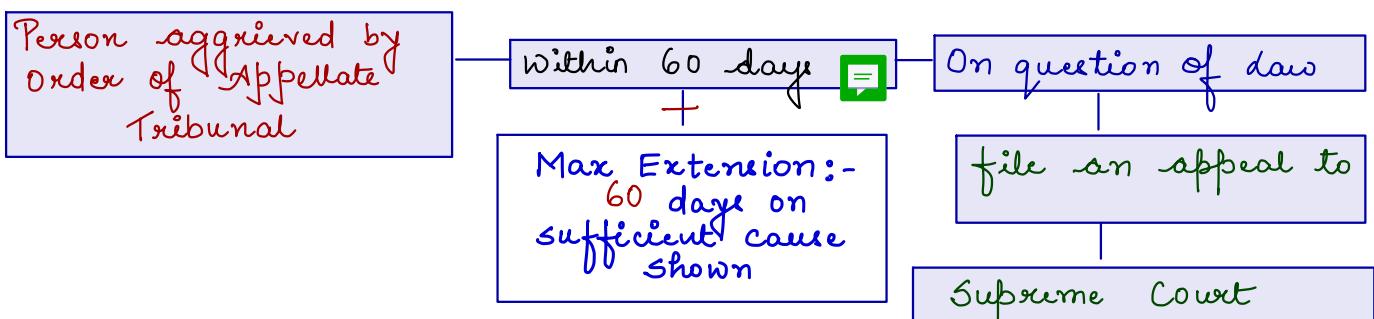
Sec. 421 (Appeal from orders of NCLT)



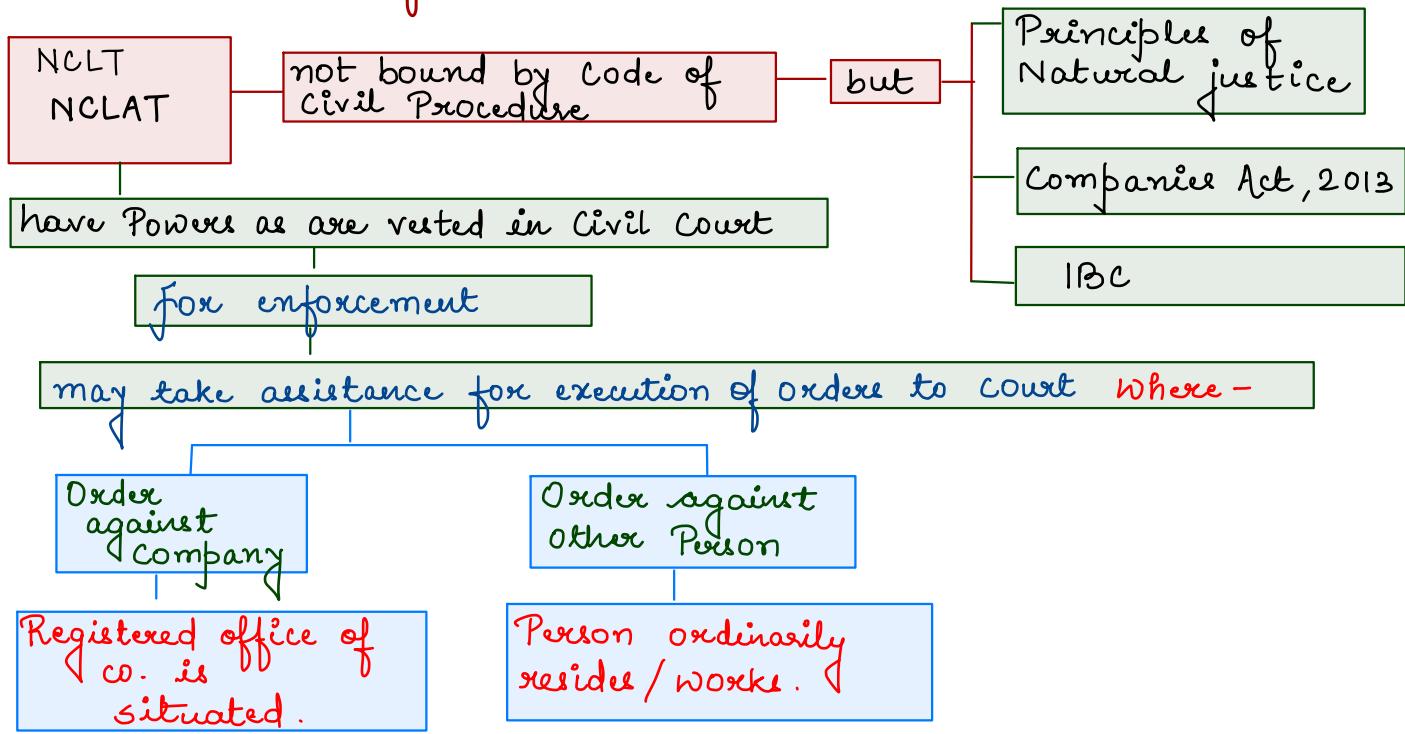
Sec 422 :- Expedition & Disposal by Tribunal



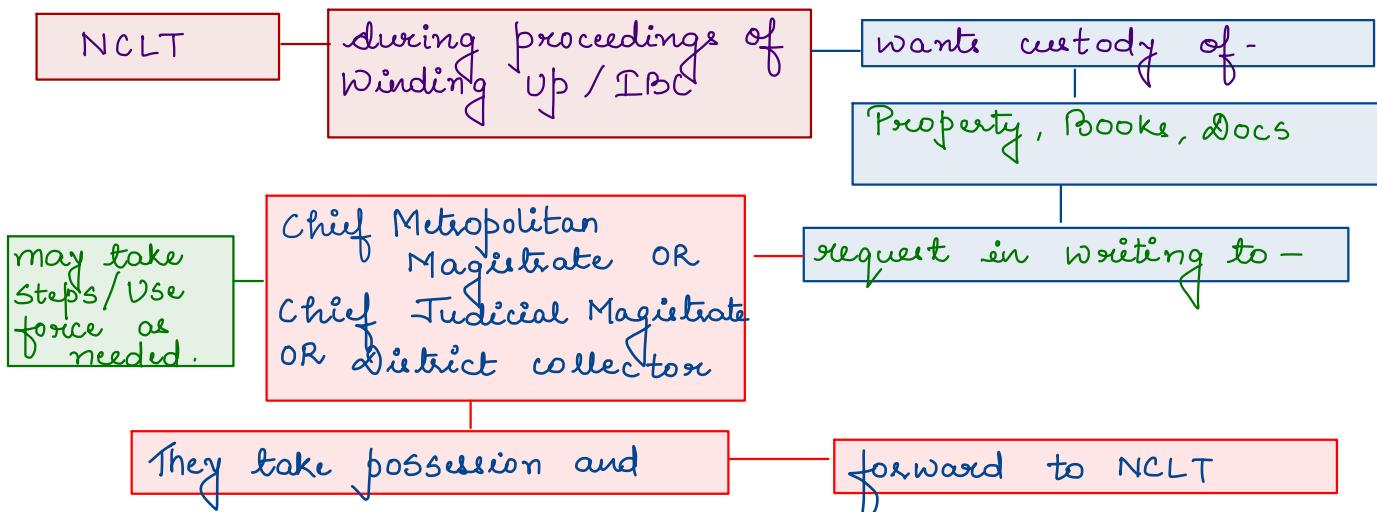
Appeal to Supreme Courts (sec. 423)



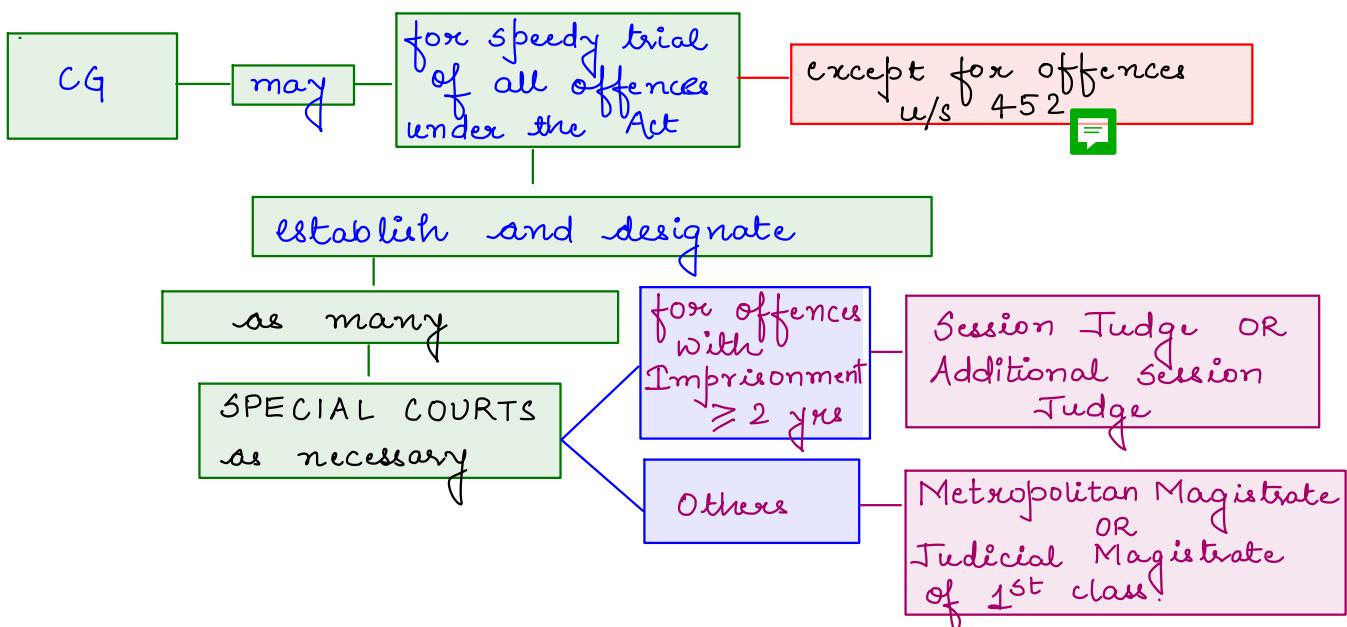
Procedure before NCLT and NCLAT (Sec. 424)



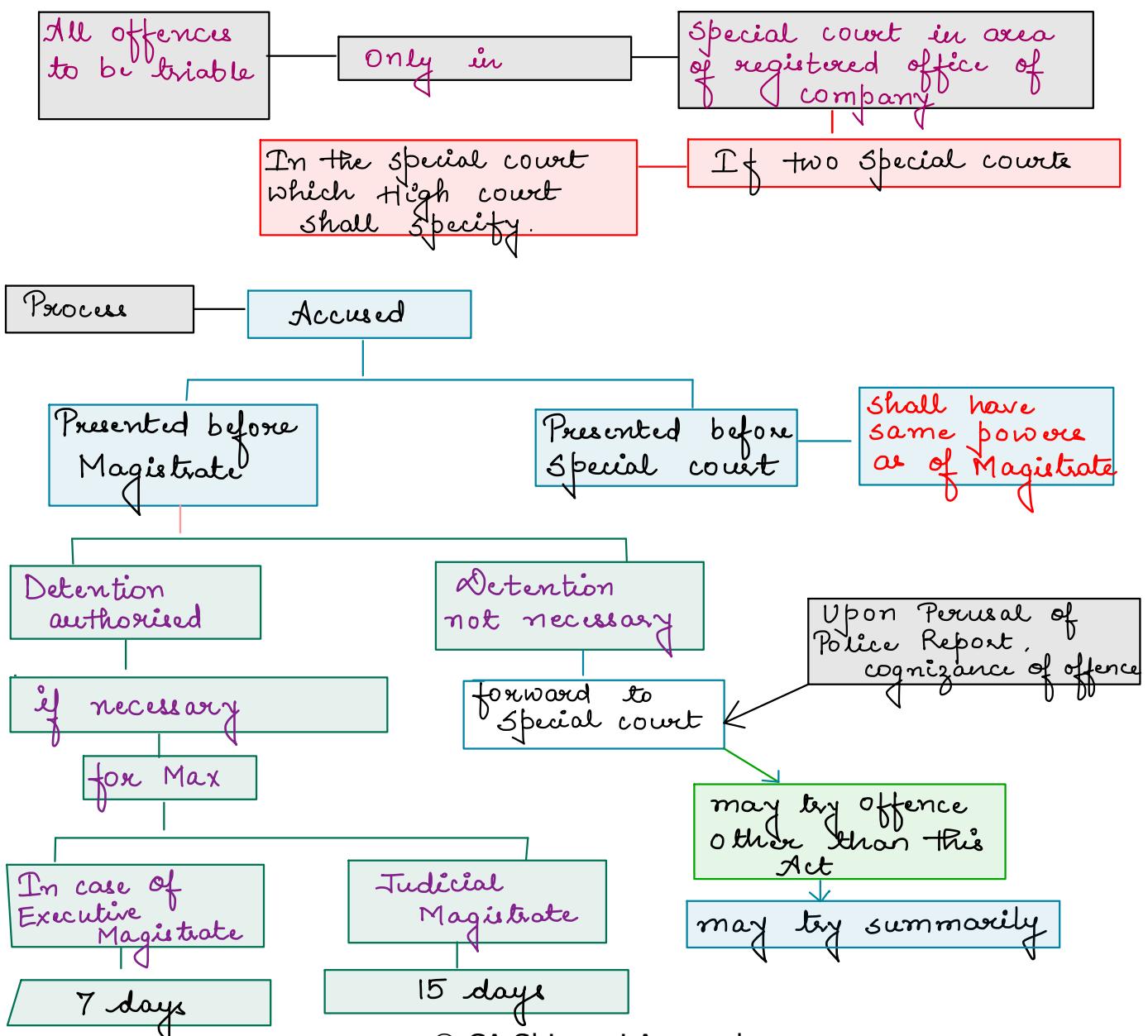
Power to seek Assistance from Chief Metropolitan Magistrate (Sec. 429)



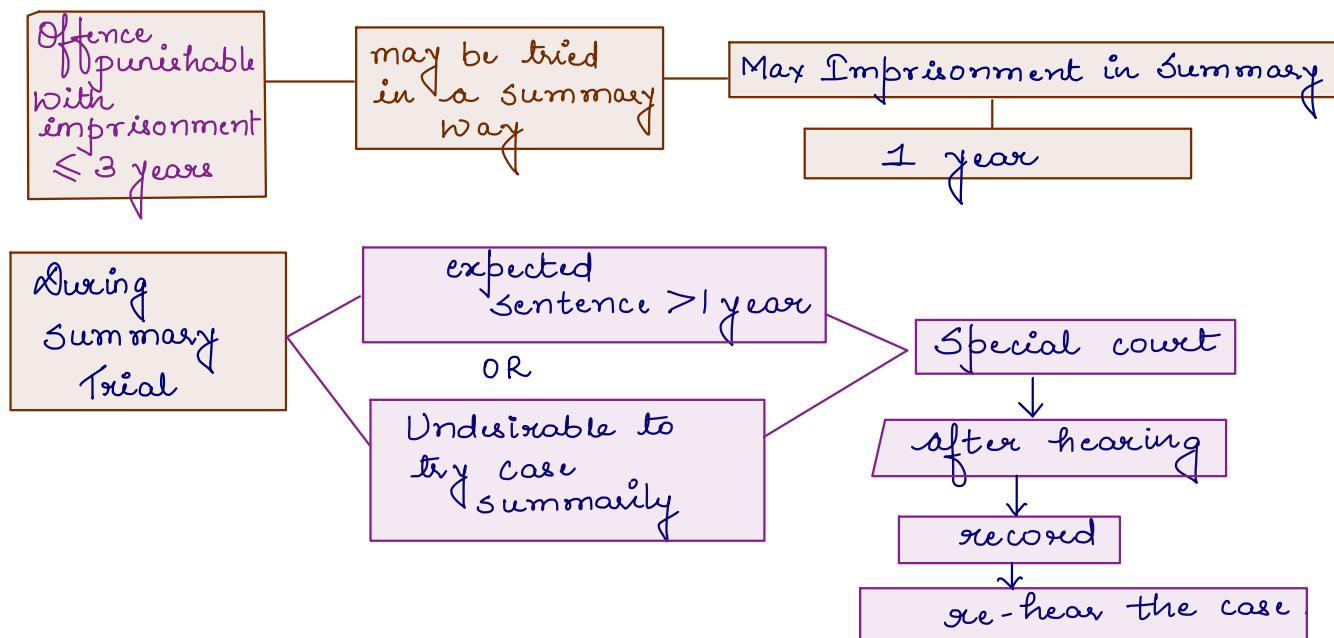
Establishment of Special Courts (Sec. 435)



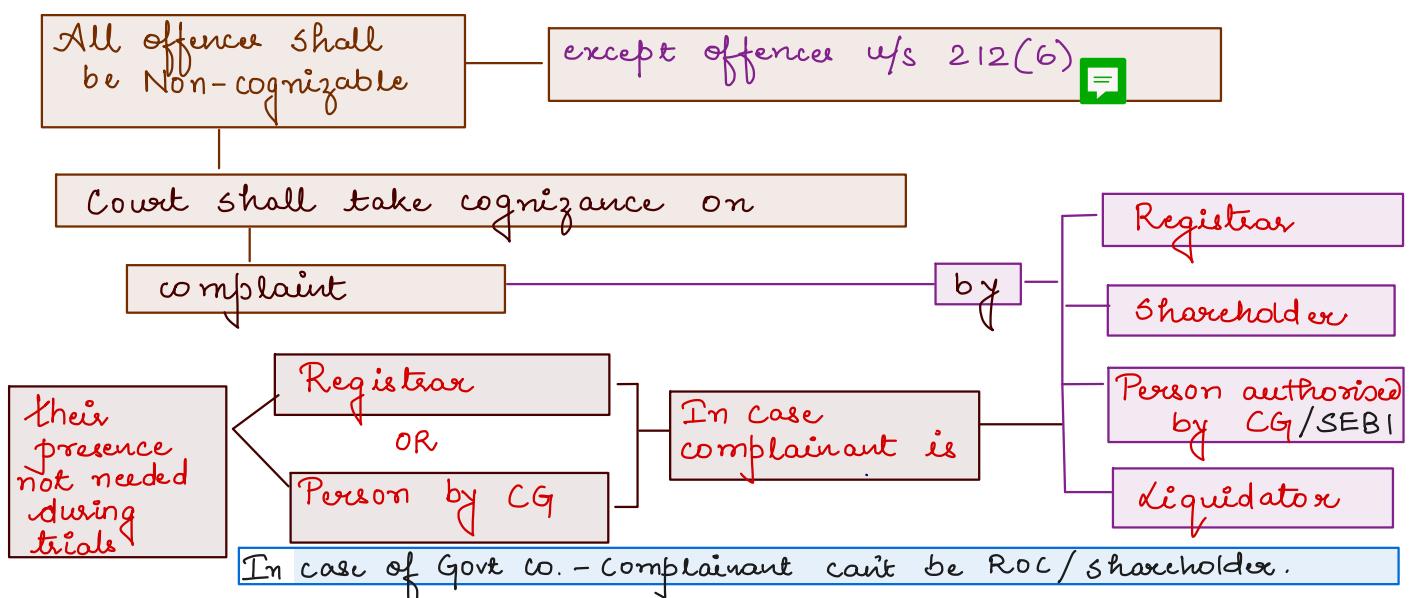
Offences triable by Special Courts [Sec 436]



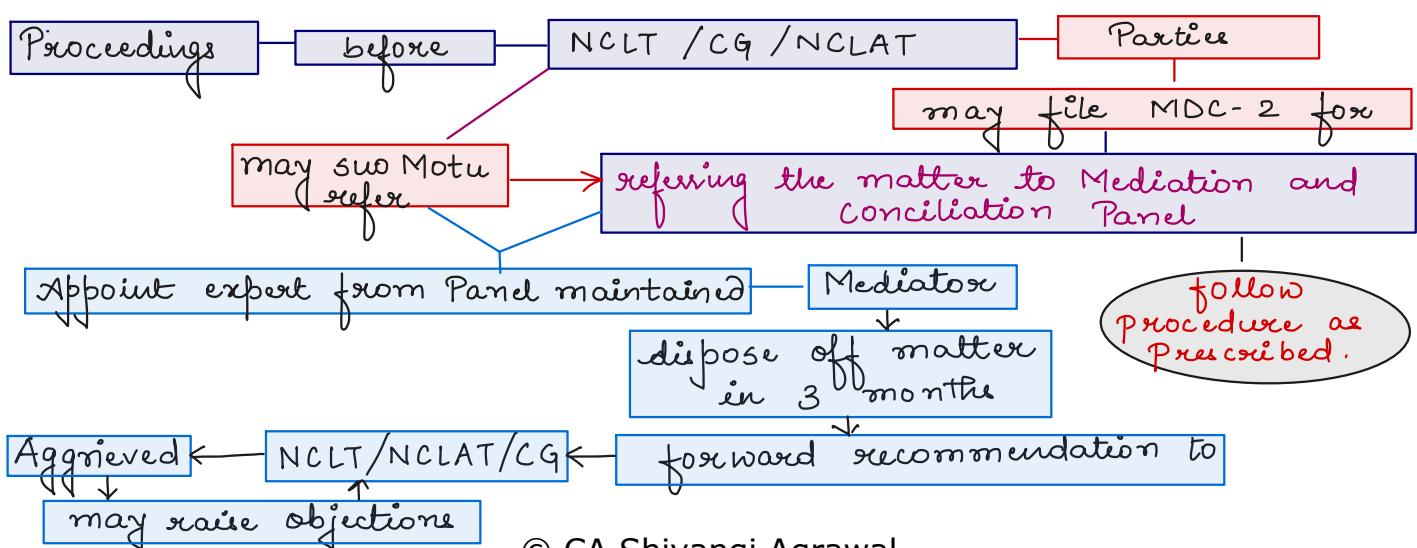
Summary Trial [Section 436(3)]



Offences to be Non-Cognizable [Sec. 439]



Mediation and Conciliation Panel [Sec. 442]



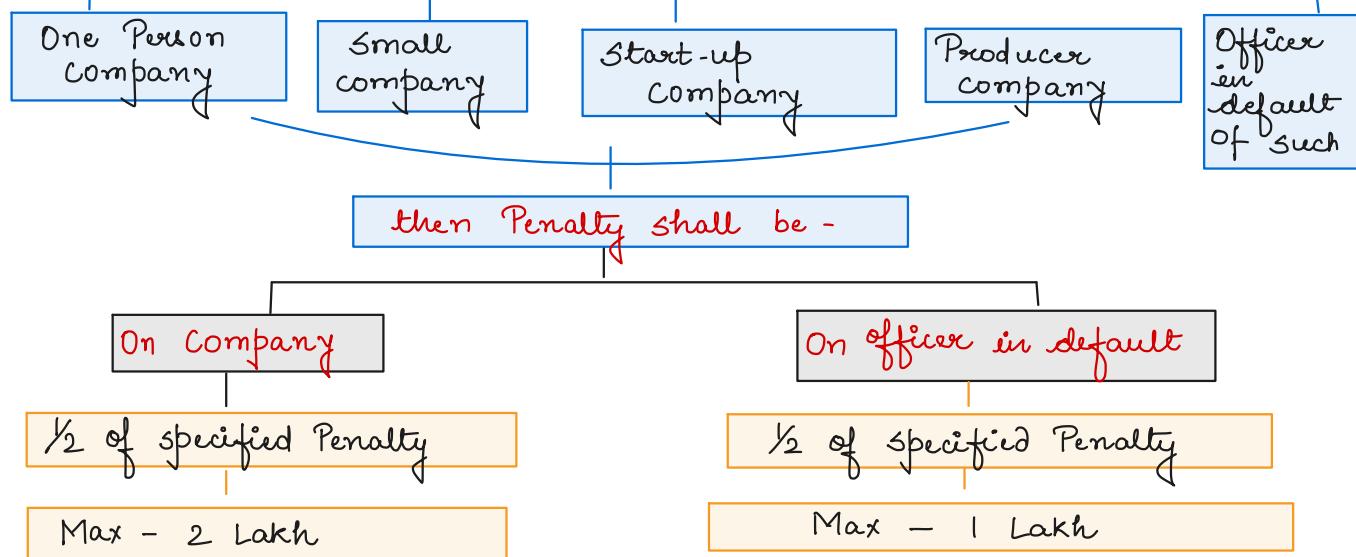
Factors for determining Punishment (Sec. 446 A)



Lesser Penalties for Certain Companies (Sec. 446 B)

If Penalty payable for Non-compliance of provisions of Act

by



Insolvency and Bankruptcy Code, 2016.



Insolvency

State where the Liabilities > Assets

If treated

If Untreated

It may lead to

Liquidation

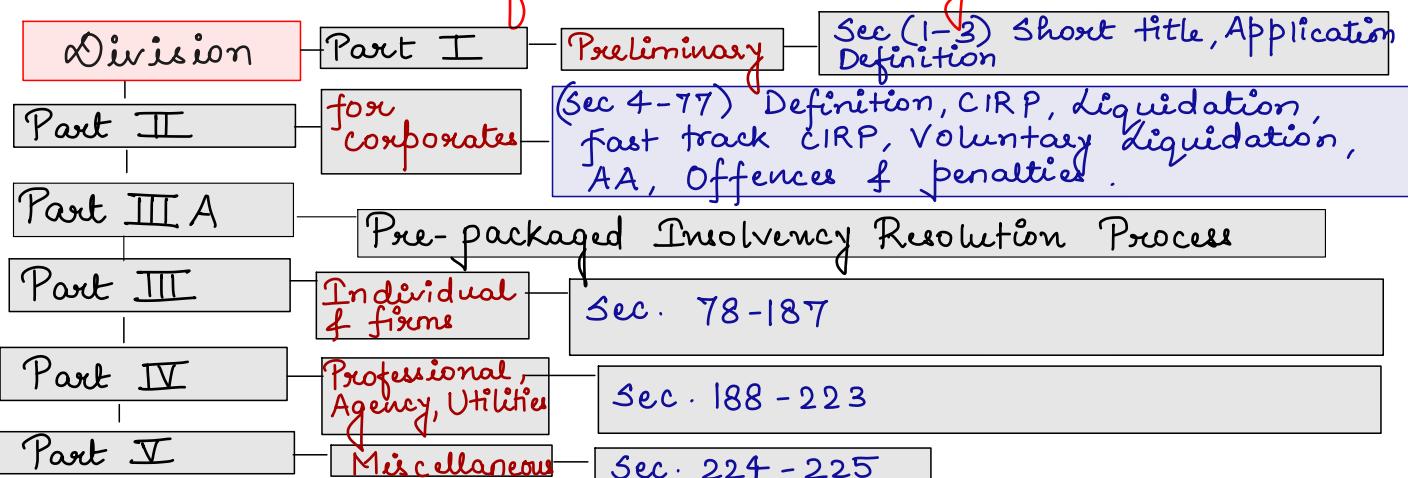
for corporates

Bankruptcy

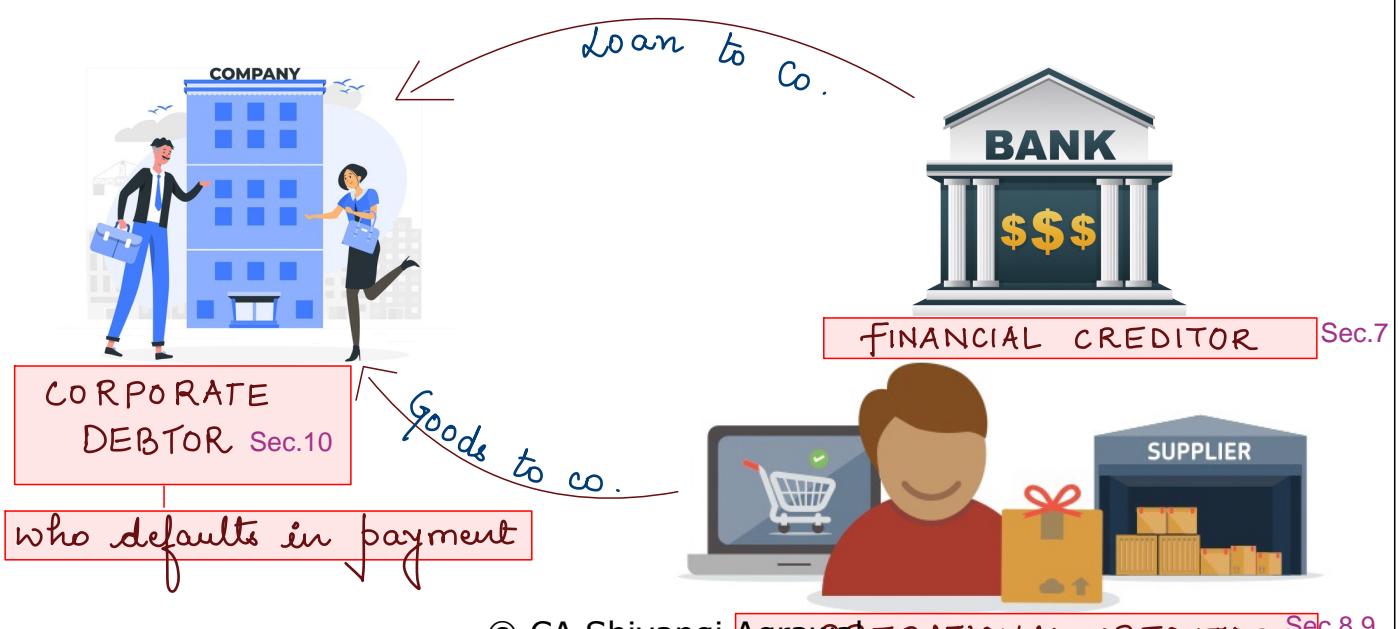
for Non-Corporates

Code which repealed and amended many laws.

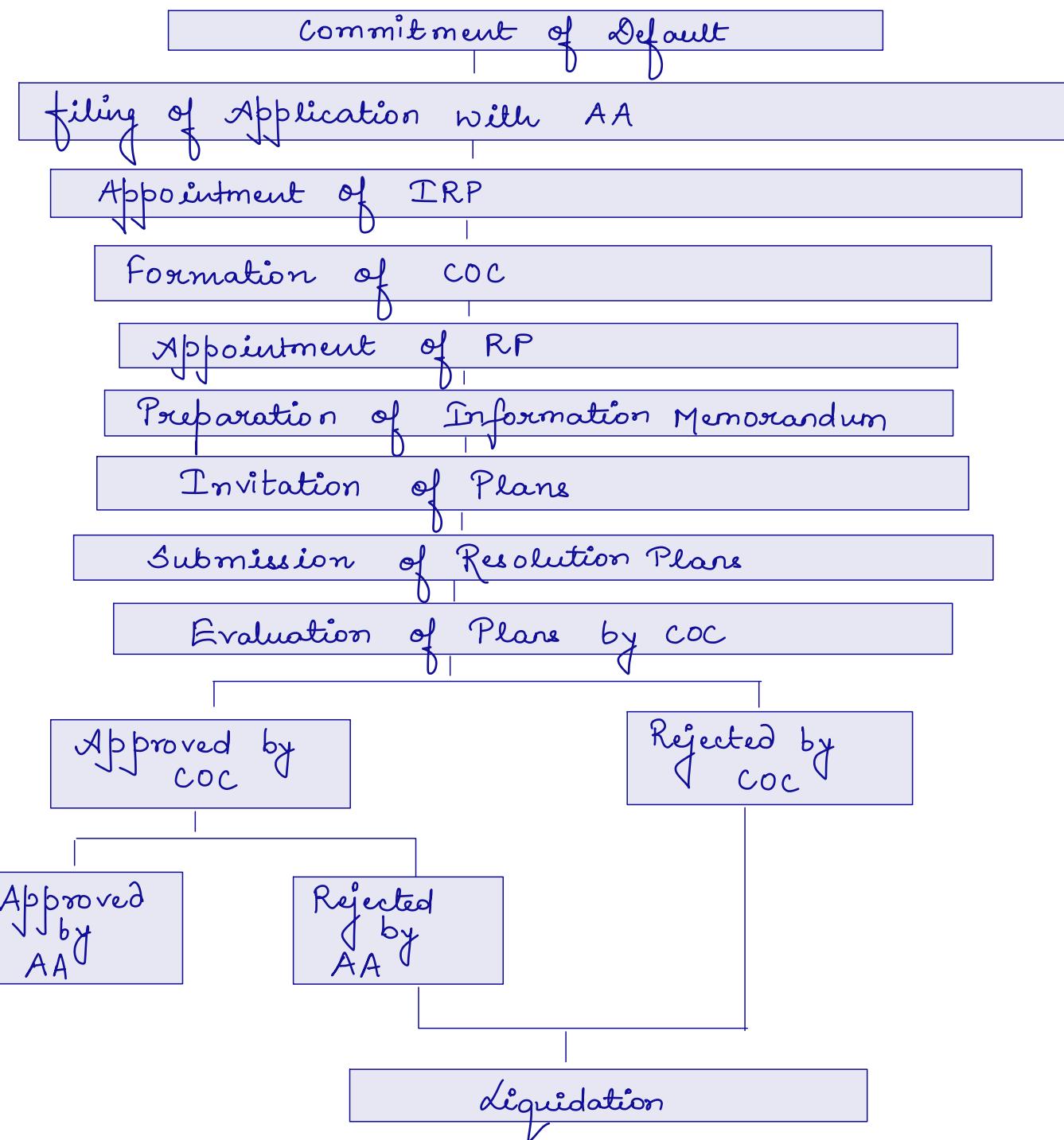
Came into force on 28th May 2016



Parties under IBC

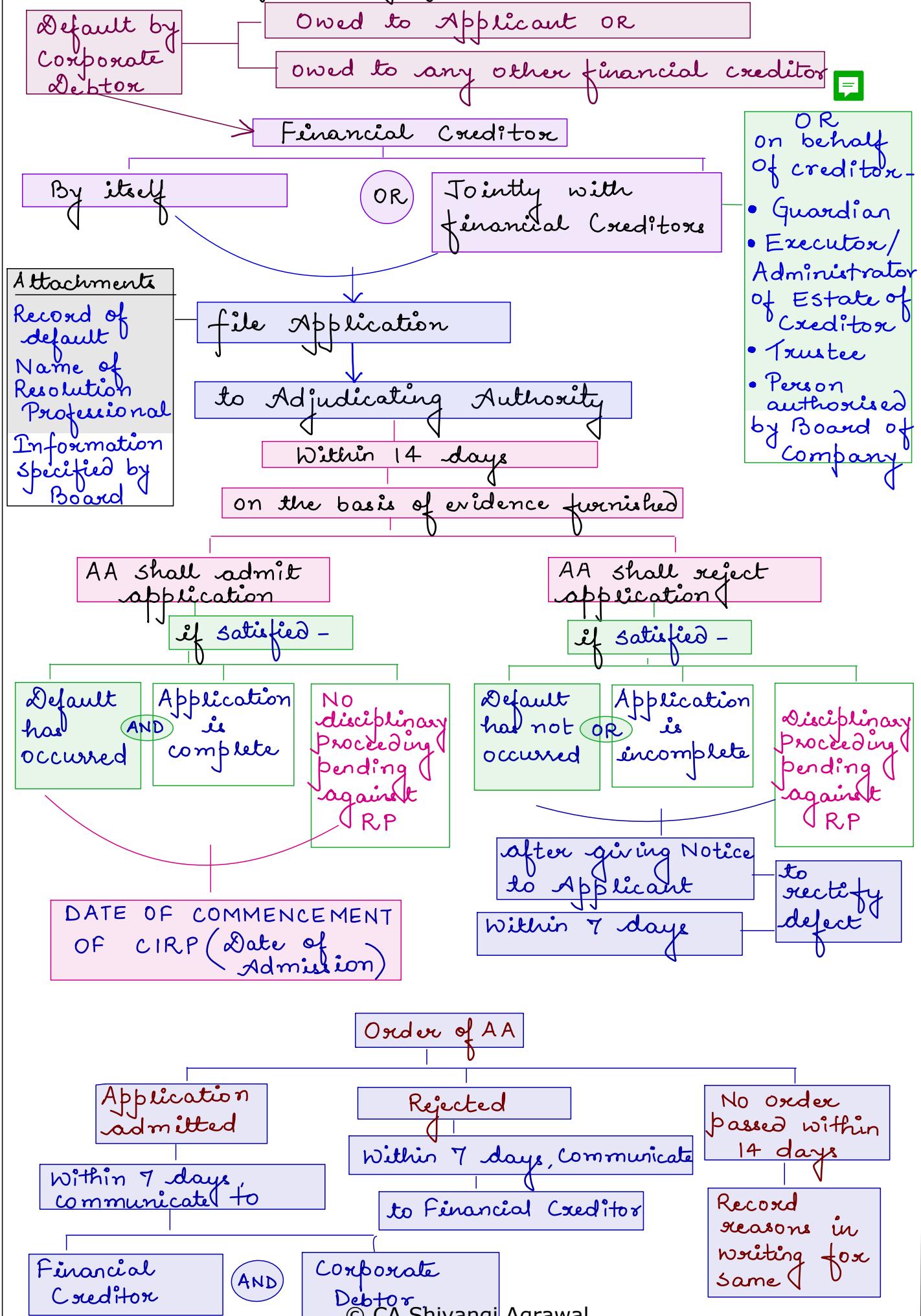


CIRP Overview

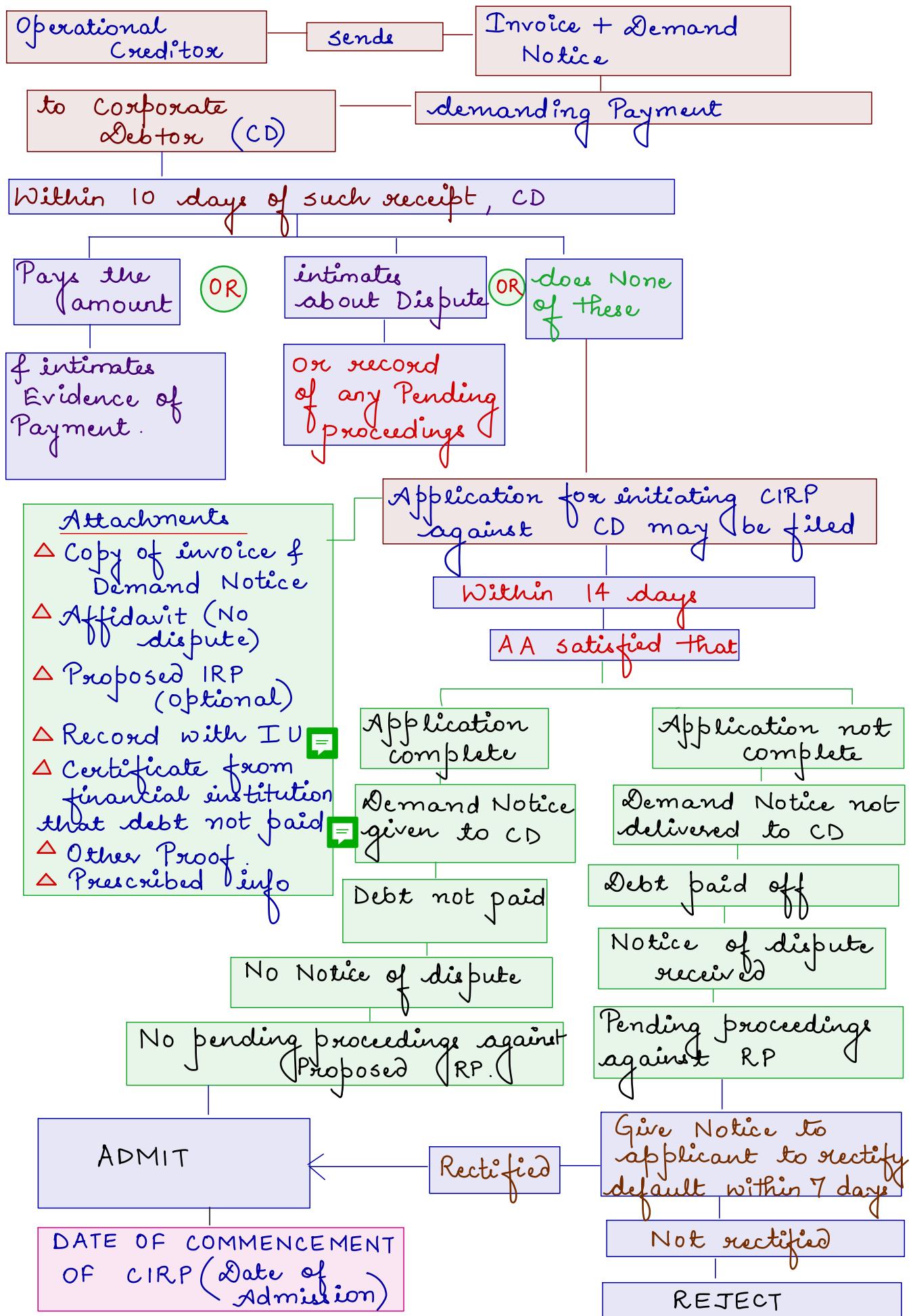


CIRP	Corporate Insolvency Resolution Process
IP	Insolvency Professional
IRP	Interim Resolution Professional
RP	Resolution Professional
COC	Committee of Creditors
CD	Corporate Debtor
AA	Adjudicating Authority - NCLT
Board	TBBI
RP	can mean Resolution Plan also CA Shrawan Agrawal

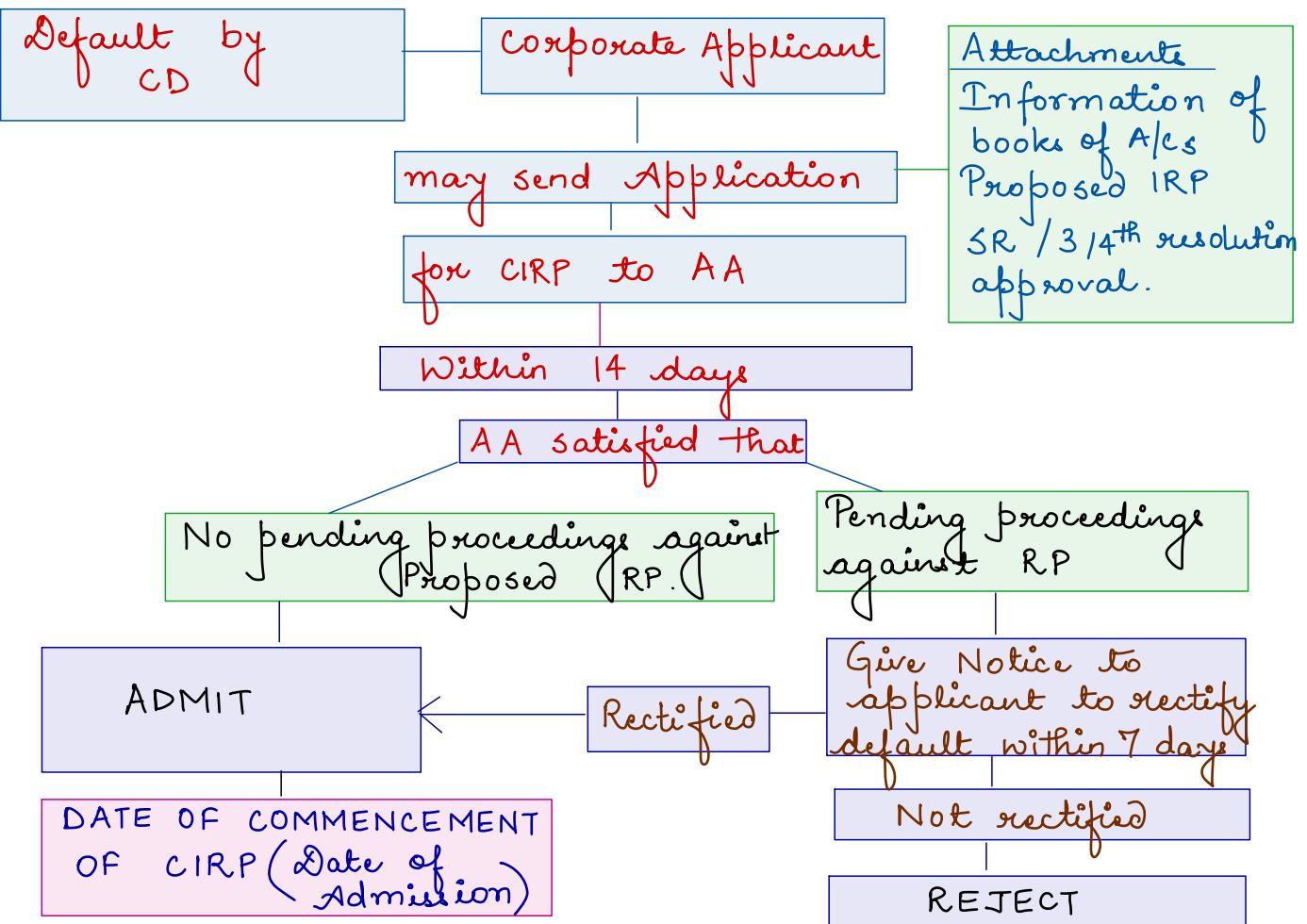
Initiation of CIRP by financial Creditor (Sec. 7)



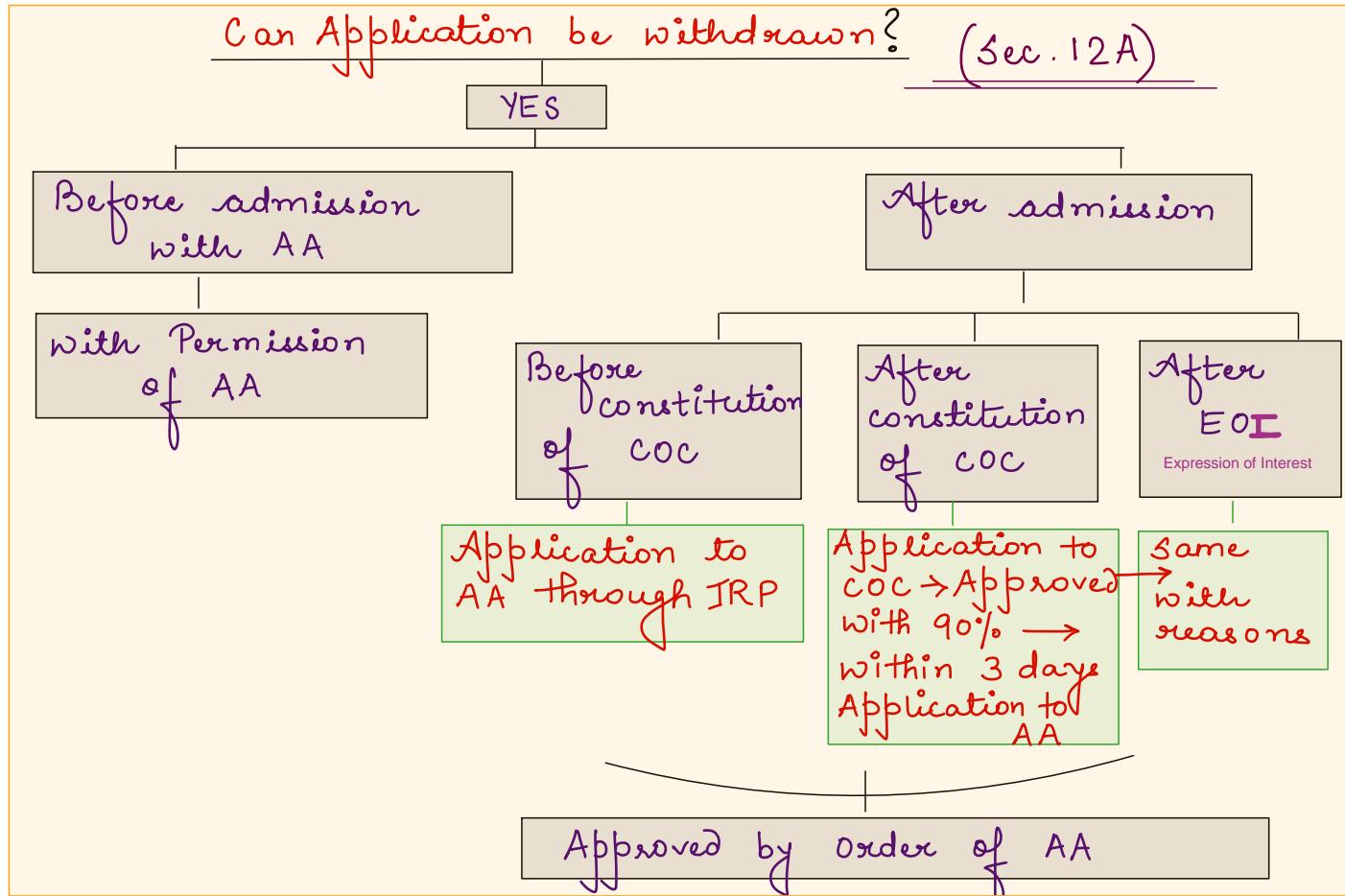
Initiation of CIRP by Operational Creditor (sec. 8 + sec. 9)



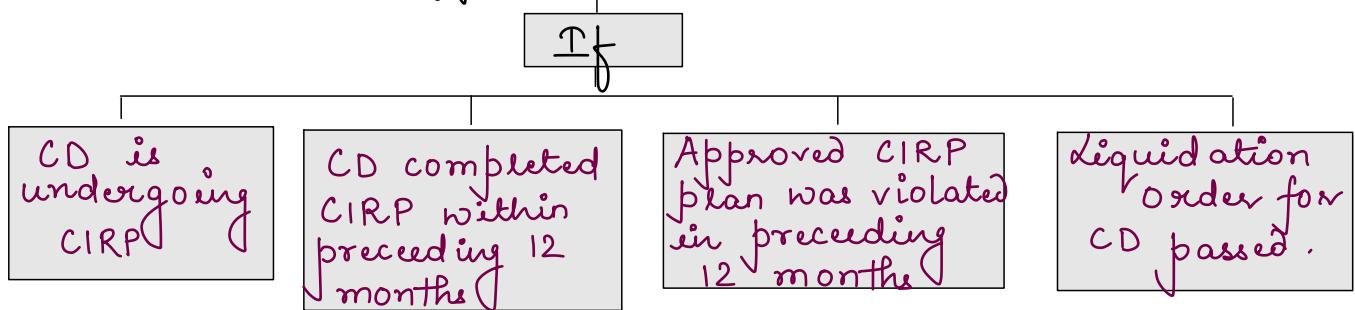
Initiation of CIRP by Corporate Applicant (Sec. 10)



Can Application be withdrawn? (Sec. 12A)



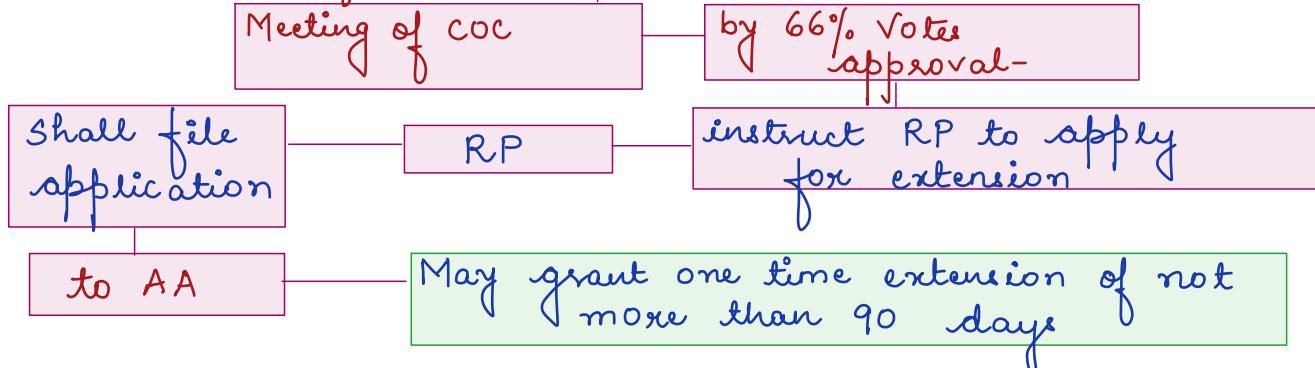
When Application can't be made? (Sec. 11)



Time limit for completion of CIRP (Sec. 12)

CIRP to be completed within 180 days from commencement

if not possible then -



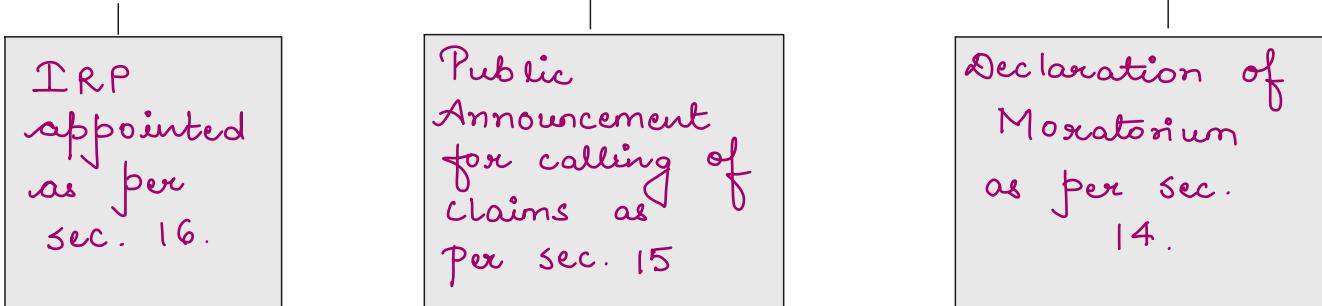
CIRP to be completed within 330 days (including extension and time in legal proceedings)

If Not -

Within 90 days from 16.08.2019 (Amendment Act 2019)

After admission of Application

AA passes 3 Orders



Moratorium (Sec. 14)

Delay or suspension of an activity.

On Insolvency commencement date, AA

shall prohibit -

Institution of suits/
continuation of Pending
suits against CD

Transferring/
encumbering/
disposing of Assets/
legal right of CD

Recovery of any property by owner in possession of CD.

Execution of any Order of court/
Authority

Action to foreclose/recover/enforce security interest

Supply of essential goods/services not to be Terminated & licensed by Regulator also suspended or interrupted.

N.A

→ Transaction notified by CG
→ Surety who has given guarantee for CD.

Tenure of Moratorium

Otherwise

If Resolution Plan approved

If liquidation order passed

Till date of such approval

Till date of such order

Till end of CIRP.

Public Announcement (Sec. 15)

Immediately (within 3 days) of appointment of IRP

IRP to make Public Announcement

Contents

Name & Address of CD

Authority under which registered

Details of IRP

Last date for submission of claims

Penalty for false claims

CIRP end date.

Appointment of IRP (sec. 16)

CIRP application is made by -

Financial Creditor (sec. 7)

Corporate Debtor (sec. 10)

Operational Creditor (sec. 9)

If no disciplinary proceeding pending against Proposed RP

He shall be appointed as IRP

If no disciplinary proceeding pending against Proposed RP

He shall be appointed as IRP

Whether IRP is proposed in Application or not?

Yes

No

AA refers the matter to IBBI

within 10 days

IBBI recommends name.

Person so appointed shall continue till appointment of RP u/s 22.

Powers of IRP :-

Management of affairs (of CD) by IRP

Board Powers suspended and to be exercised by IRP.

Officers to report to IRP and provide all docs.

Execute Deeds / Documents

Take actions specified by Board

Access electronic records from IU

Access books of A/c's, record with Authorities

Compliance with law

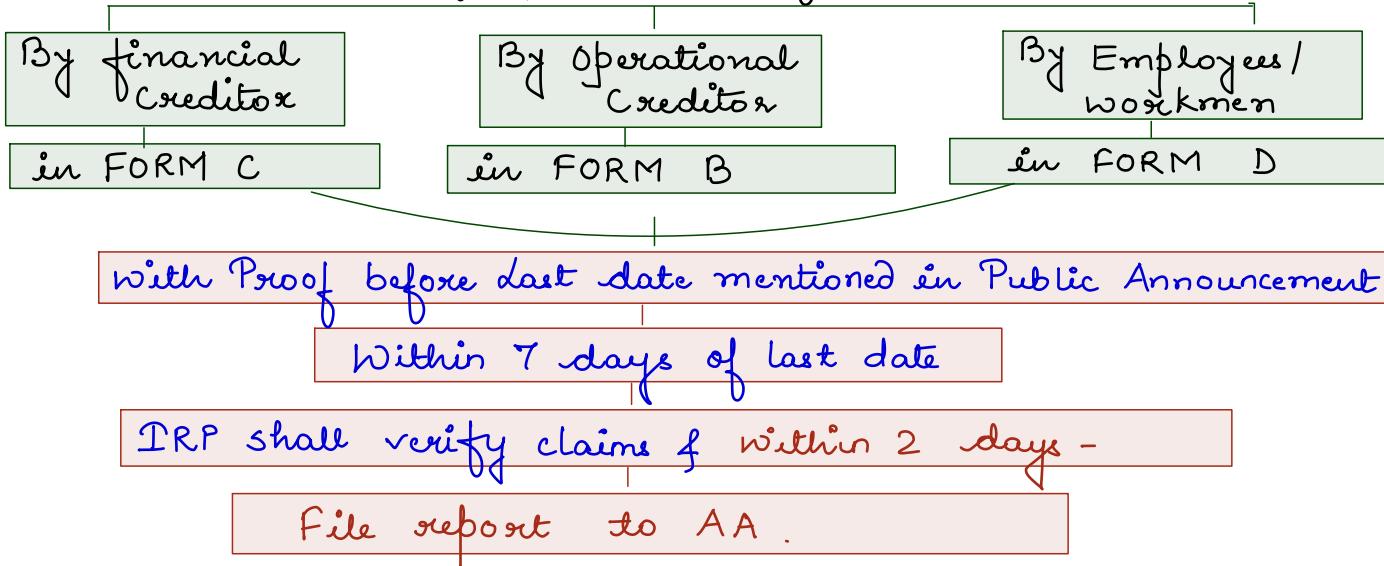
Financial Institutions to act on instructions of IRP and furnish information to IRP.

IRP shall endeavor to protect and preserve property of CD and manage operations as a going concern.

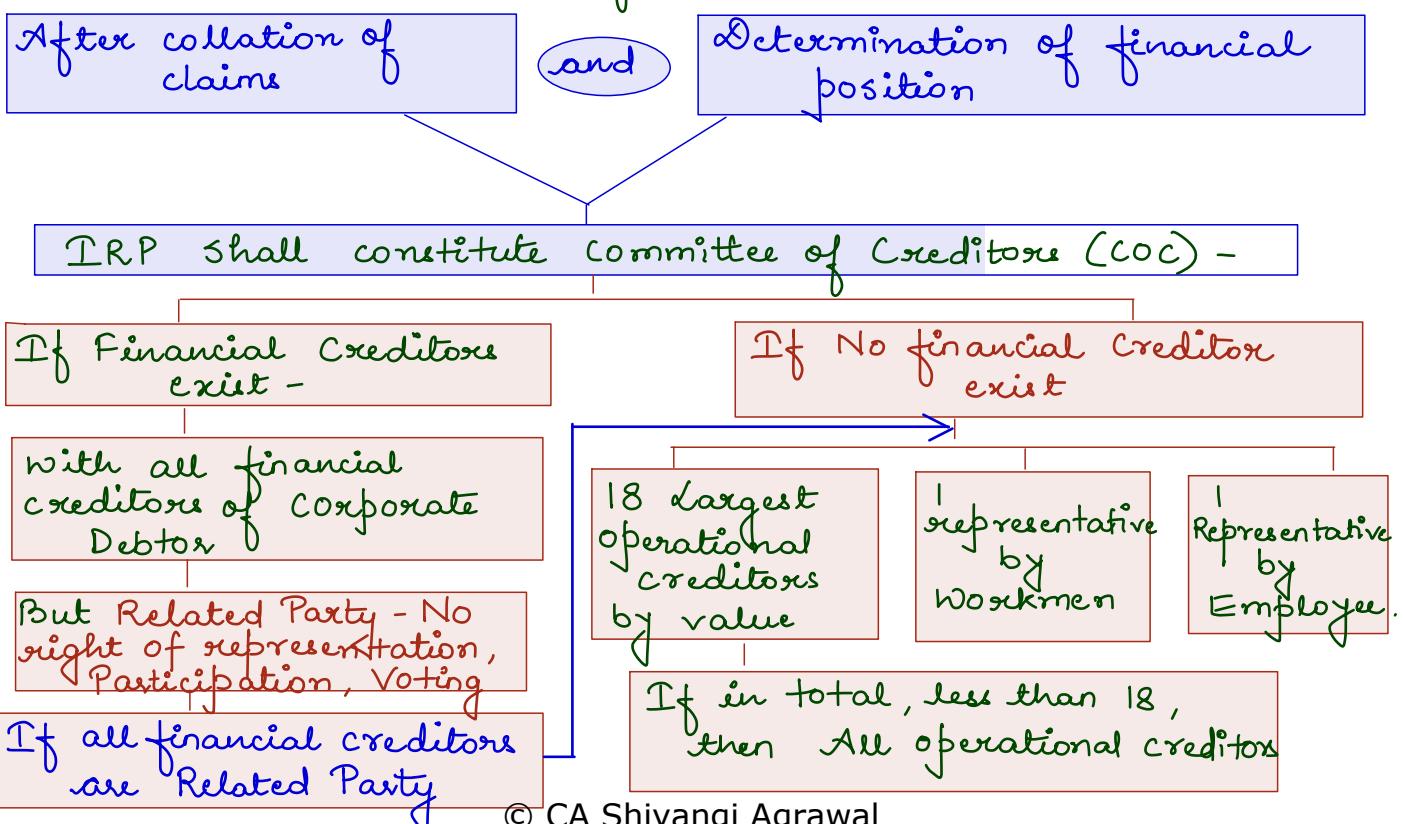
Key Duties of IRP

- Collect info about assets, finances etc.
- Collate claims
- Constitute COC
- Monitor assets
- file info with IU
- Take control and custody of assets
- Perform duties specified

Manner of submission of Claims



Committee of Creditors (Sec. 21)



Special Cases :

2 or more financial Creditors as a part of consortium

Person is financial as well as Operational Creditor

Operational creditor assigns his debt to financial Creditor

Each financial creditor shall be a part of COC

Voting Share to be proportionate to financial debt owed to him by CD

Assignee considered as Operational Creditor to the extent of operational debt owed

Voting right be in proportion of financial debts owed.

Meeting of Creditors

Constitution of Committee

within 7 days

5 days Notice to Every Participant .
May be reduced by COC to not less than 24 / 48 hrs.

Conduct 1st meeting of COC .

Notice

Representing 33% of Voting rights in person or by AV

Quorum

Voting

If not

Actions requiring approval shall be approved by vote of 66% / 51%.

Meeting adjourned to same time Place next day .

COC may demand any info relating to CD from RP and RP to furnish it within 7 days

Appointment of RP (Sec. 22)

In the 1st meeting of COC, By 66% voter - Appoint

IRP as RP

Replace IRP

If written consent obtained

COC sends

Application (Proposed IRP + his consent) AA

COC communicates decision to -
IRP
Corporate Debtor
Adjudicating Authority

within 10 days

to Board

forward it

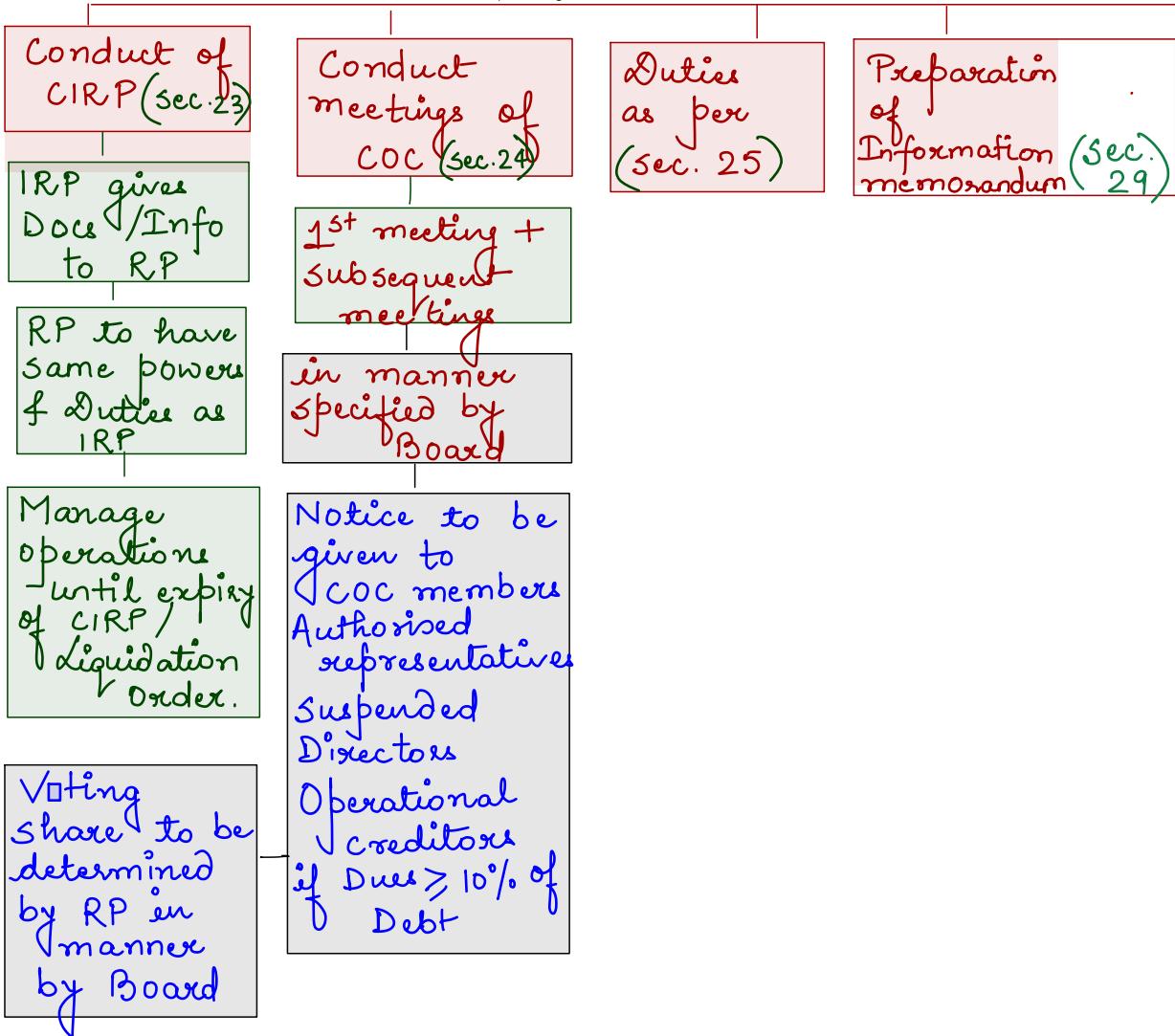
Confirms

Proposed RP appointed

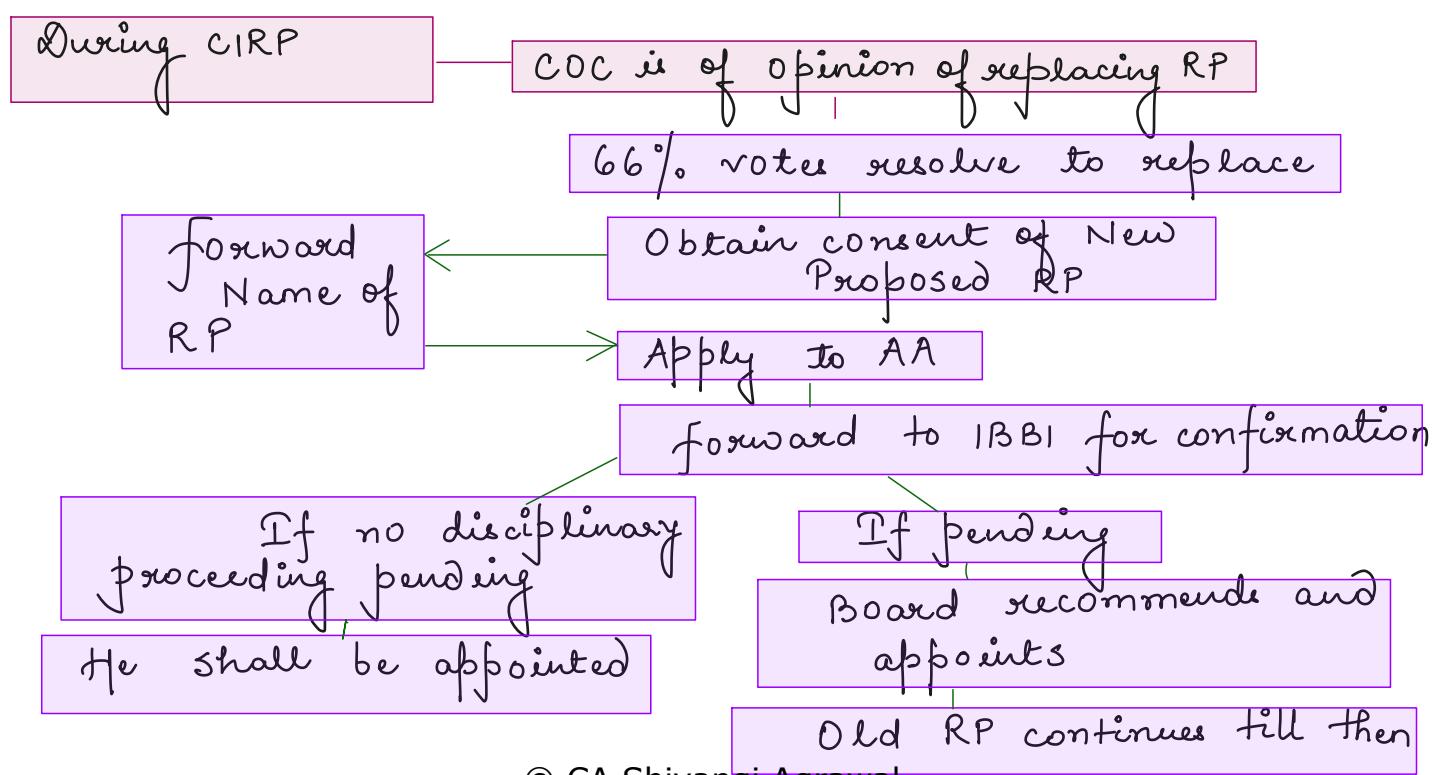
Board doesn't confirm

IRP continue as RP, until Board confirms other

Duties of RP



Replacement of Resolution Professional (sec. 27)



Duties/Actions (Sec. 25) — Subject to Approval (Sec. 28)



Preserve, protect assets of CD and continue its business.	Take custody and control of assets
Exercise rights for CD's benefit in proceedings	filing of application for avoidance of transactions (chapter II)
Maintain updated list of claims.	Appoint required accountants, professionals etc.
Represent CD while 3rd party dealings	Other actions as specified by Board.

Invite Prospective resolution applicants to submit resolution plan from eligible resolution Applicants

Section 29A

Person not eligible

Undischarged insolvent	Wilful defaulter according to RBI
Disqualified as a director under companies Act.	Prohibited by SEBI for trading
Has an account classified as NPA and 1 year or more elapsed from such date.	convicted for offence - imprisonment - 2 years/more (Twelfth schedule)
Promoter/in mgmt of corporate Debtor in which Preferential/Under valued / fraudulent transaction convicted for offence - imprisonment - 7 years/more (under any other law)	Executed Guarantee in favour of Creditor in respect of CD against which application for resolving insolvency admitted and such guarantee invoked by creditor and remains unpaid
Disability as above under foreign law	Connected Person not eligible

Submission of Resolution Plan (Sec. 30)



Order of liquidation may be passed on above grounds

Deemed to be notice of discharge to Employee etc.

Appointment of liquidator

except where business
is continued

Resolution Professional to
act as liquidator
Subject to his written
consent

Shall have all
powers of BOD, KMP

and personnel to extend
all assistance to
liquidator

If

Plan was
rejected on
failure to
meet
requirements

OR

Board
recommends
replacement
of RP for
reasons in
writing

OR

RP doesn't
give
written
consent

AA
directs Board
to propose a
name

within
10 days

Name
is proposed
with
written
consent

Such IP
is appointed
as liquidator

Powers and Duties of Liquidator (sec. 35)

Verify claims, Invite and settle claims

Take into custody all assets etc.

Evaluate Assets & Property & prepare report

Protect assets / properties
carry business

Sell property by auction/transfer / in specified manner

Draw, accept, make, endorse Negotiable Instrument

Take out in official name letter of administration to
deceased contributory

Obtain professional assistance

Institute suit

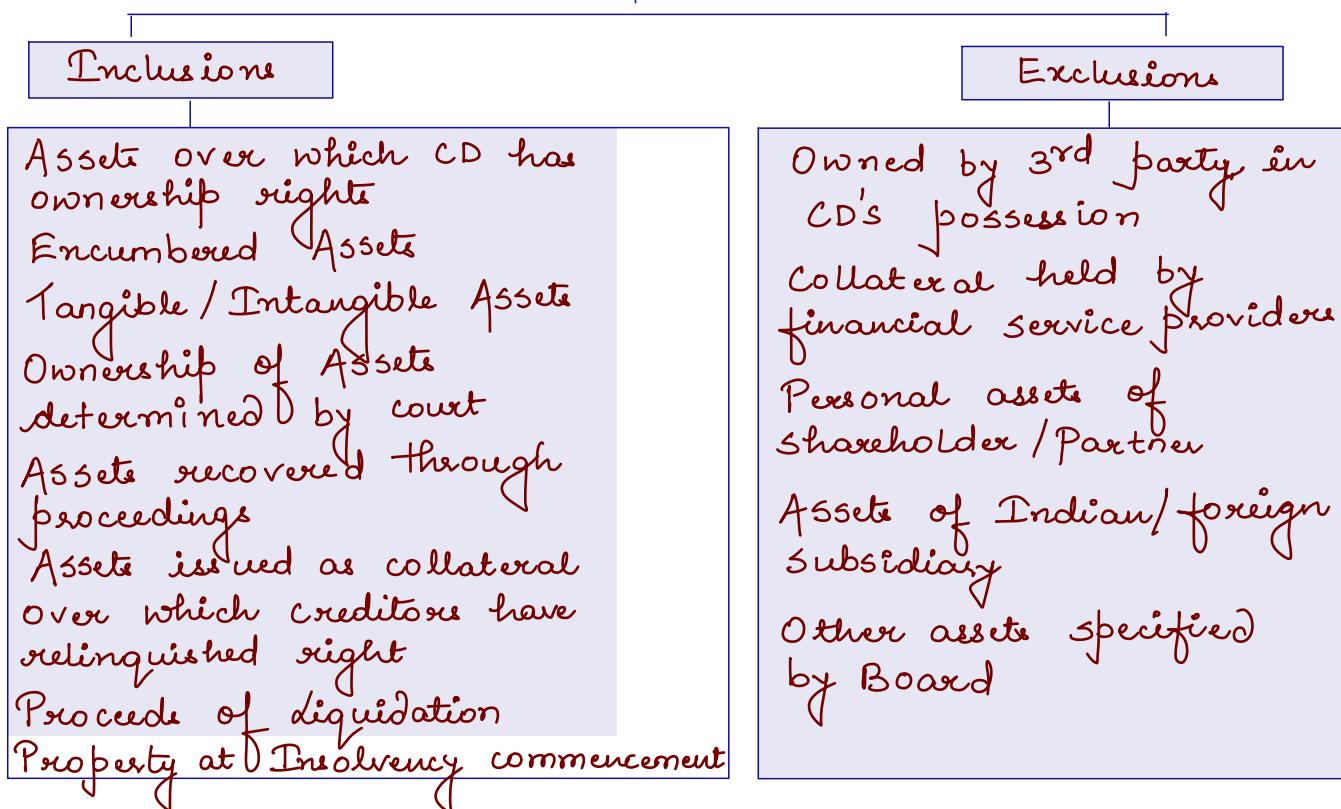
Investigate affairs - Undervalued/ Preferential transactions

To take all actions to sign / execute / verify deed, document
bond etc.

Apply to AA for necessary orders, Other specified functions

Liquidator also has power to access info. Creditor may require liquidator to provide any financial info to them -
AND Liquidator → within 7 days → Provide info / reasons for not doing so.

Liquidation Estate



Consolidation of Claims (Sec. 38)

Commencement of Liquidation Proceedings

Within 30 days

Liquidator to collect claims of Creditors with record with Information Utility / supporting doc

Verify claims within 30 days from last date of receipt of claims

May withdraw or vary within 14 days of submission

May require other document and then, it may -

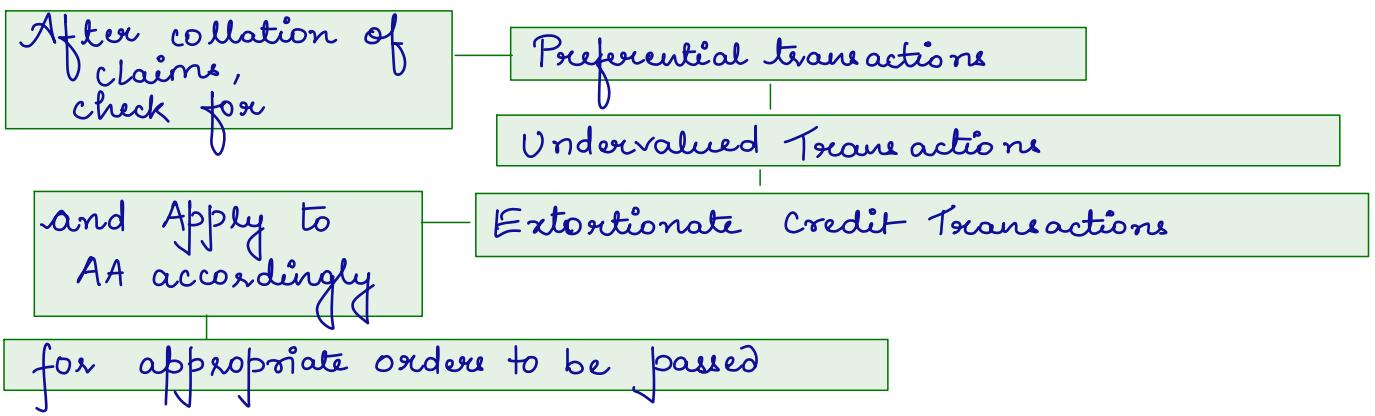
Admit

Reject

Record reasons

Appeal within 14 days of receipt of such Decision to AA

Liquidator shall determine value of claims in manner



Ranking

Distribution of Assets (Sec. 53)

- 1 I.R.P and liquidation costs in full
- 2 Workmen's Dues for 24 months preceding liquidation commencement date
AND
Debt of secured creditor
- 3 Wages and Unpaid dues to employee other than workmen for preceding 12 months
- 4 Financial Debt to unsecured creditor
- 5 Amt due to CG/SG
AND
Debt of Secured creditor unpaid following enforcement of security Interest
- 6 Remaining Debts and Dues
- 7 Preference shareholders
- 8 Equity shareholders / Partner

Any contractual arrangement with equal ranking if disrupting order of priority shall be disregarded

Liquidator shall distribute proceeds within 90 days from receipt of Amount to stakeholders

When assets completely liquidated

Liquidator shall make application to AA for dissolution

Insolvency & Bankruptcy Code (Amendment) Ordinance 2021

4th April 2021

introduces Alternate insolvency resolution process

for MSME

called as Pre-packaged Insolvency Resolution

PIRP

Chapter IIIA containing sections 54A to 54P (Newly inserted)

What is MSME ?

As classified according to MSME Development Act, 2006

Conditions	Micro	Small	Medium
Investment in Plant & Machinery	Not more than 1 crore AND	Not more than 10 crores AND	Not more than 50 crores AND
Annual Turnover	Not more than 5 crores	Not more than 50 crores	Not more than 250 crores

Meaning of Pre-pack (Because plan is already packed)

Informal arrangement

between

Promoters
and
Creditors

Alternative to CIRP - available only for MSMEs

Difference between PPIRP and CIRP

Particulars	CIRP	PPIRP
Applicability	for all corporations	Only for MSMEs
Application by whom?	Corporate Applicant / Creditors	Only Corporate Applicant
Time limit	270 / 330 days	120 days
Default Amount	1 crore	10 lakhs
Management	is taken over.	Stays with Promoters & management
Arrangement	Only formal	Informal + formal

Process

Default by MSME of atleast 1 lakh (CG may increase
(Notified = 10 Lakhs) limit up to 1 crore)

Only Debtor is allowed to initiate PPIRP

in event of default

if

No PIRP
during 3 years
preceding
initiation date

AND

Not
undergoing
CIRP

AND

No order of
liquidation
u/s 33

AND

Declaration by
Directors -
PIRP within 90
days
No intention to
defraud
Proposal and
approval of IP

AND

Financial
creditors (Not
related parties)
have proposed
IP and 66%
have approved
proposal

AND

eligible to
submit
resolution
plan u/s 29A

AND

SR by members / 3/4th by partners as
the case may be have approved
filing of Application

PPIRP Period :- from commencement date till -

Approval of
Resolution Plan [54L]

OR

Termination of
PPIRP [54N]

OR

Initiation of
CIRP [54O]

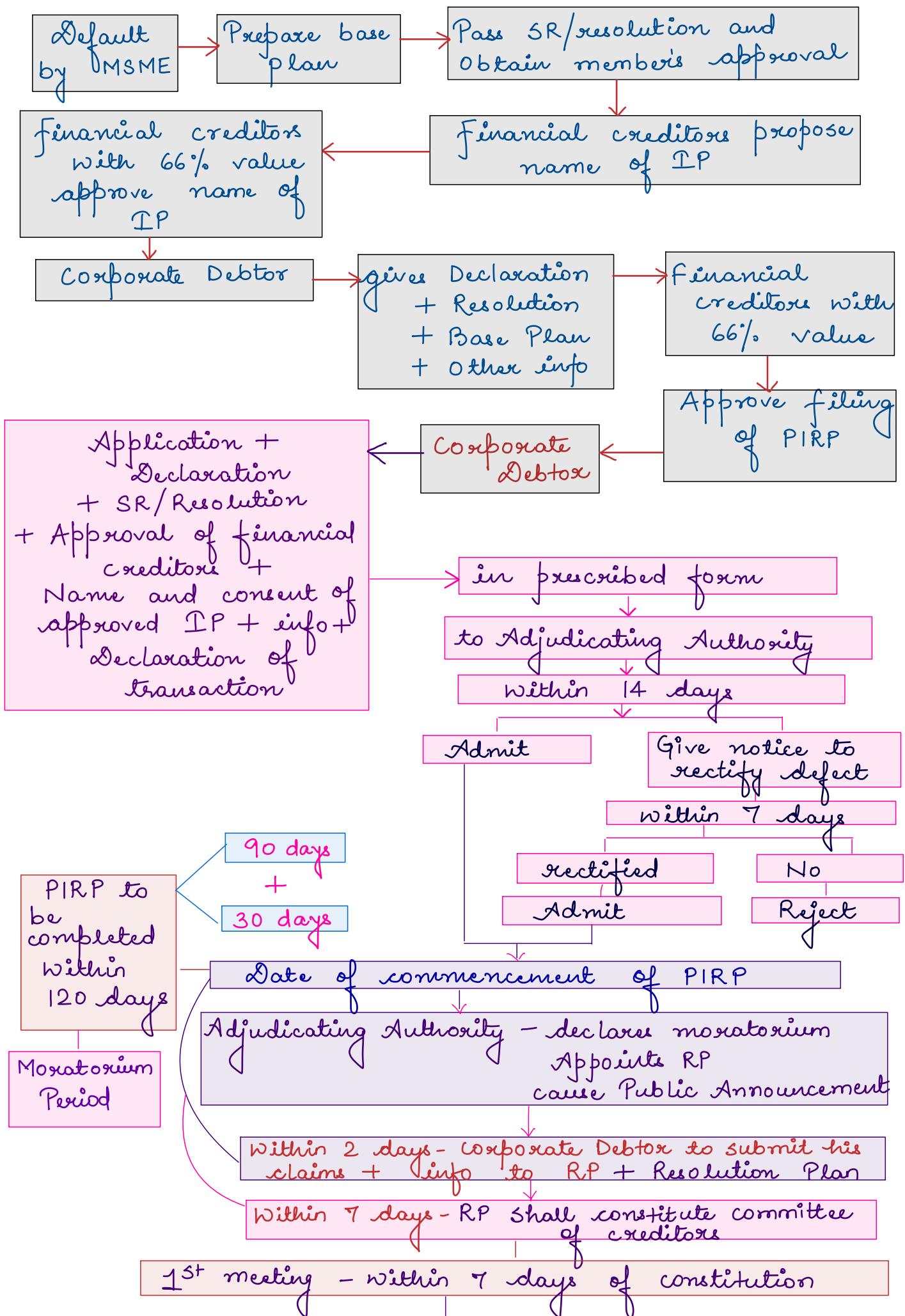
Duties of Resolution Professional

Before initiation (54B)

After initiation (54F)

Prepare report on compliance
with conditions of 54A
and
on Base resolution Plan
filing of report with IBSI
Other Specified Duties

Confirm, update claims
Monitor management
constitute COC, convene meetings
inform COC about breach
Prepare information memorandum
file for avoidance of transactions
Other specified Duties



RP to present BRP to COC within 14 days of commencement

COC shall approve/reject BRP by 66% Voting

Approve

Reject

RP shall invite Plans under swiss challenge

COC shall complete process of improvement

and select one Resolution Plan which is significantly better

Within 90 days, COC shall -

Approve BRP/
Other
Plan

No Plan Approved
then,

RP shall file Application for Termination

RP to file Approved
Plan to Adjudicating
Authority

According to
Sec. 54N

within 30 days

AA approves
the Plan

PPIRP is completed

AA rejects then
termination

Acc. to
Sec.
54N

If order u/s 54J and
termination of PPIRP -
AA to pass
order of
liquidation

Cost of
PPIRP to be
borne by
corporate
Debtors

COC by 66% voting may resolve to terminate PPIRP between commencement date and approval of Plan and AA passes relevant order upon intimation.

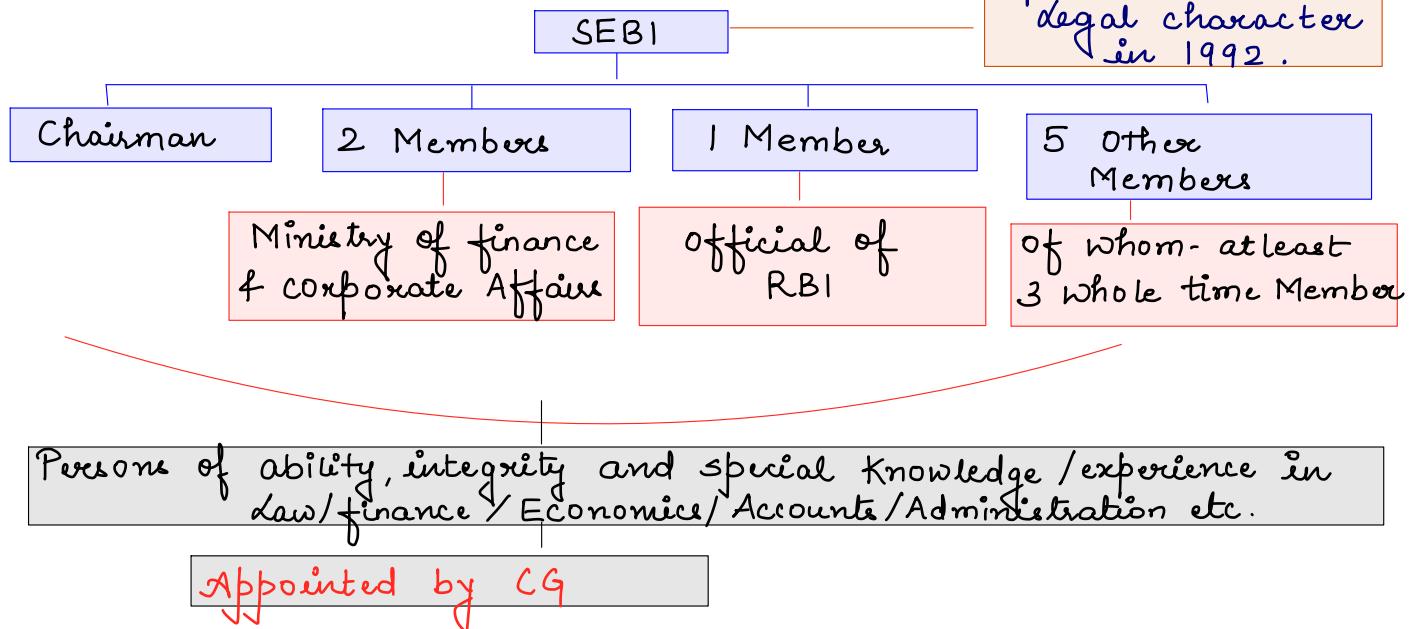
COC by 66% vote may resolve to initiate CIRP between commencement date and approval of plan if eligible. AA on intimation terminates PPIRP and appoints Resolution Professional [Sec. 540]

Relevant forms and procedure (As prescribed is given in
which is not included in syllabus and hence not
© CA Shrivardhan Agrawal

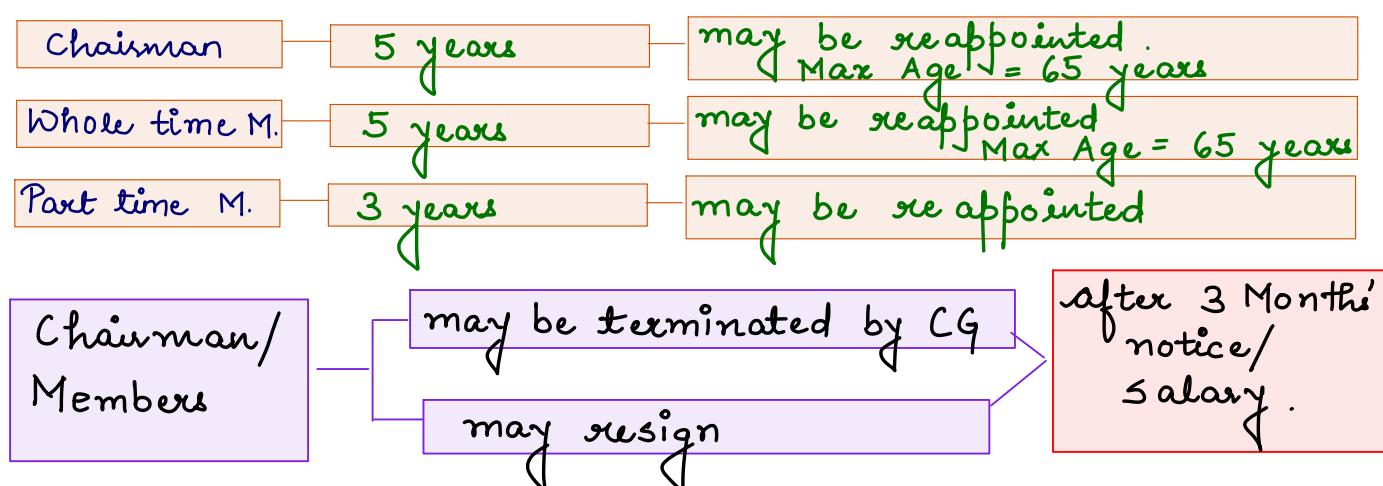


Constitution [Section 4]

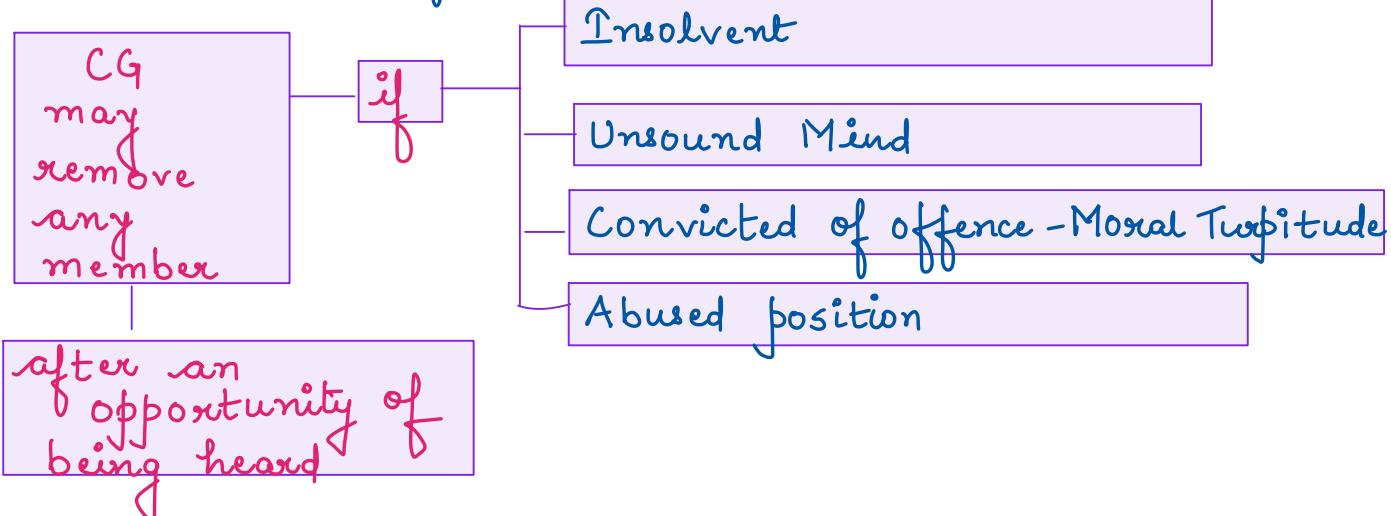
Established in 1988
 Got Power and legal character in 1992.



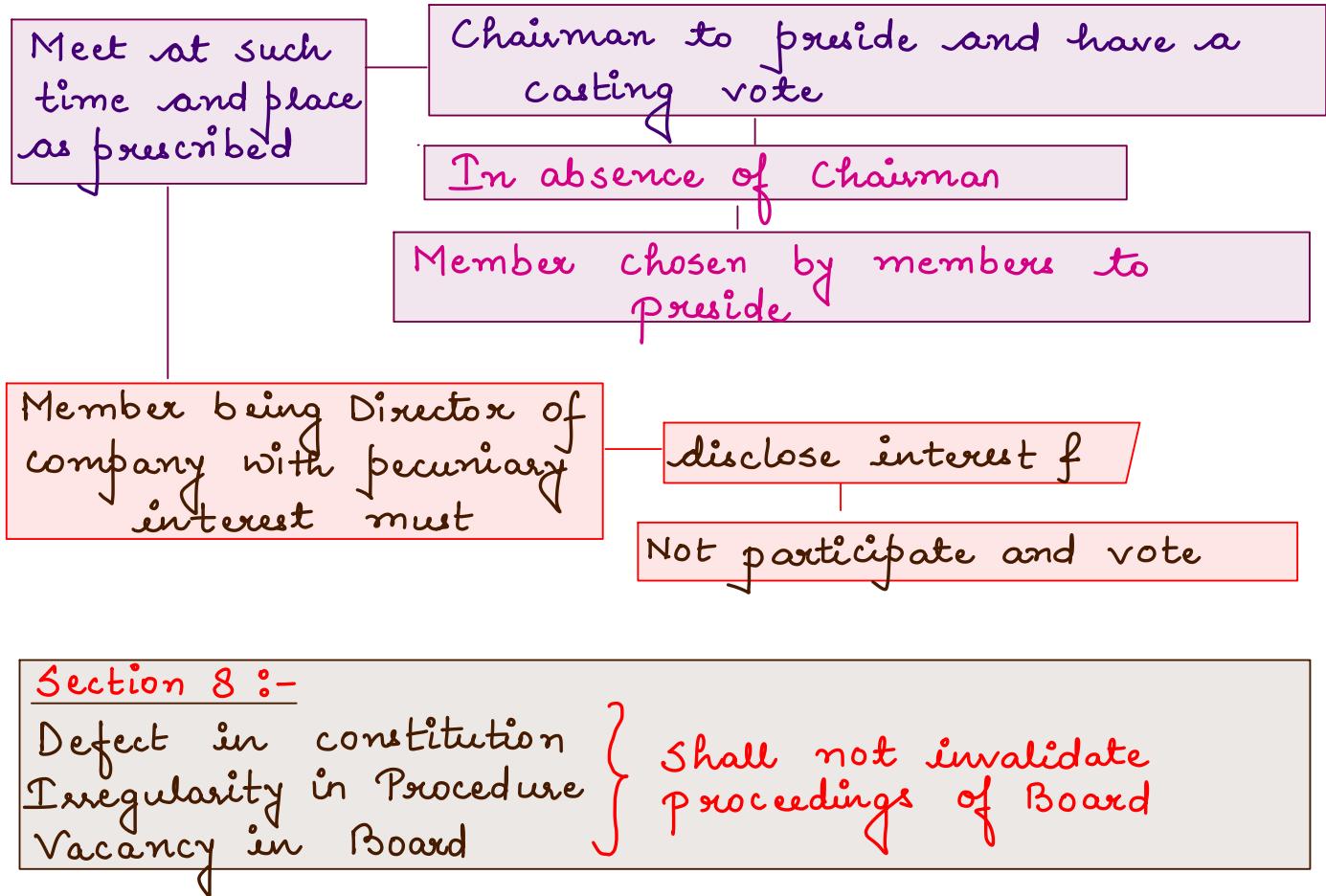
Term of Office [Section 5]



Removal of Members [Sec. 6]



Meetings of SEBI (Section 7, 7A)



Section 8 :-

Defect in constitution
Irregularity in Procedure
Vacancy in Board } Shall not invalidate proceedings of Board

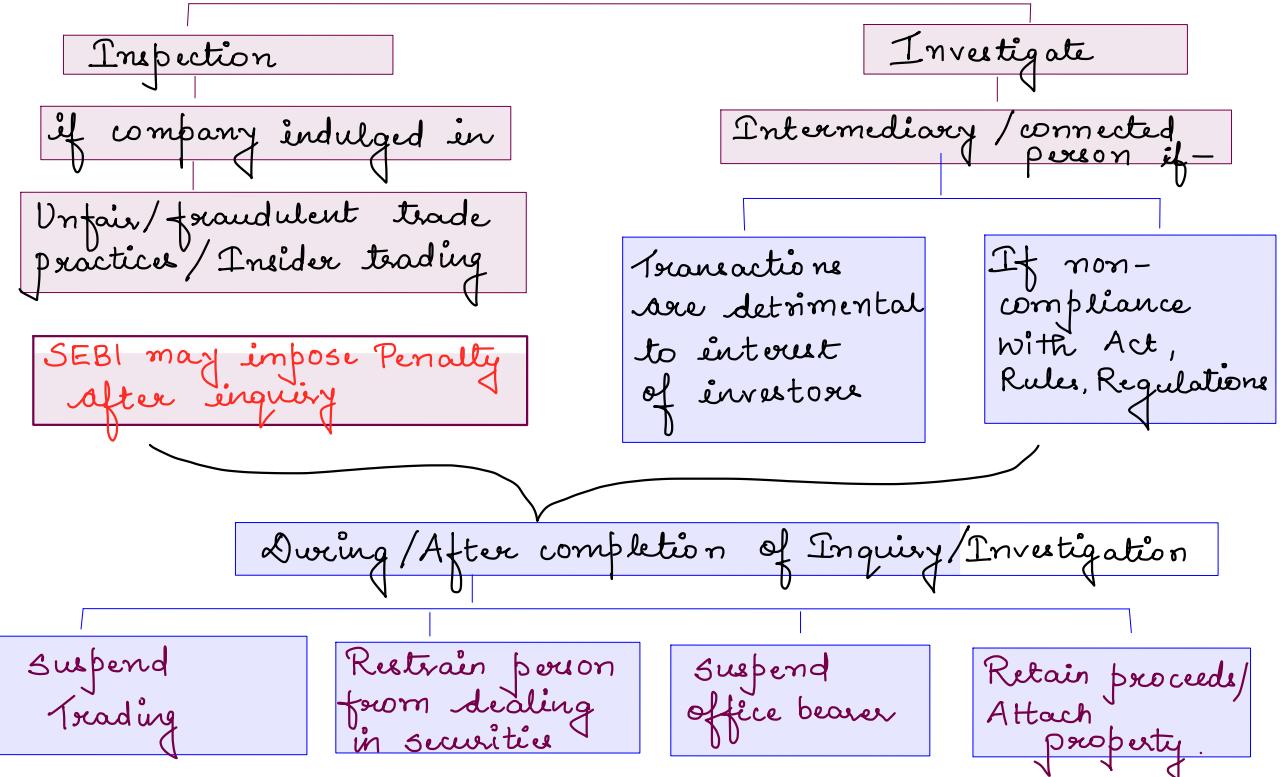
Functions of SEBI (Sec. 11)

Duty to protect Investors Interest. Promote Securities Market

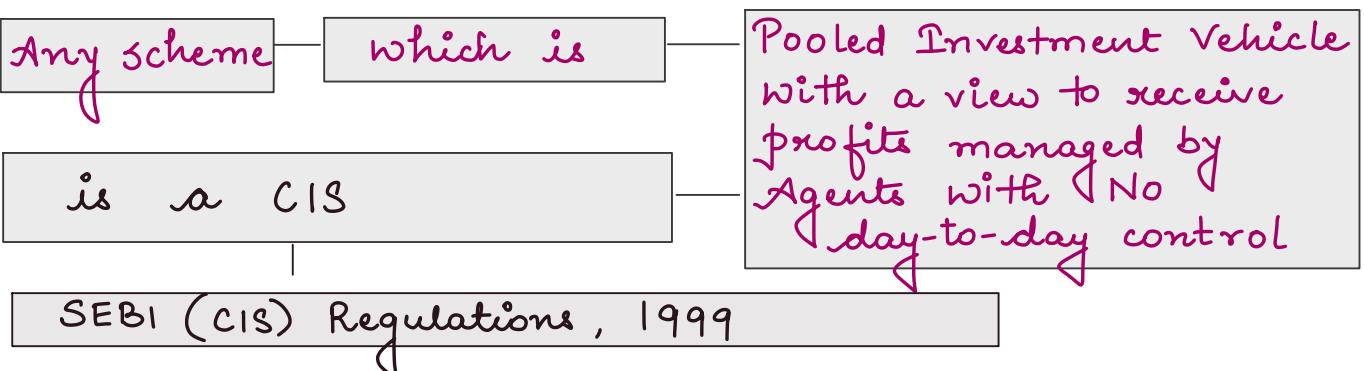
Regulate Stock Exchange	Prohibiting fraudulent Practices.
Register and Regulate intermediaries	Promoting Investors Education
Register and Regulate CIS, VCF, MF etc.	Prohibiting insider Trading
Regulate self-regulatory organisation	Regulating Take over Calling info

SEBI also has the power of Inquiry & Investigation and Amount disgorged shall be credited to IPEF established by SEBI.

SEBI



Collective Investment Scheme (Sec. 11AA)



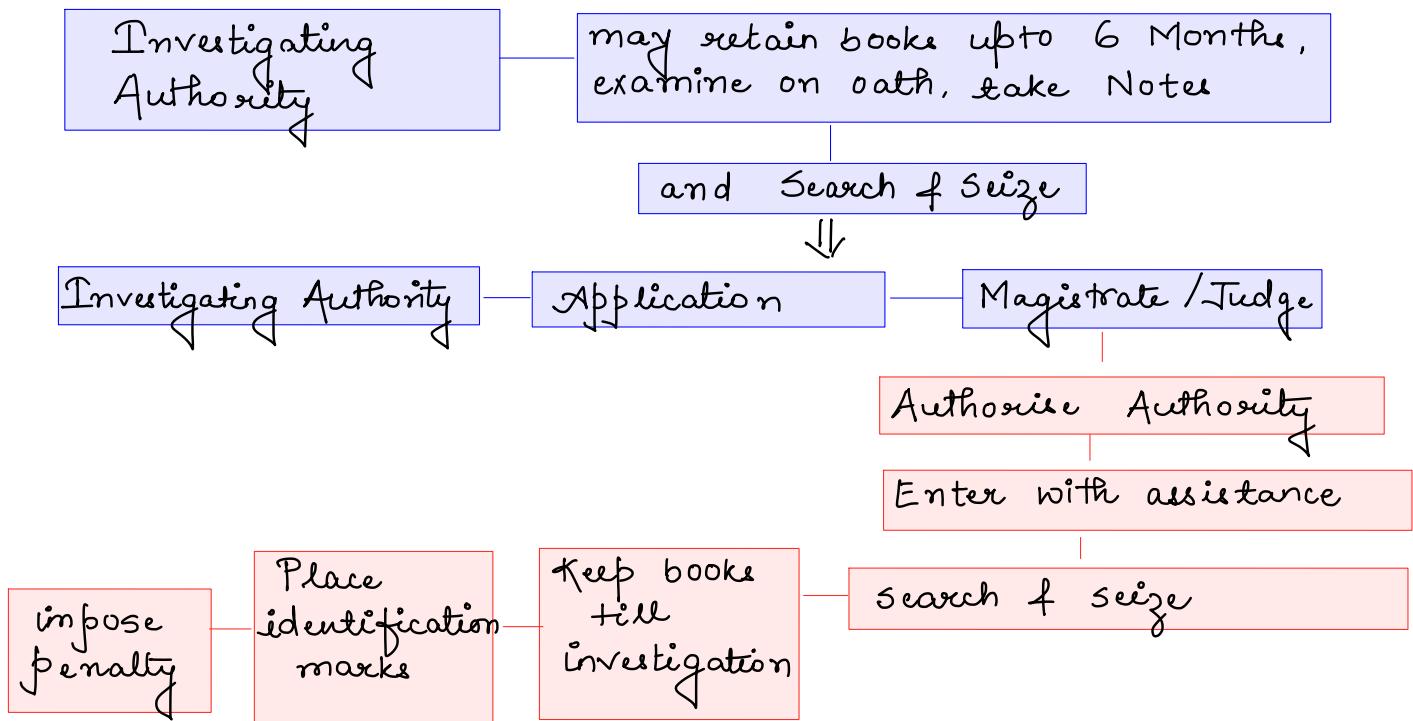
Not CIS :-

Co-operative society, NBFC, Insurance scheme, Pension scheme, Deposits, Nidhi company, Chit business, Mutual fund, Other Notified scheme

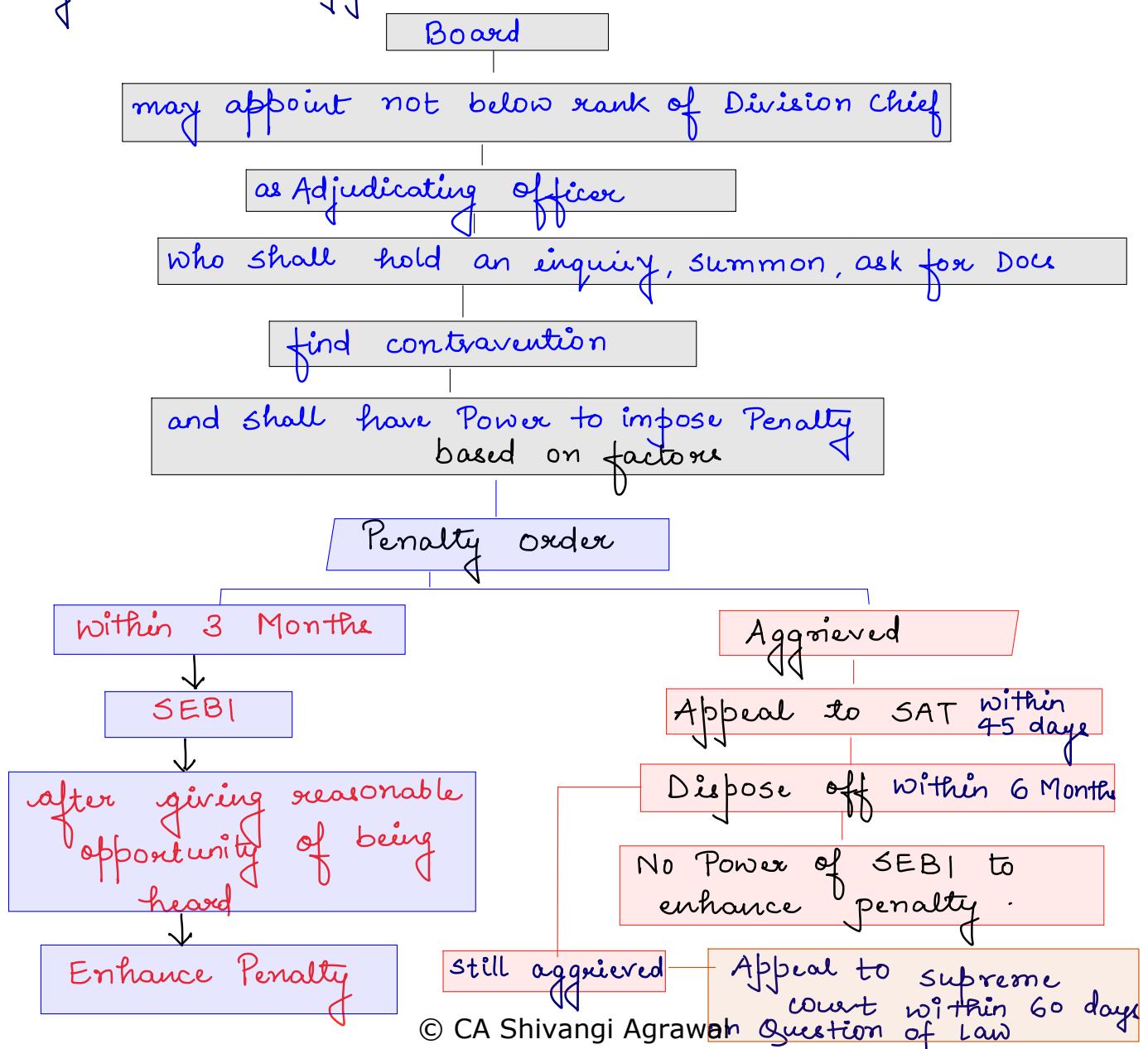
Every intermediary, VCF, CIS, MF must send Application for registration in manner determined.
Board has power to suspend/cancel certificate of Regn.

Penalties given up to 15 are important part of this chapter and must be revised through tabular summary given in Main book.

Power of Search and Seizure



Adjudication of Appeal



SEBI (LODR) Regulations .

Applicable to all listed Entities

Provisions aligned with
Provisions of Companies Act

Compliance of these ensure Corporate Governance better

Non-compliance of these regulations - amounts to contravention of SEBI Act.

whose any of the securities are listed on -

Main Board
SME exchange
Institutional Trading Platform

Debt securities
Preference shares
Equity shares
IDR
Securitised Debt Instruments
Units of MF
Security receipts

Common Obligations -

KMP
Director
Promoter
Person dealing

comply with
Obligations
under the
Regulations

Every listed Entity

Shall appoint Qualified Company secretary as -
Compliance Officer .

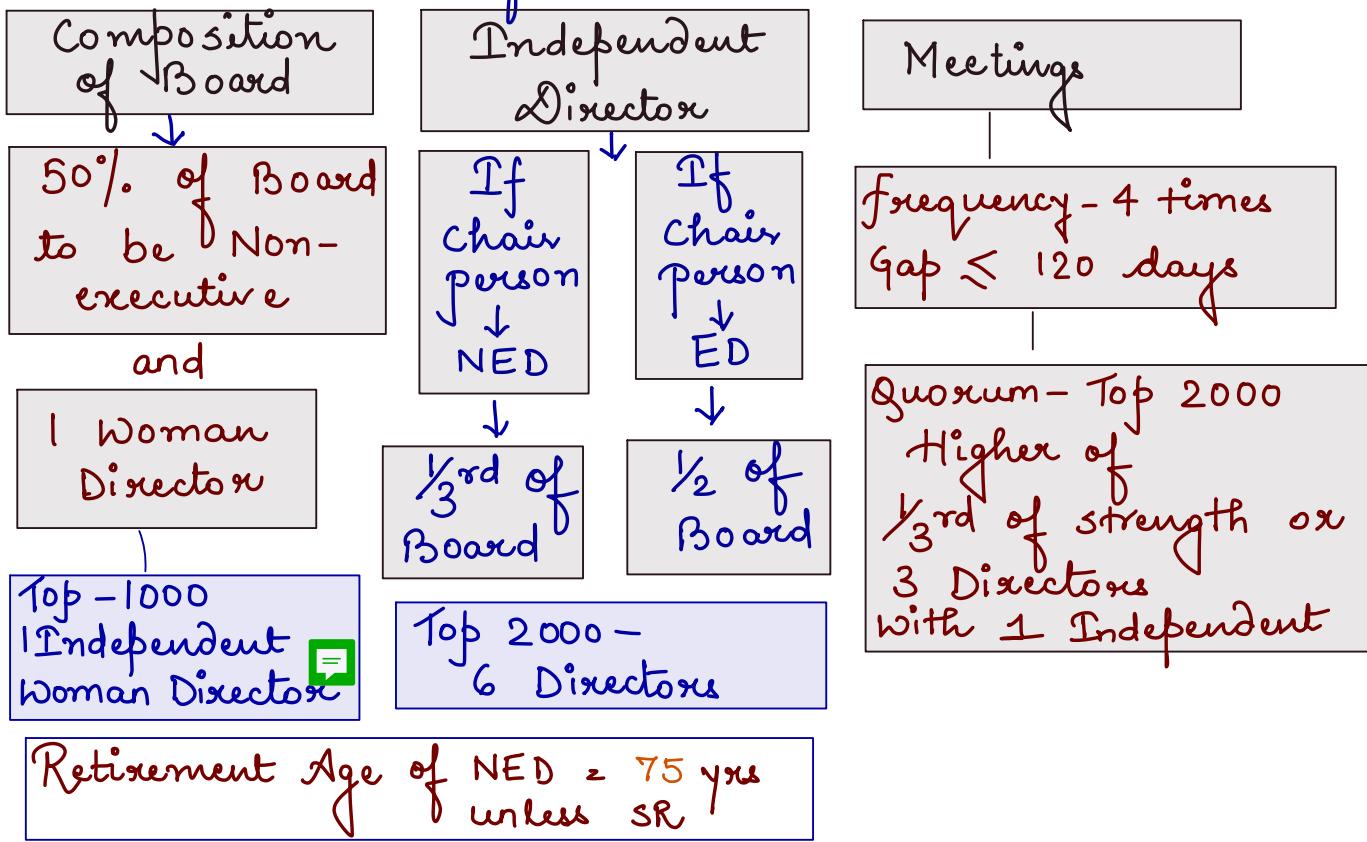
Shall

Duties -

Appoint
Share
Transfer Agent
Or
Manage it
in-house

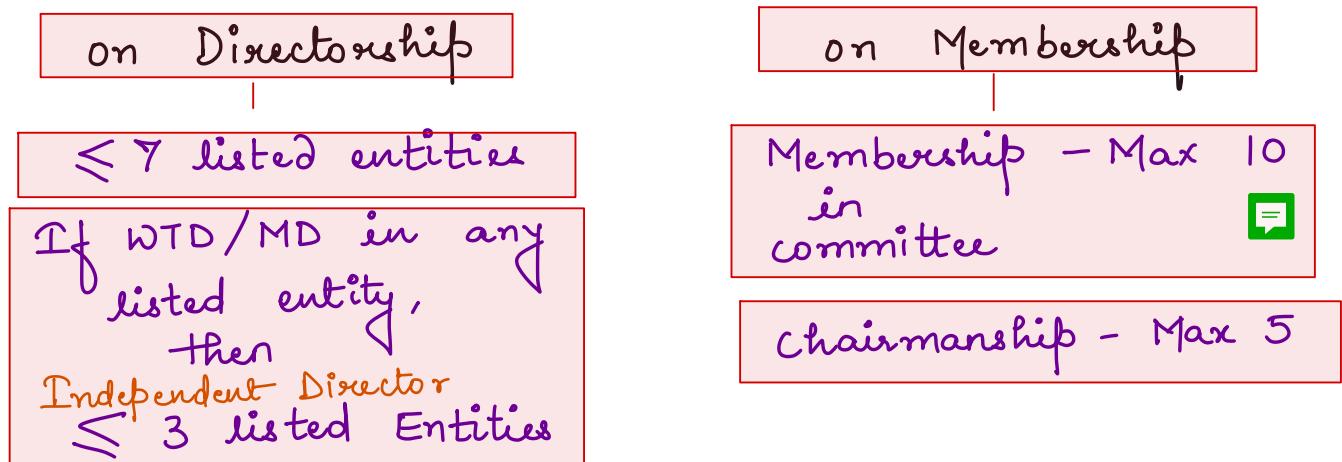
Ensure compliance with Provisions .
Co-ordinate with Board , stock exchange and Depositories .
Monitor e-mail address of Grievance Redressal Division .
Ensure to follow correct procedures

Board of Directors

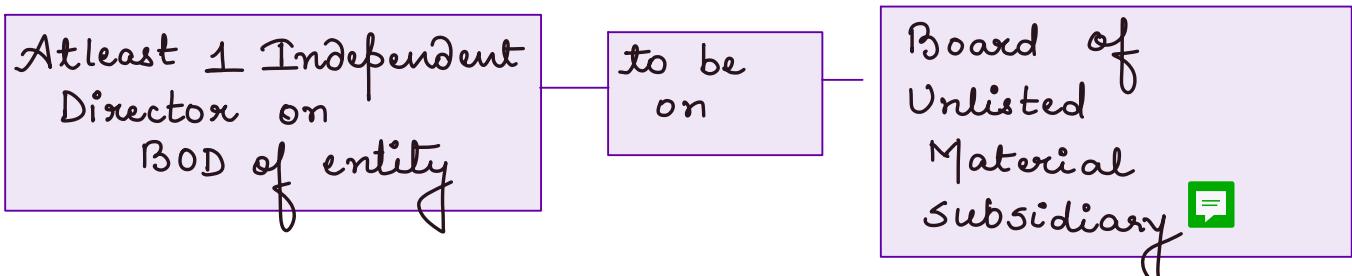


Performance of Independent Directors shall be evaluated by entire Board.

limit



Corporate Governance w.r.t Material Subsidiary



Statement of all significant transactions on Periodical basis to be brought to notice of -

BOD of listed entity.

Listed entity

shall not dispose off shares

without passing SR in GM

Quarterly Compliances -

Statement of investor complaints

within 21 days from end of each quarter.

Compliance Report on Corporate Governance

within 21 days from end of each quarter

Shareholding Pattern

1 day prior to listing
21 days of quarter
10 days of Capital Restructuring

Deviation- Public issue, Rights issue, Preferential

Till proceeds utilised.
Time limit not given.

Financial results.

within 45 days from end of each quarter.

Prior Intimation of Board Meetings :-

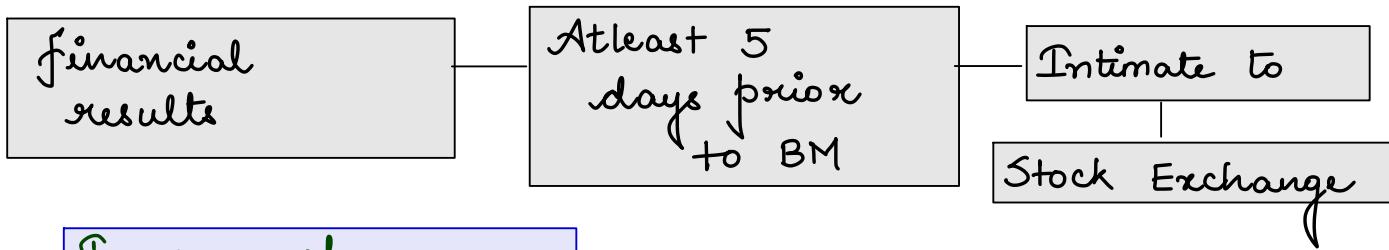
In case of -

Buy back
Voluntary Delisting
Fund raising
Dividend
Bonus

At least 2 working days before BM

Intimate to

Stock Exchange



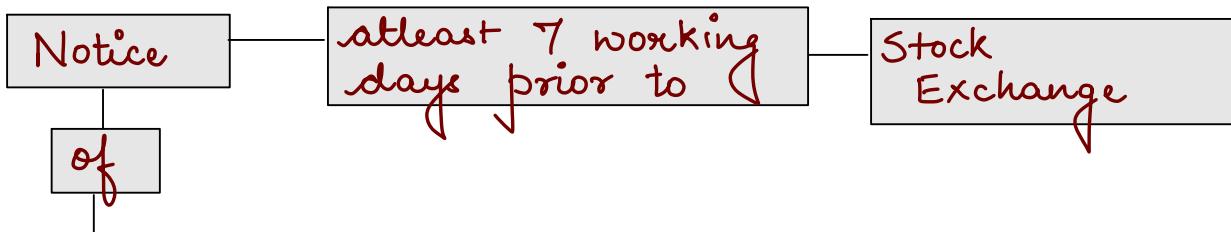
In case of -

Alteration in rights of security holders
OR
Date w.r.t payment

Atleast 11 working days prior to BM

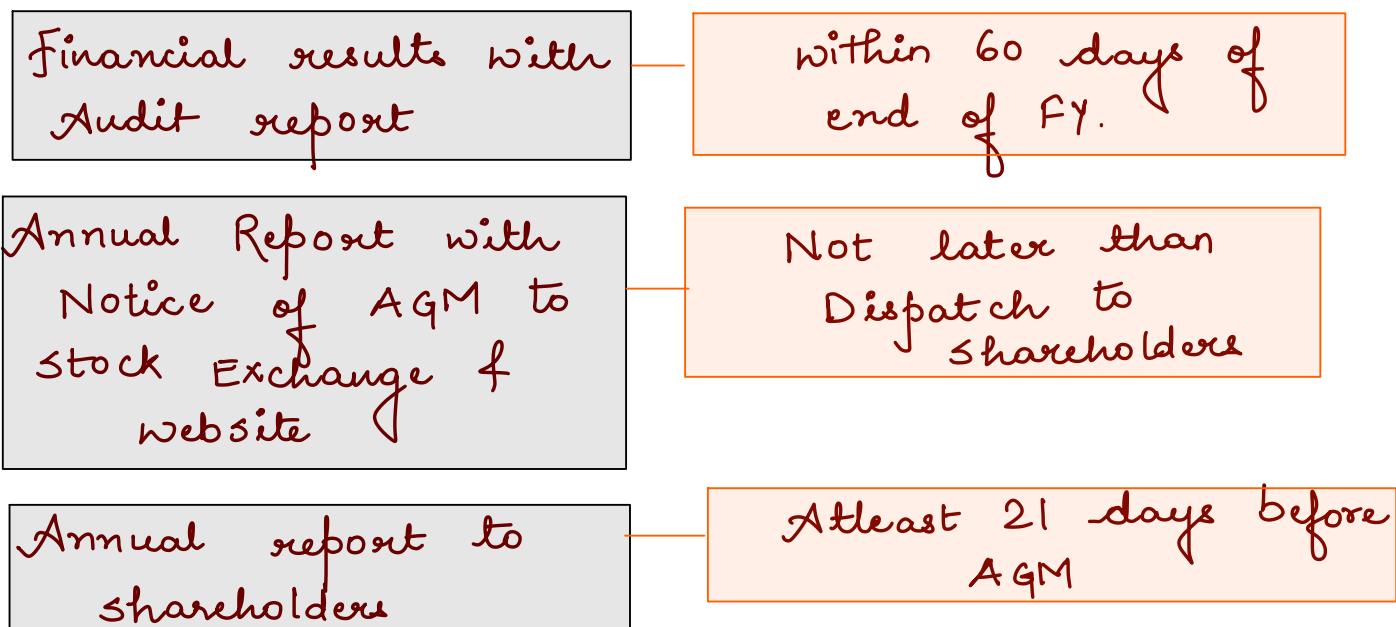
Intimate to Stock Exchange

Record Date

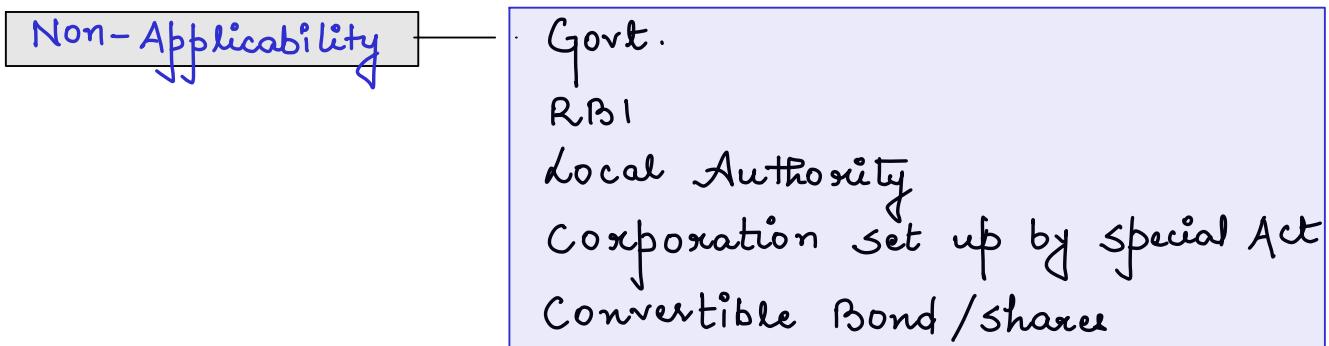


Record Date and its Purpose

Annual Compliances -

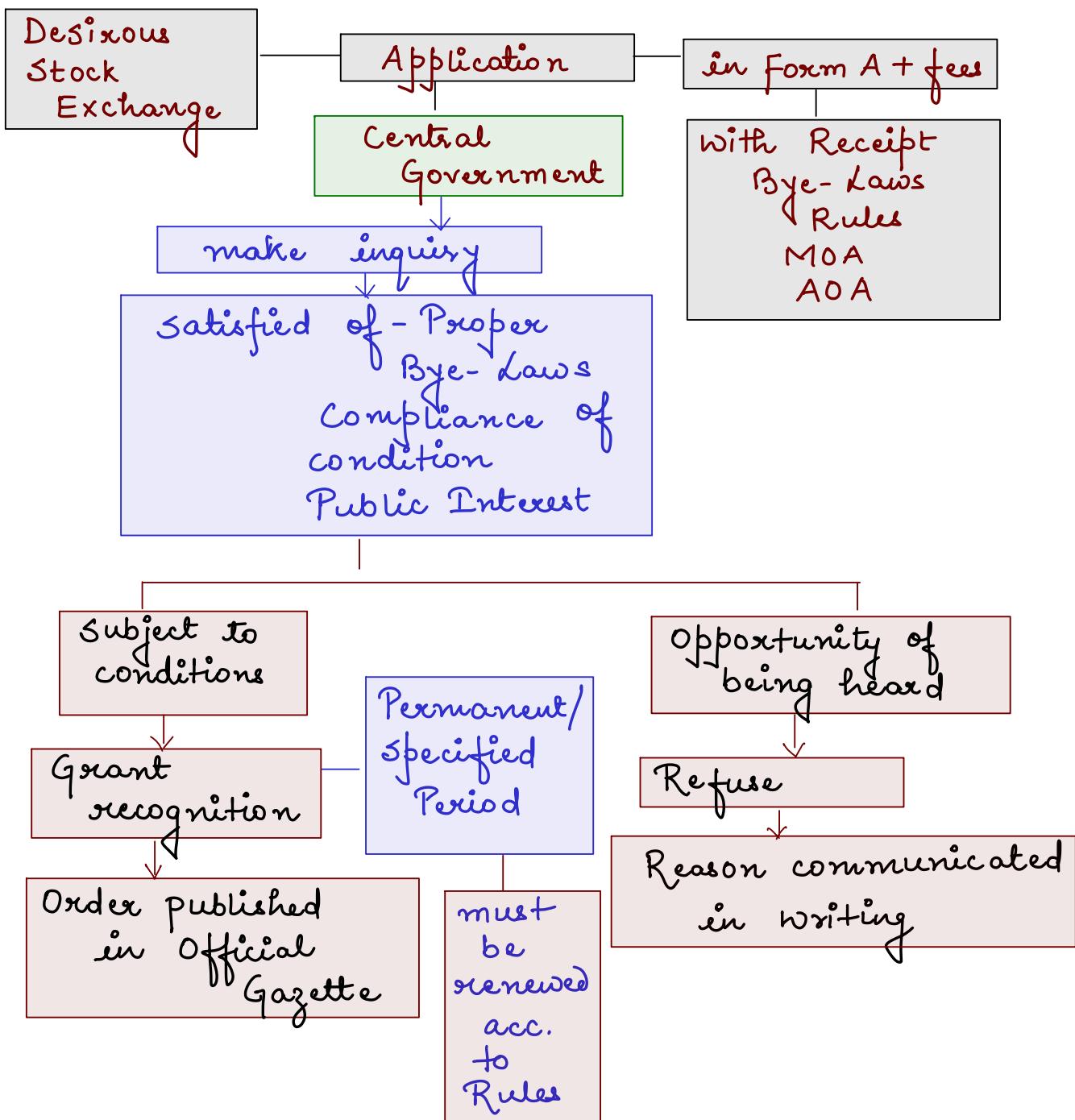


Committees are important topic of this chapter which must be revised through Summary table in Main Book.

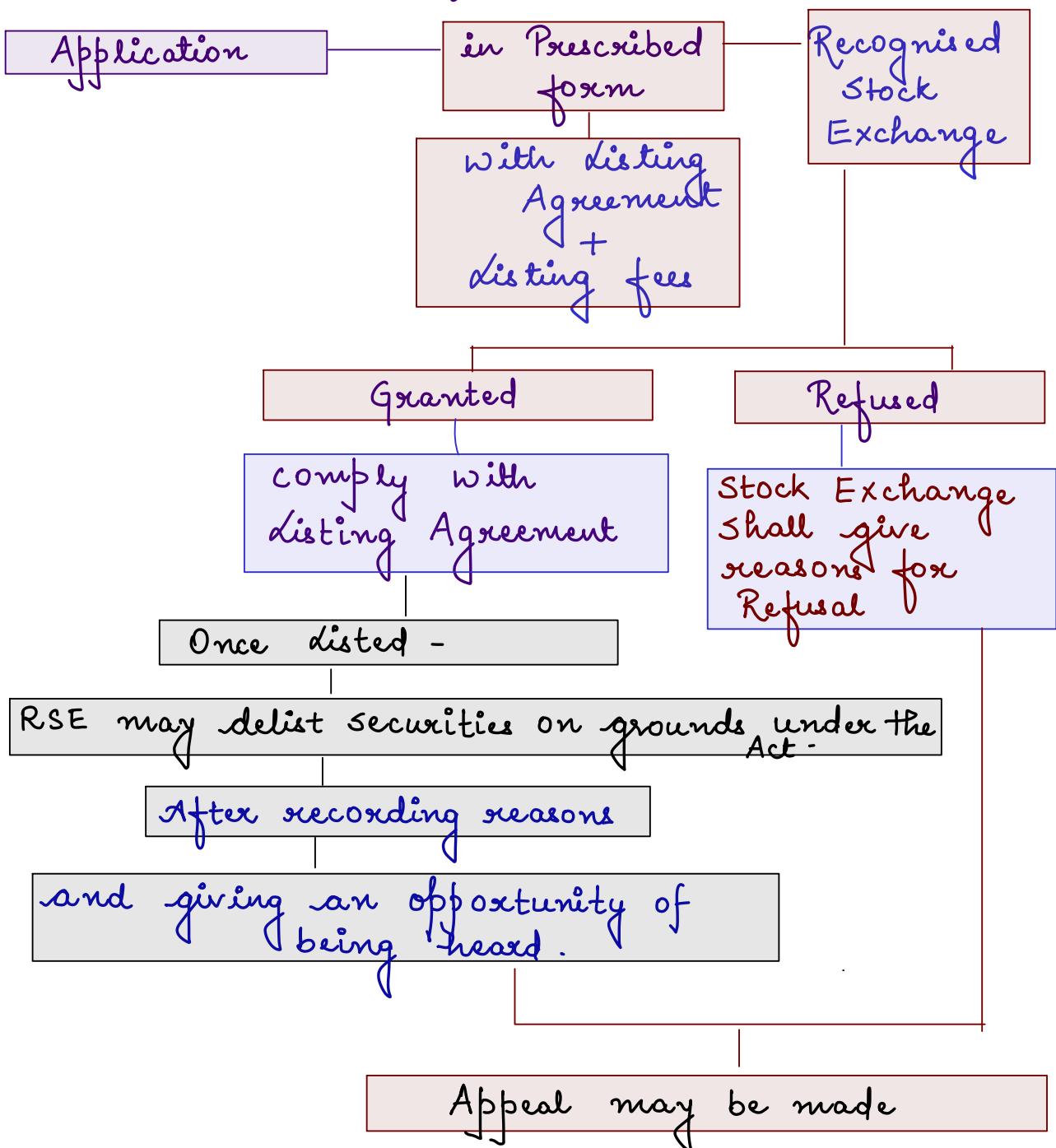


Definitions are an important part of this chapter and must be revised through main book.

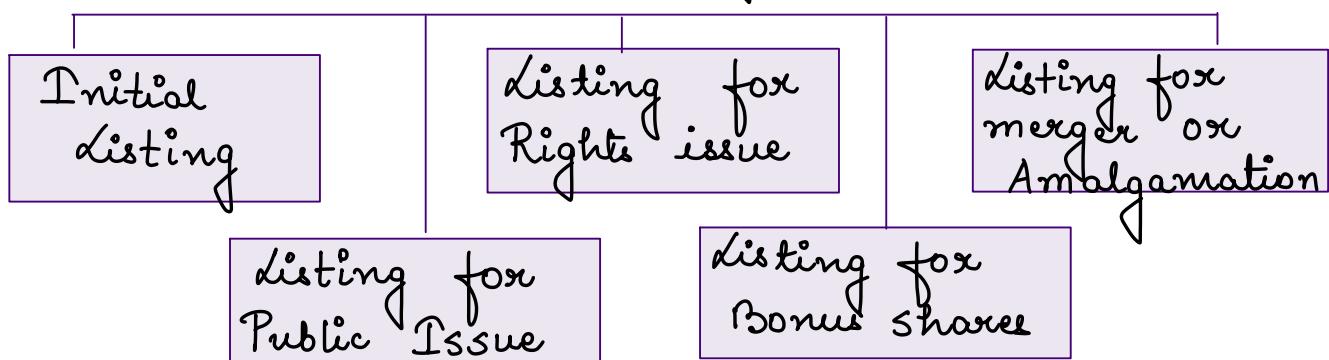
Stock Exchange



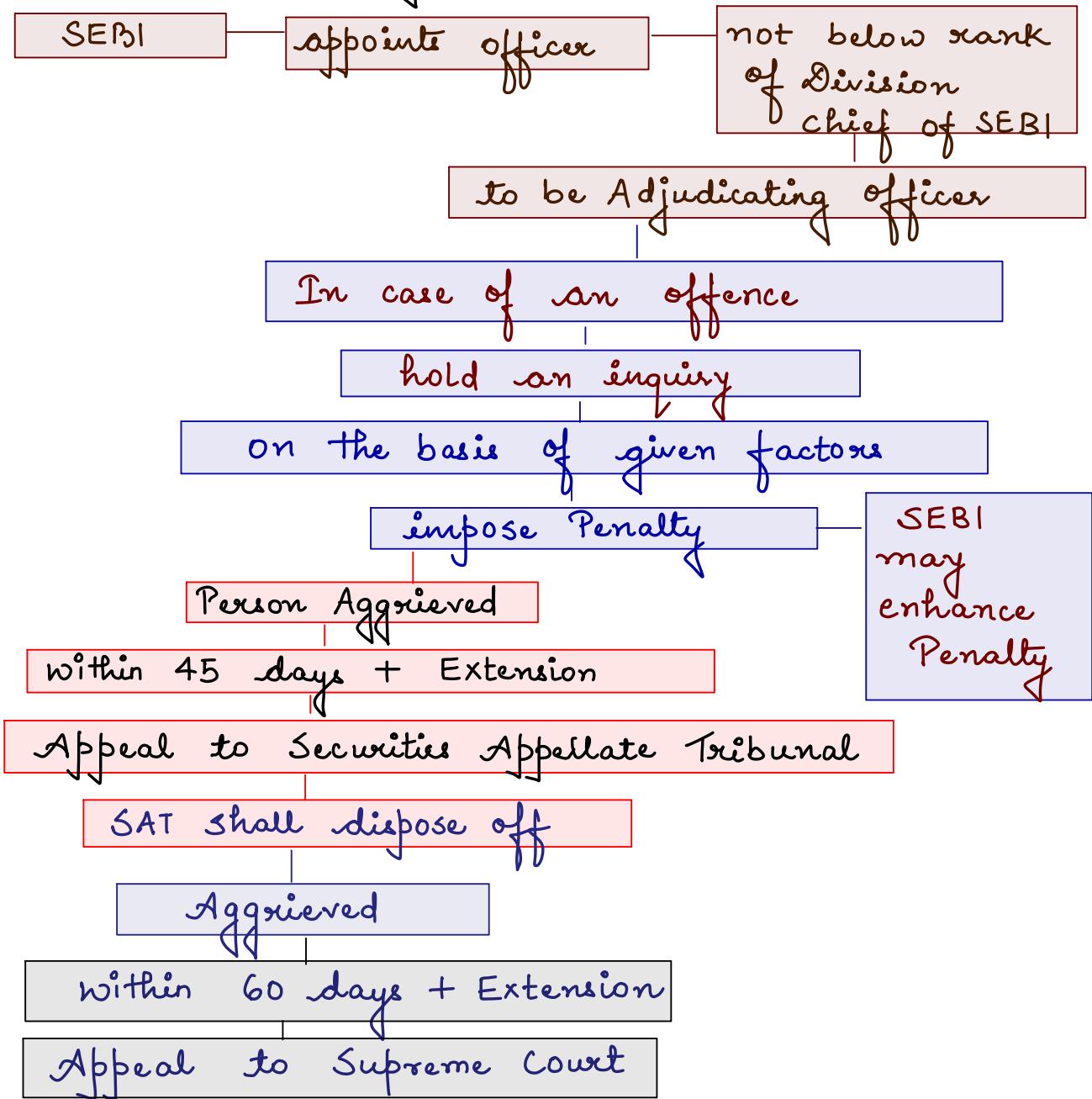
Listing of Securities



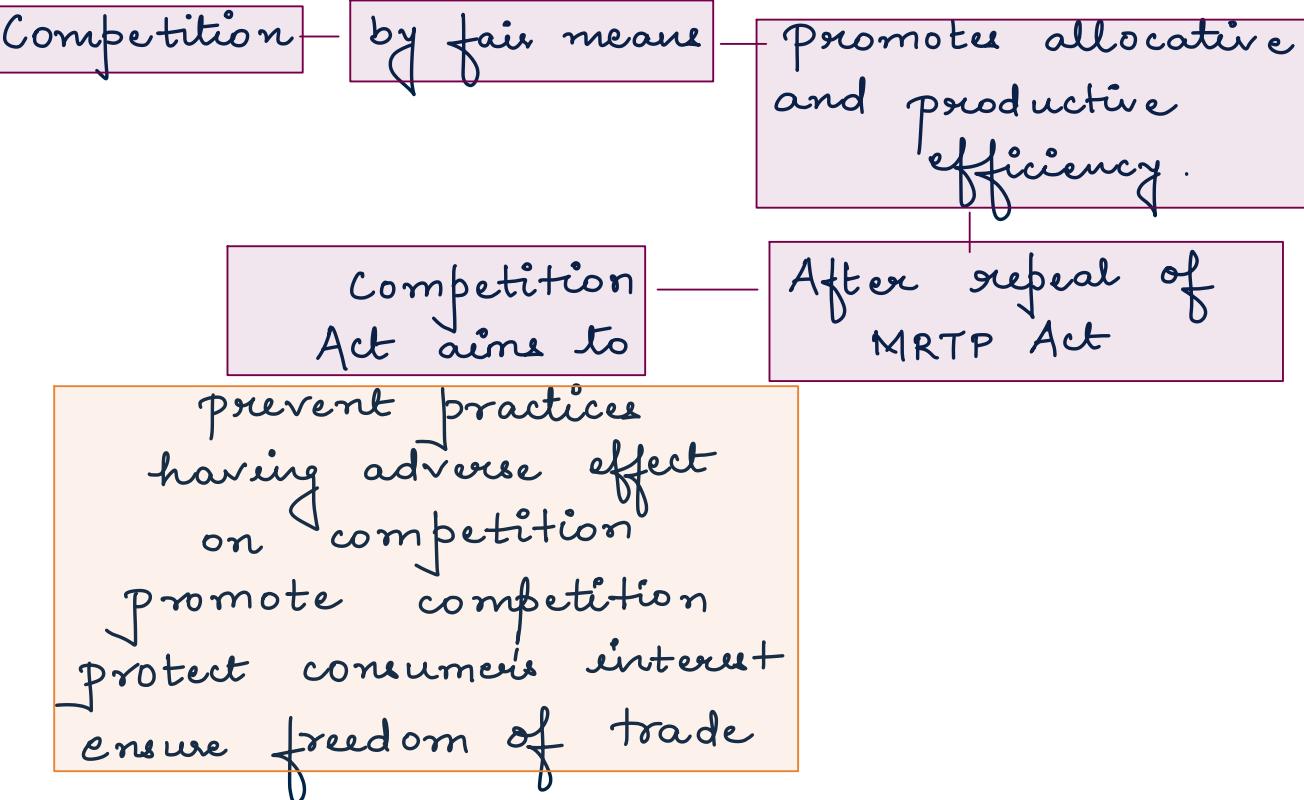
Types of Listing



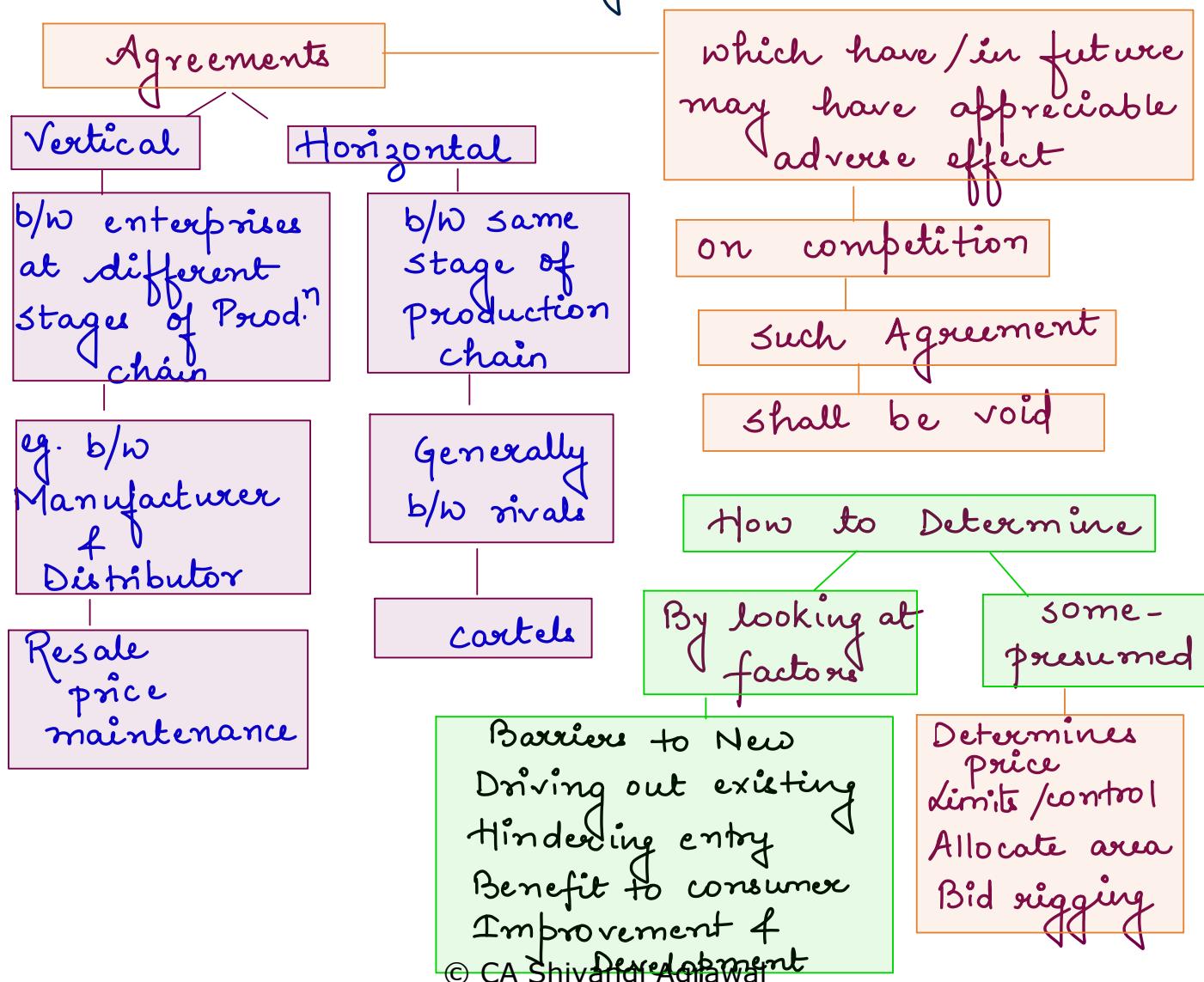
Adjudication



Competition Act, 2002



Anti-competitive Agreements



Prohibition on Abuse of Dominant Position

Dominance is position of strength to operate independently.

Abuse includes

Unfair pricing
Predatory "
Limiting Prod."
Barrier to Entry
Using position
to gain advantages

How to identify Abuse

Determining Relevant Market

Determining Dominance

Establishing Abuse

Inquiry by CCI

Orders by CCI

On the basis of factors like-
Market share
Size of enterprise
size of competitor
Dependence of consumers
Market structure

Combination

Acquisition

Sharee

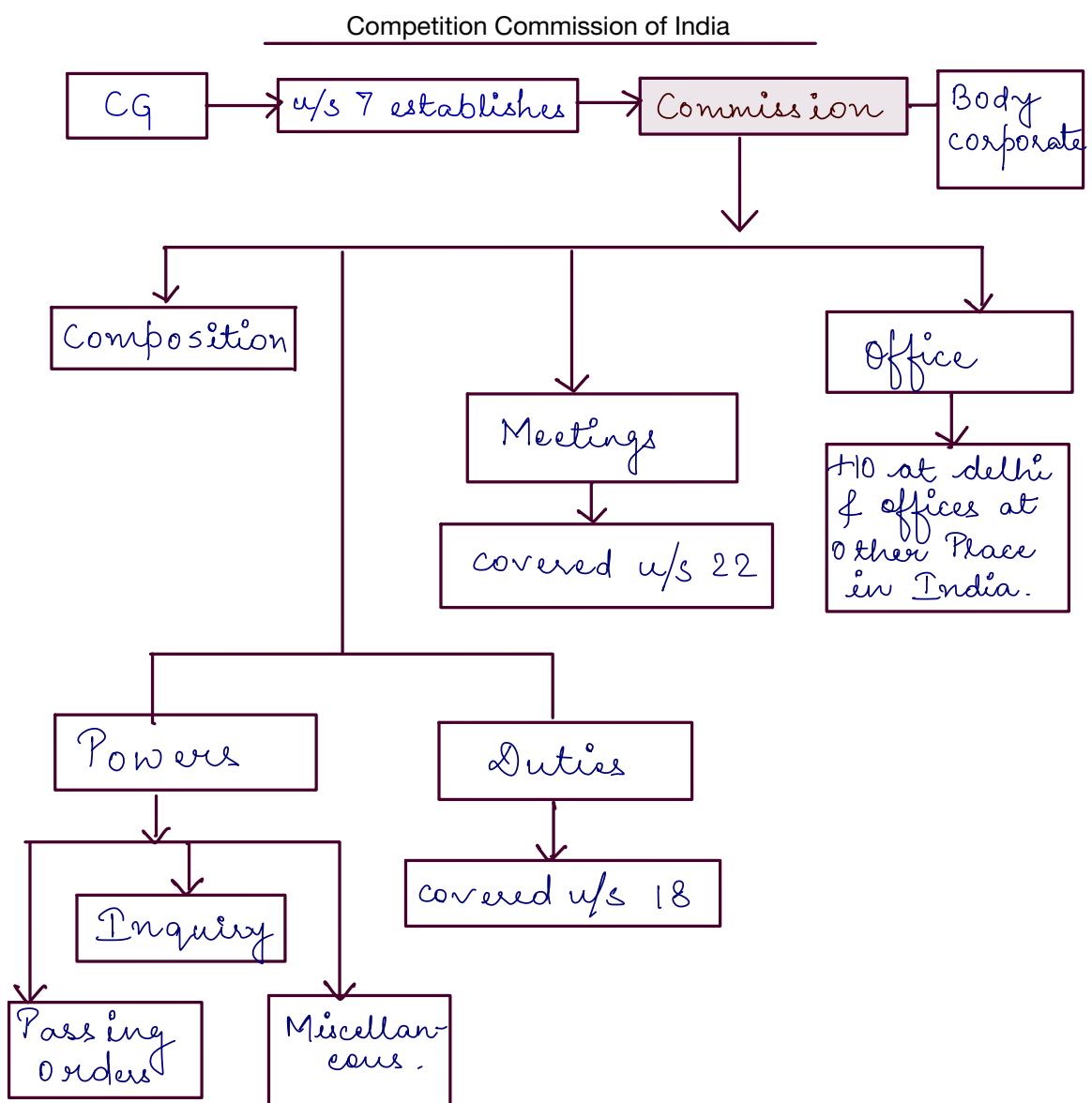
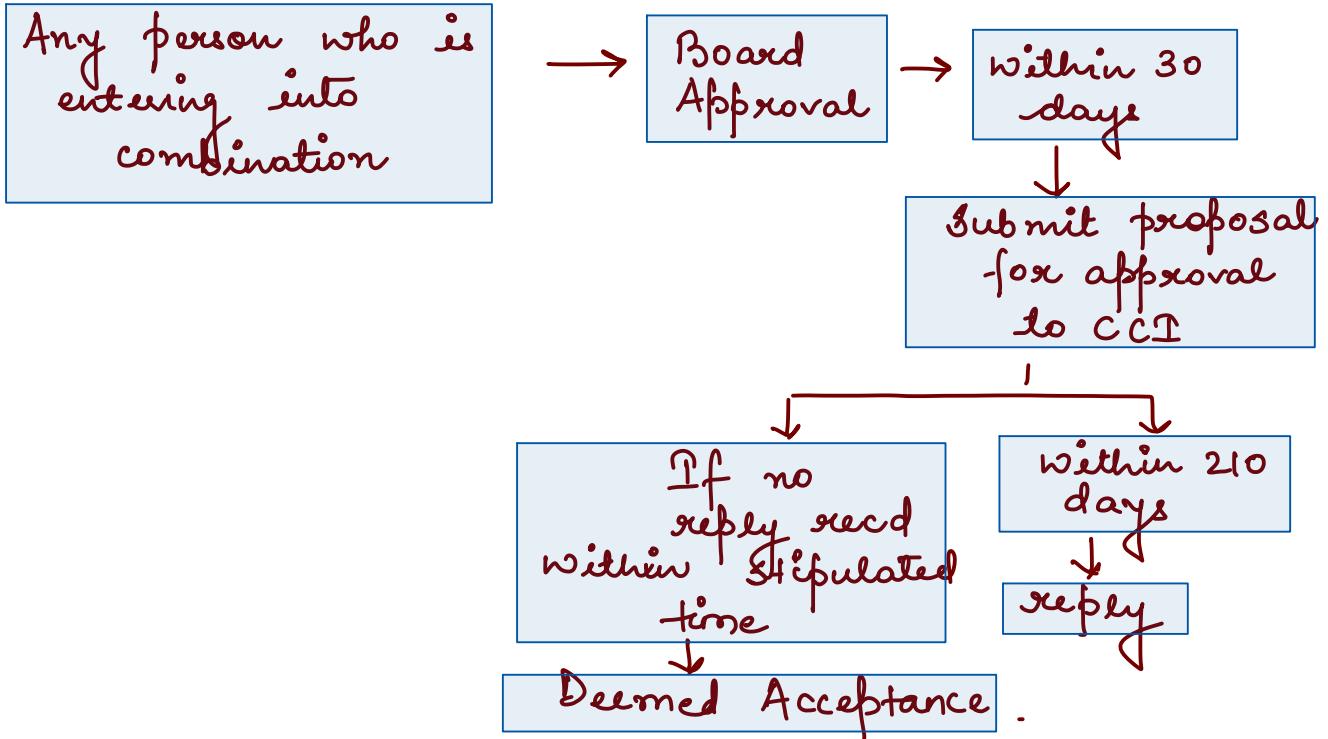
Assets

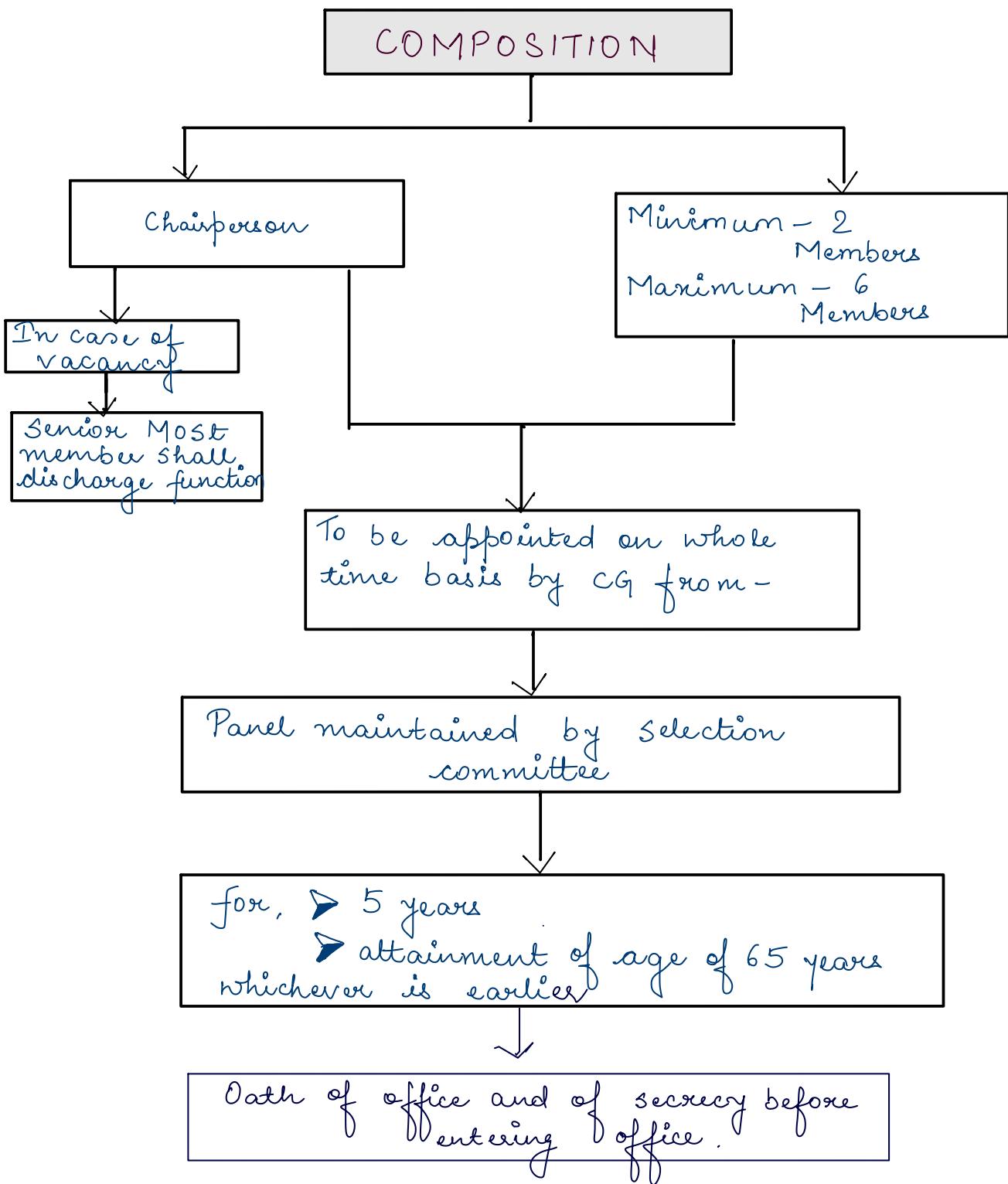
Control over Management/
Assets

of any enterprise

exceeds threshold → combination

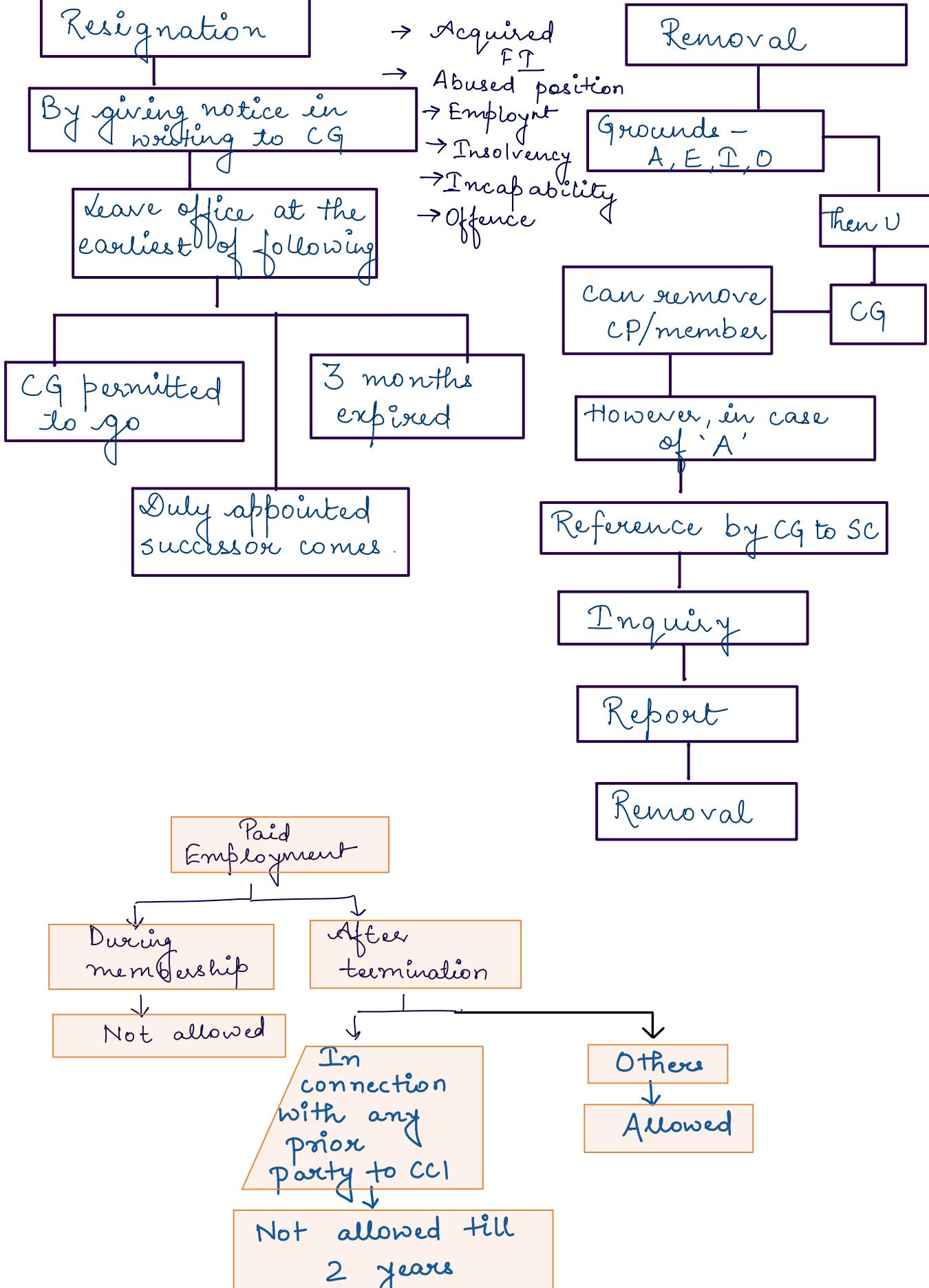
Seeks approval of
CCI in
Prescribed
manner



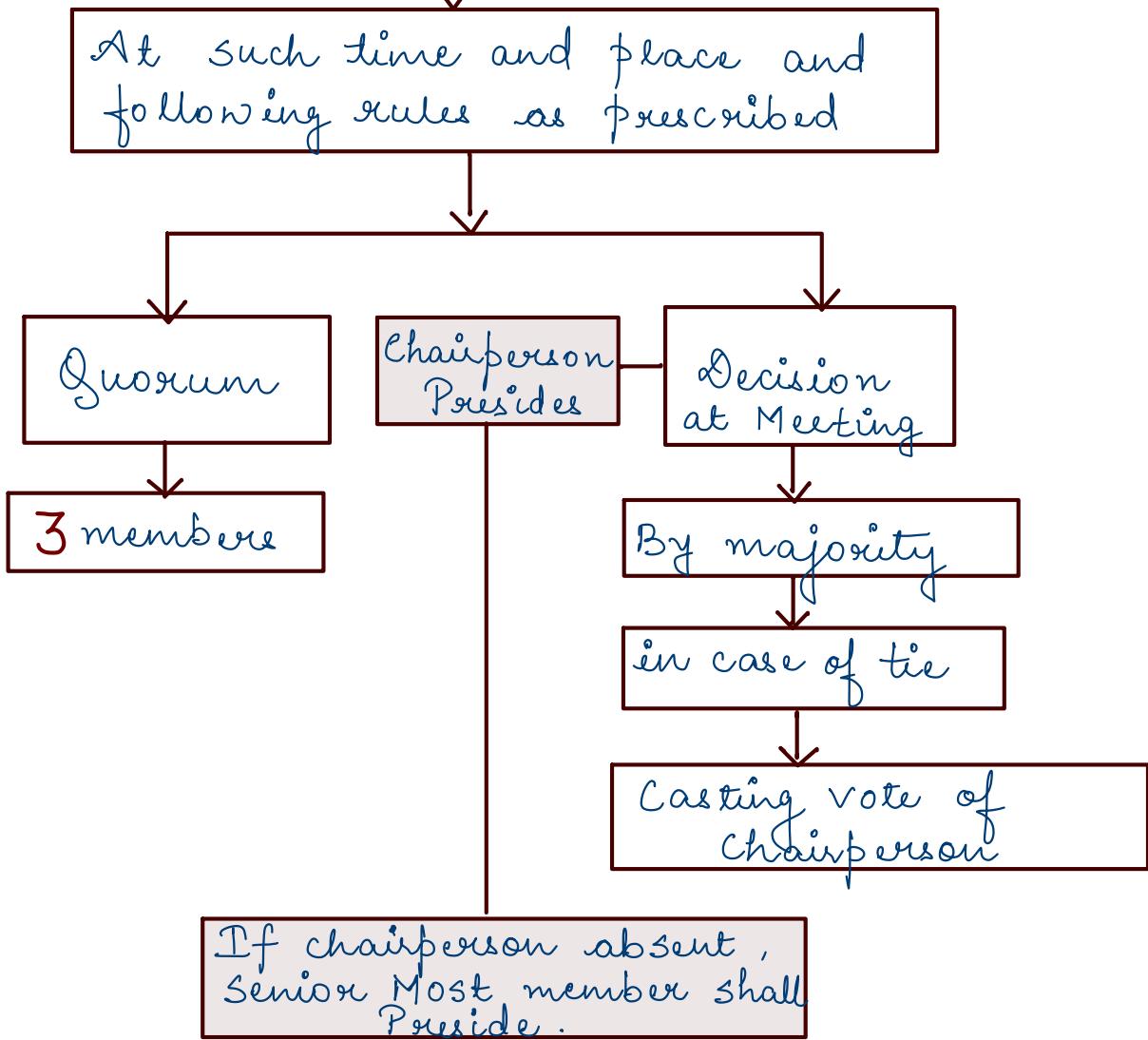


Termination of office of CP & Members

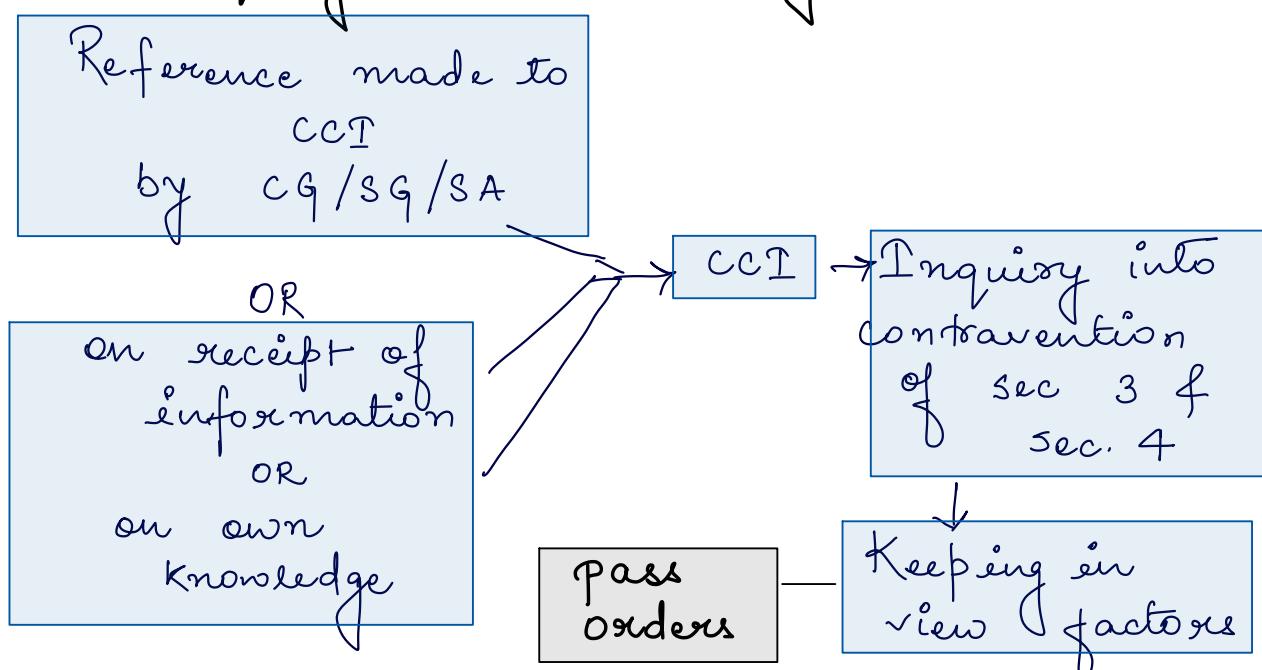
Section 11



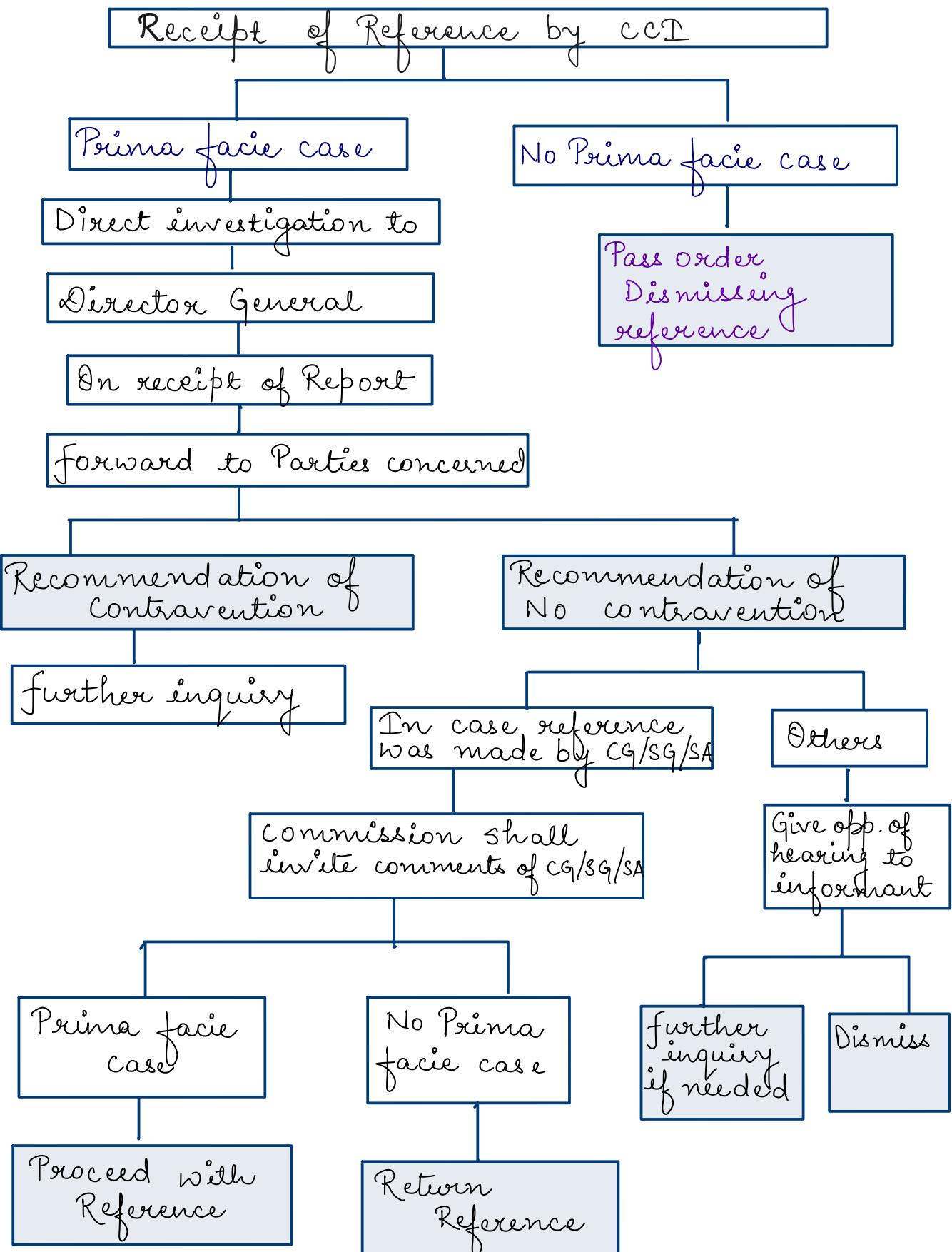
Meetings u/s 22



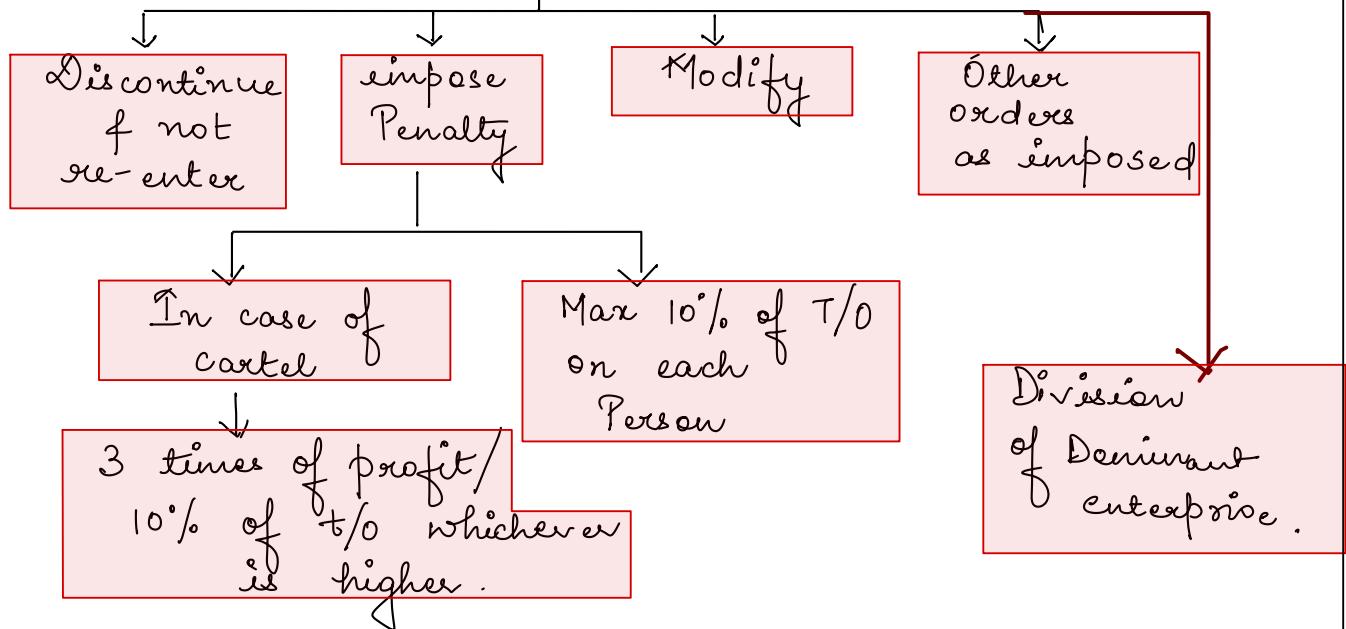
Inquiry into certain Agreements



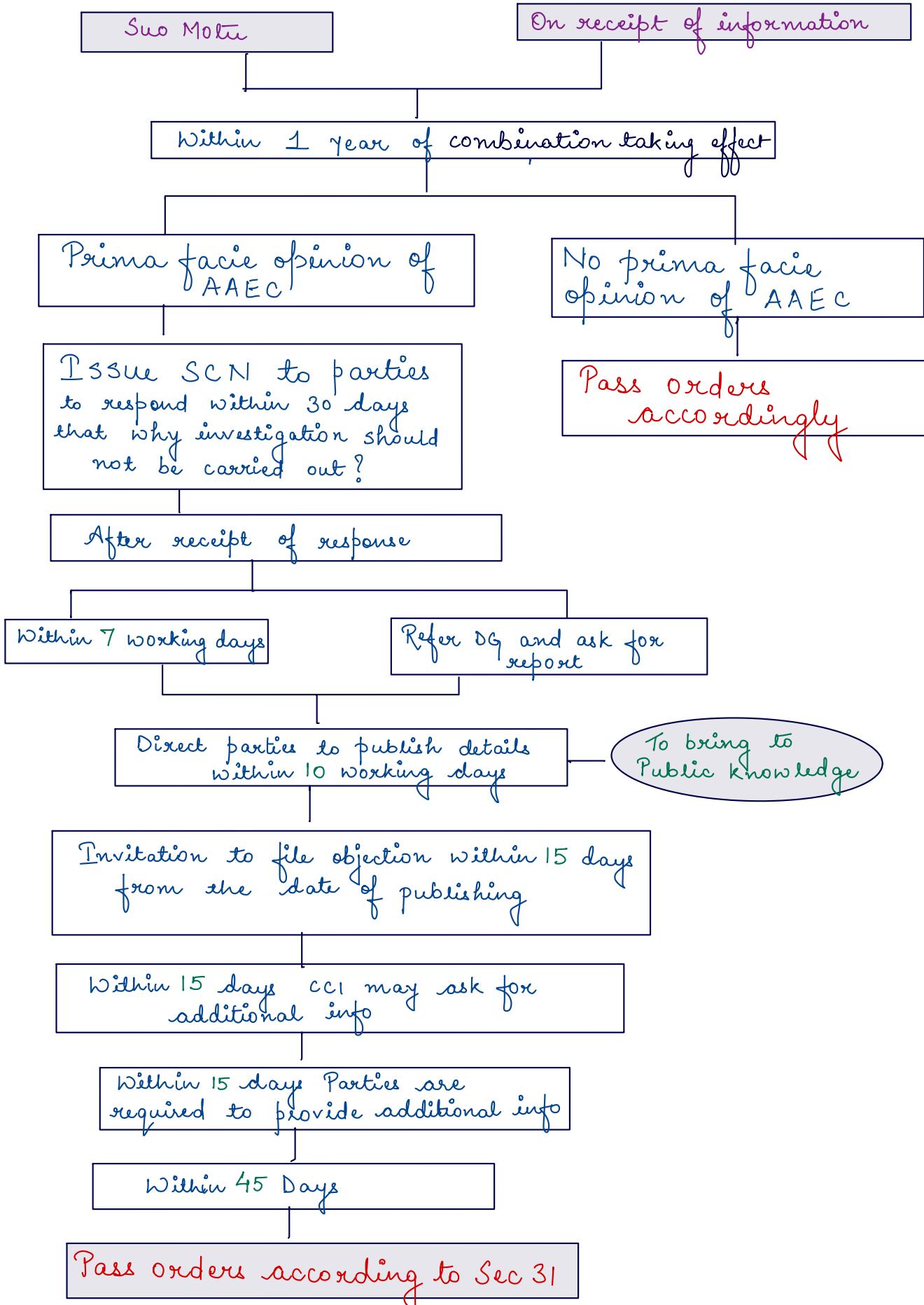
PROCEDURE OF INQUIRY

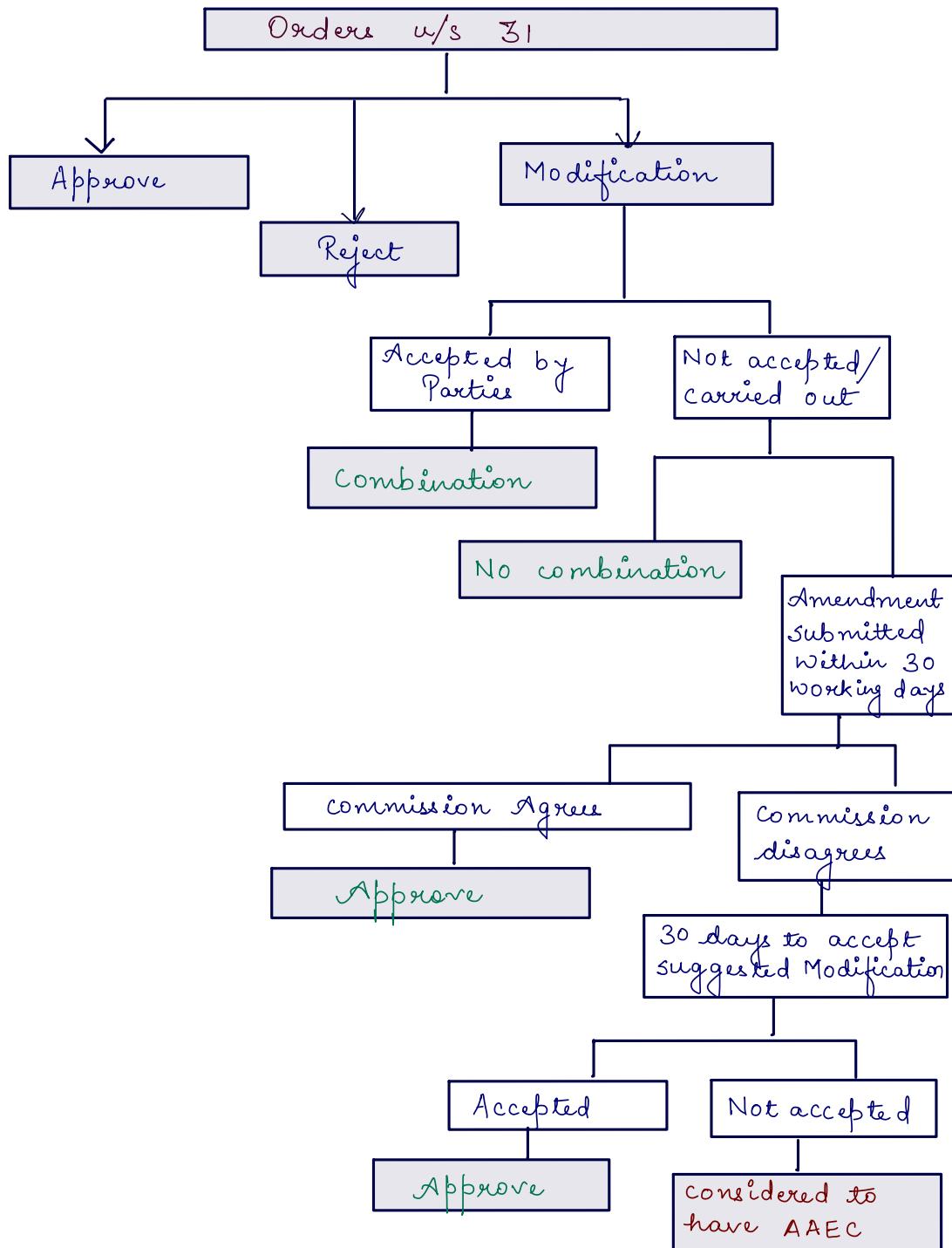


Orders by commission → after inquiry
(Sec. 27) w/s 19 & 26

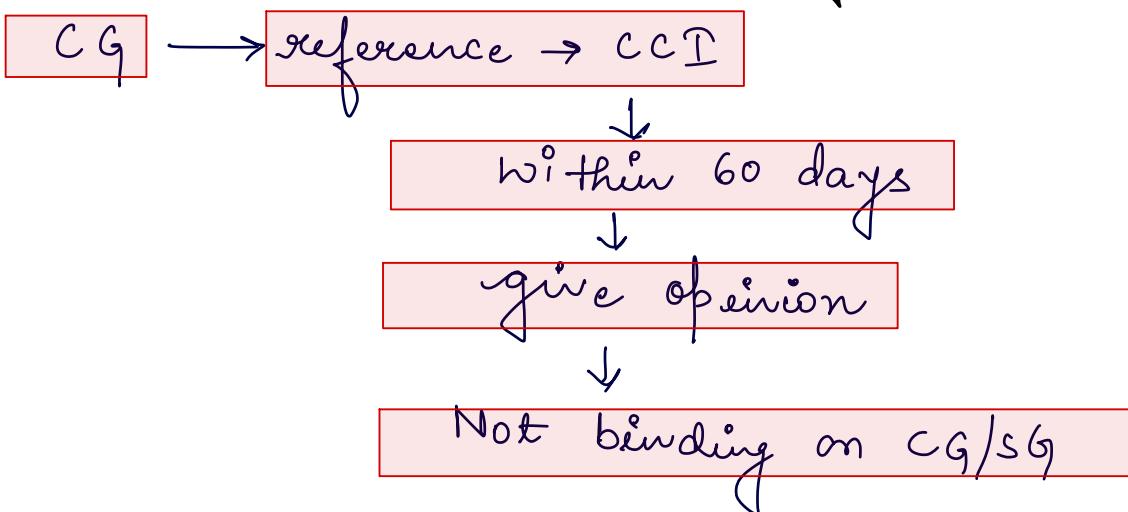


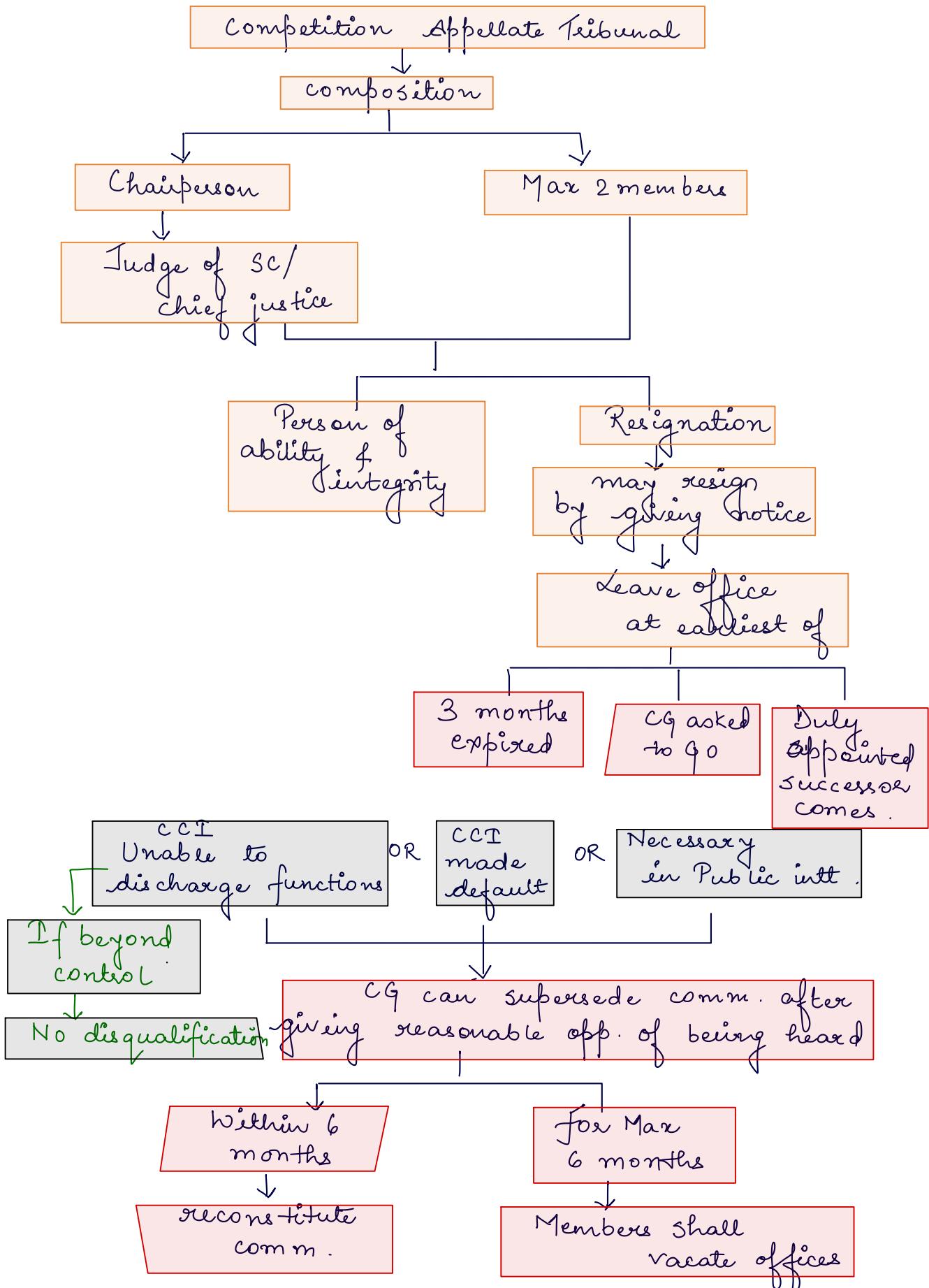
PROCEDURE FOR INQUIRY INTO COMBINATIONS



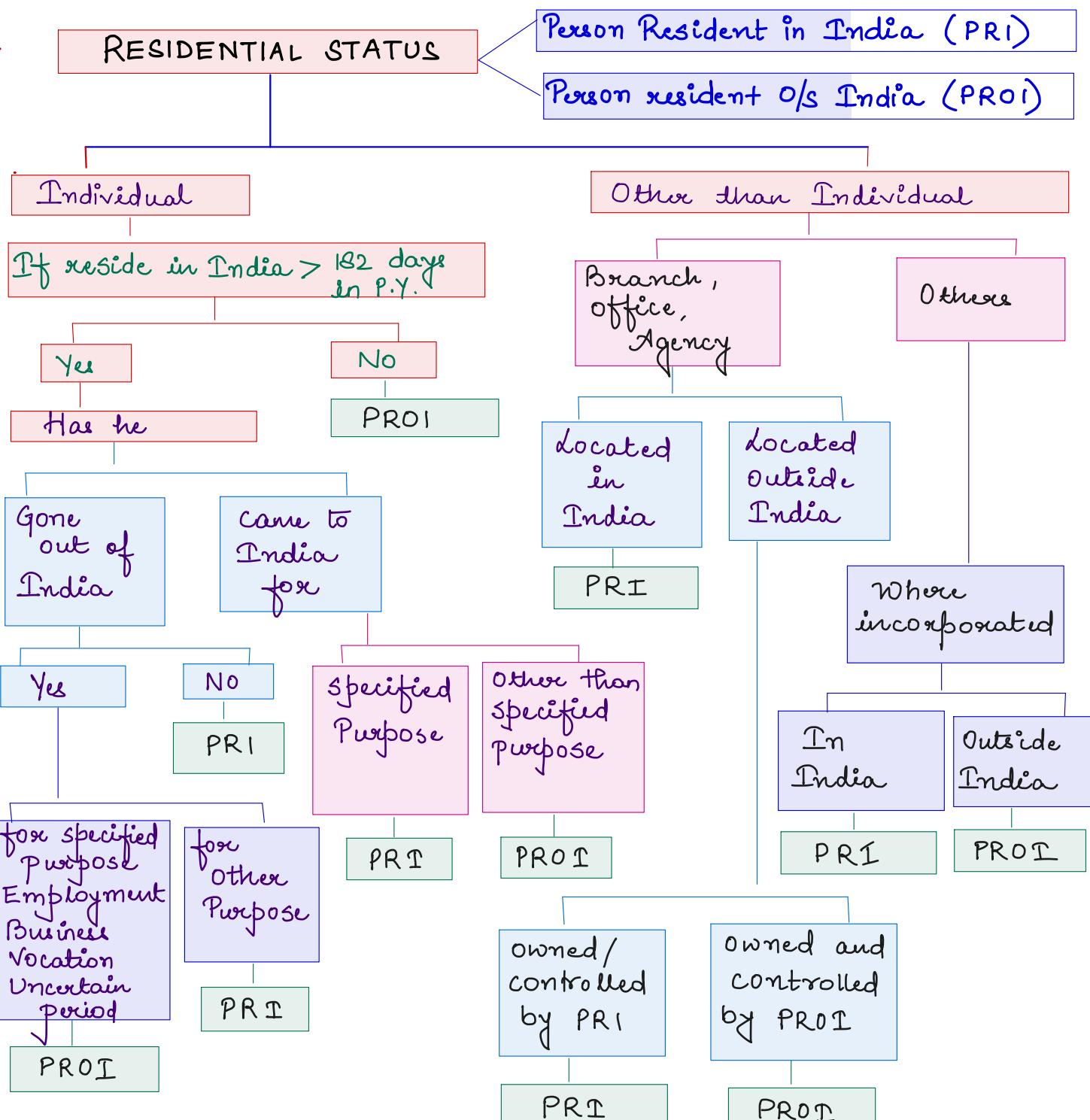
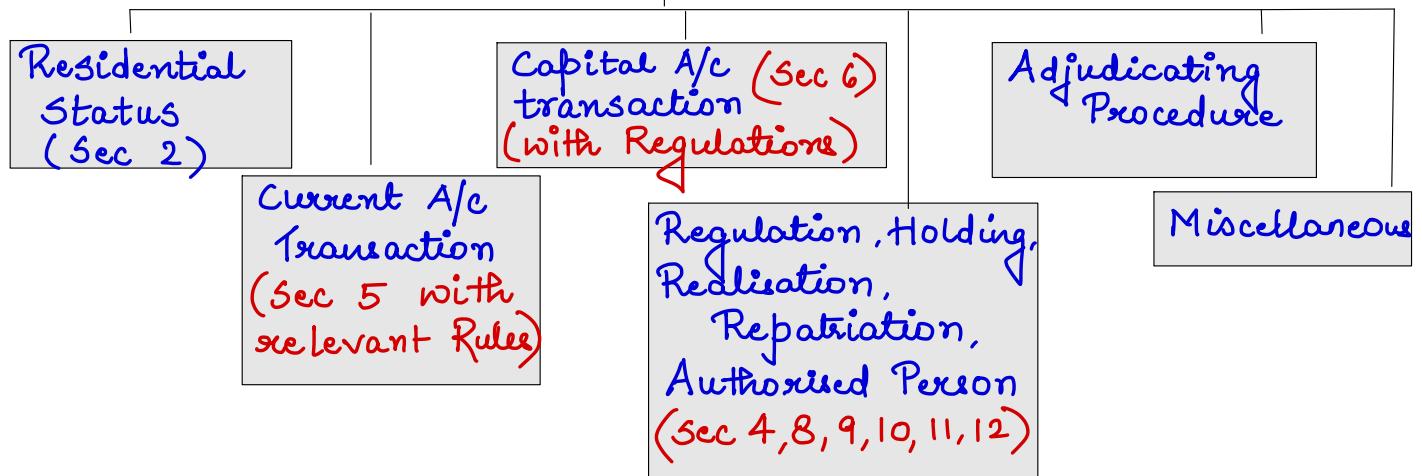


Competition Advocacy

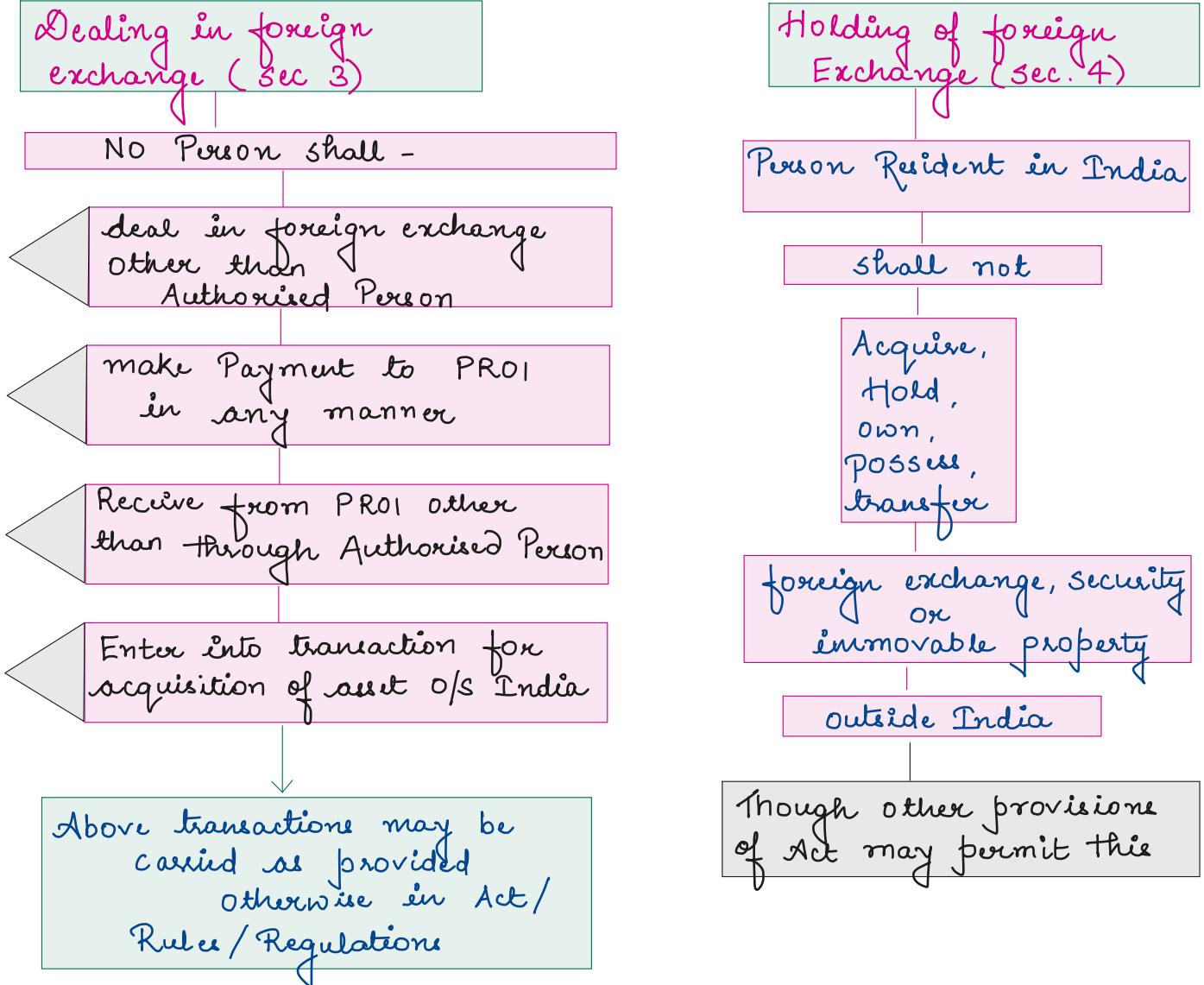




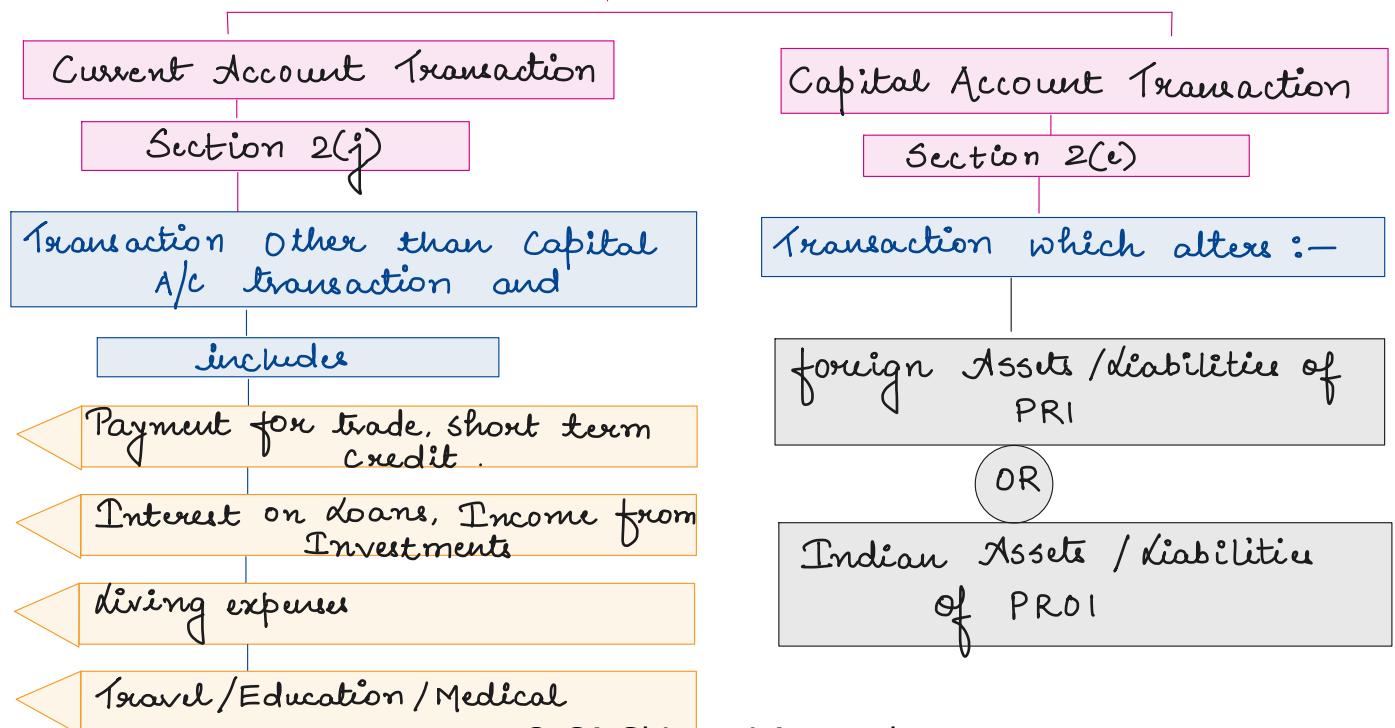
Foreign Exchange Management Act, 1996



Restrictions on Foreign Exchange



Types of Transactions



Current Account Transactions

Section 5 read with FEM (Current A/c transactions) Rules, 2000

are freely Permissible

unless

They fall in the list of Rule 3 - Schedule I

Prohibited Transactions

Drawal of foreign exchange is not allowed.

Not allowed for

Nepal and Bhutan and -

- Remitting lottery winning, Racing, riding etc.
- for purchase of lottery ticket, banned Magazine
- commission on exports to JV/WOS
- commission on exports under Rupee State credit route
- Dividend Balancing case
- Call Back services
- Interest of NRSR A/c

They fall in the list of Rule 4 - (Schedule II)

Requires CG Approval

Drawal allowed if approval obtained

Cultural Tour (Ministry of HRD)

Advertisement in Print media > USD 10000 except Tourism, bidding, investments

freight of vessel by PSU

Import on CIF basis by Govt Dept/PSU

Multi Modal Transport Operators

Hiring charges of transponders

Container detention charge > Rate prescribed

Prize Money > 1 Lakh USD by person other than sports Body

Membership of P&I club.

They fall in the list of Rule 5 (Schedule III)

within prescribed limit

Drawal without RBI's approval

exceede limit prescribed

Permissible facilities for Individuals (limit :- 250000 USD)

Private Visit
Gift / Donation
Employment
Emigration*
Maintenance
Business travel
Medical treatment*
Studies*
Others
** limit - Actual expenditure*

Permissible facilities for Other than Individuals

Donation - chair creation/ contribution to Institute lower of 1% of Exchange earning of 3 yrs or 50 Lakh USD

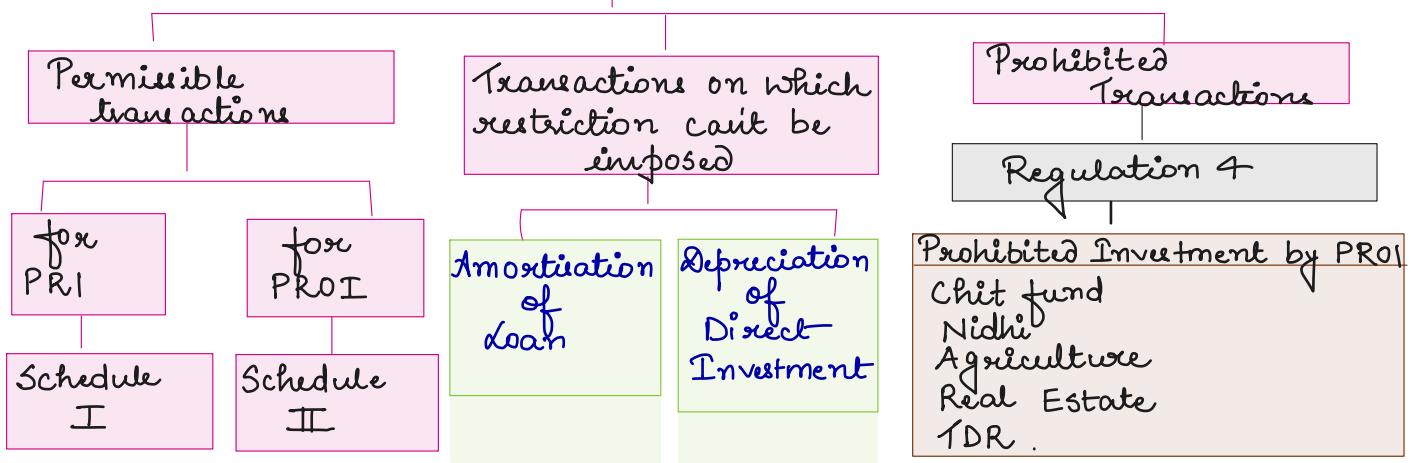
Commission for sale of flats/ plots. Higher of 25000 USD or 5% of inward remittance

USD 1 cr for infrastructure consultancy
USD 10 Lakh for others

Pre-incorporation expenses higher of 5% of Investment or USD 1 Lakh.

Capital Account Transactions

Section 6 read with FEM (Capital A/c transaction) Regulations, 2000



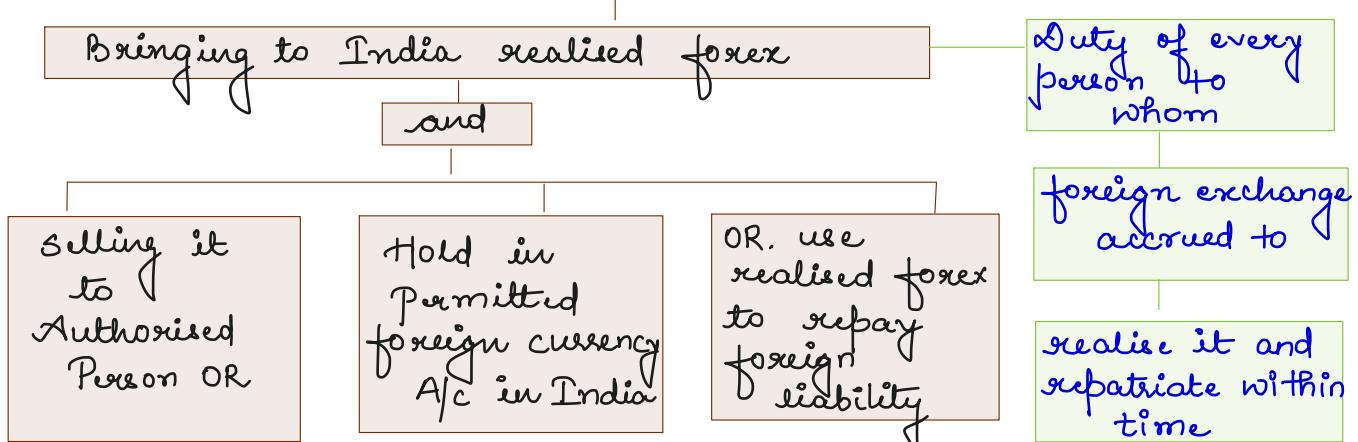
Permissible Transactions for PRI - Schedule I

Investment in foreign securities	foreign currency loans (ECB)	T/t of Immovable Property o/s India
Guarantee in favour of PROI	Export / Import of currency	Loans in INR by PROI.
Maintenance of foreign currency A/c	Insurance Policy from o/s India	Loans to PROI
Remittance of capital Assets	Derivative contracts	

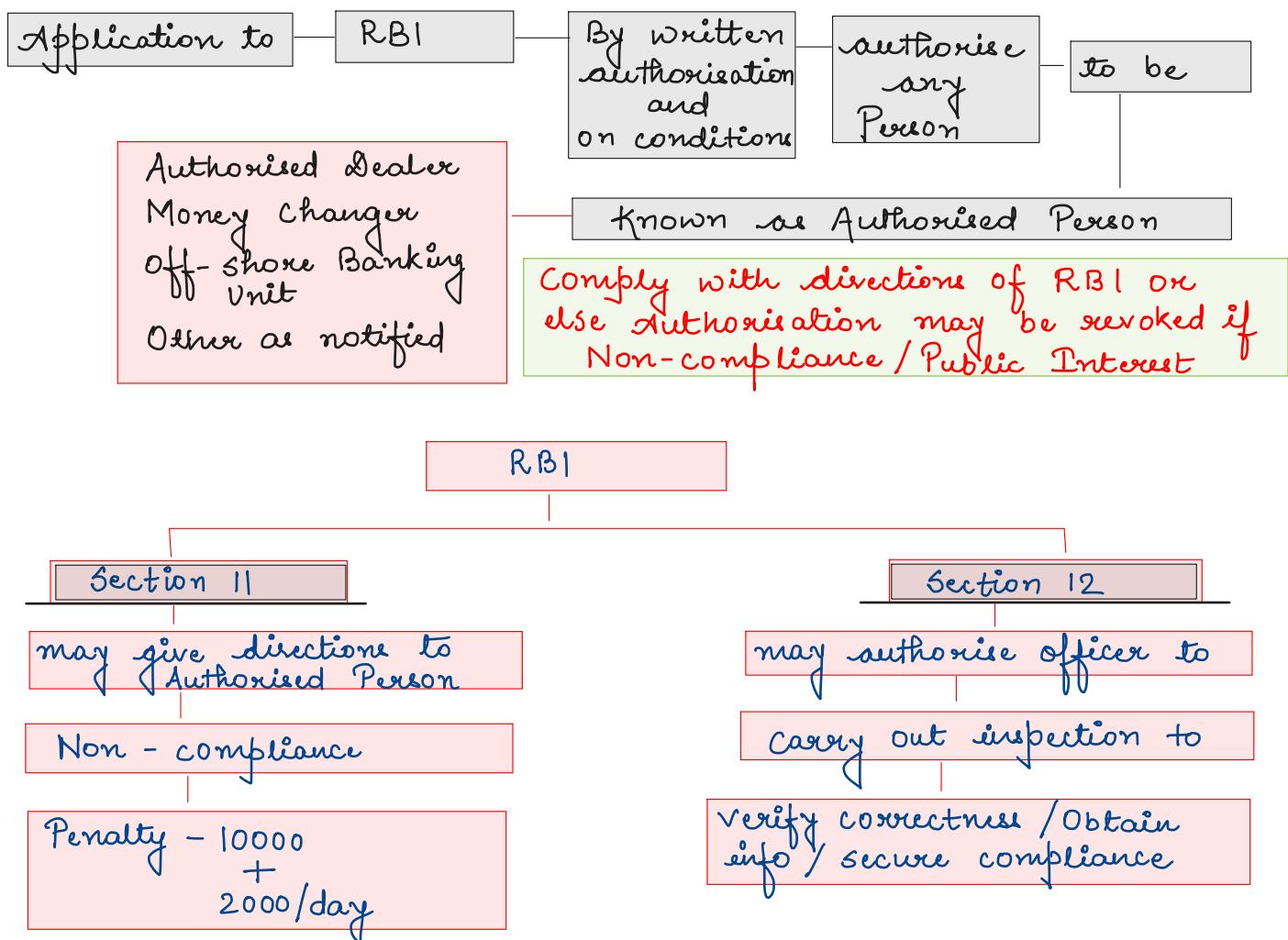
Permissible Transactions for PROI - Schedule II

Securities in India	Investment to capital of firm etc.	Acquisition / transfer of Immovable Property
Guarantee in favour of PRI	Export - Import of currency	Deposits
foreign currency A/c in India	Remittance of Capital Assets	Derivatives

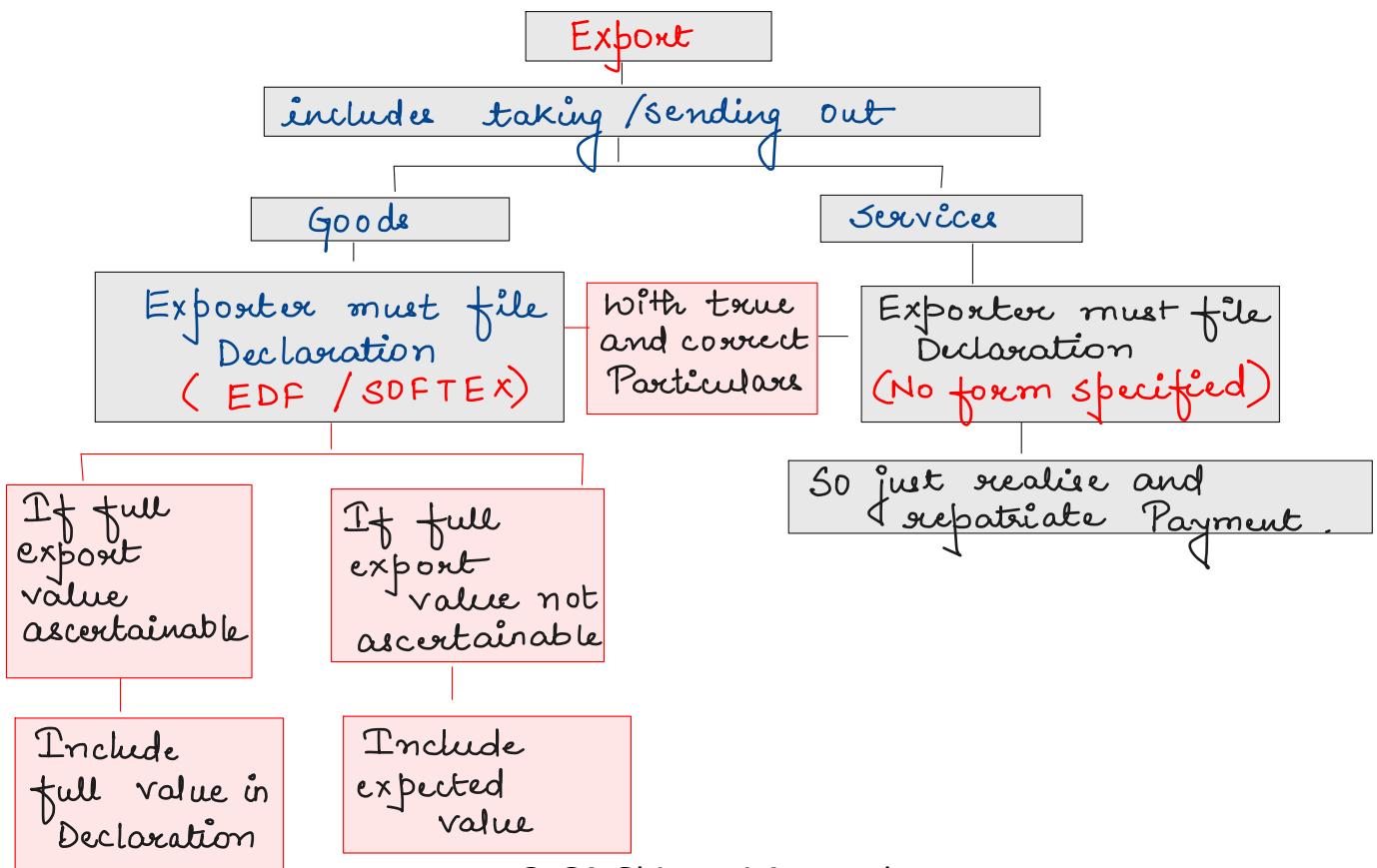
Repatriate to India (section 8)



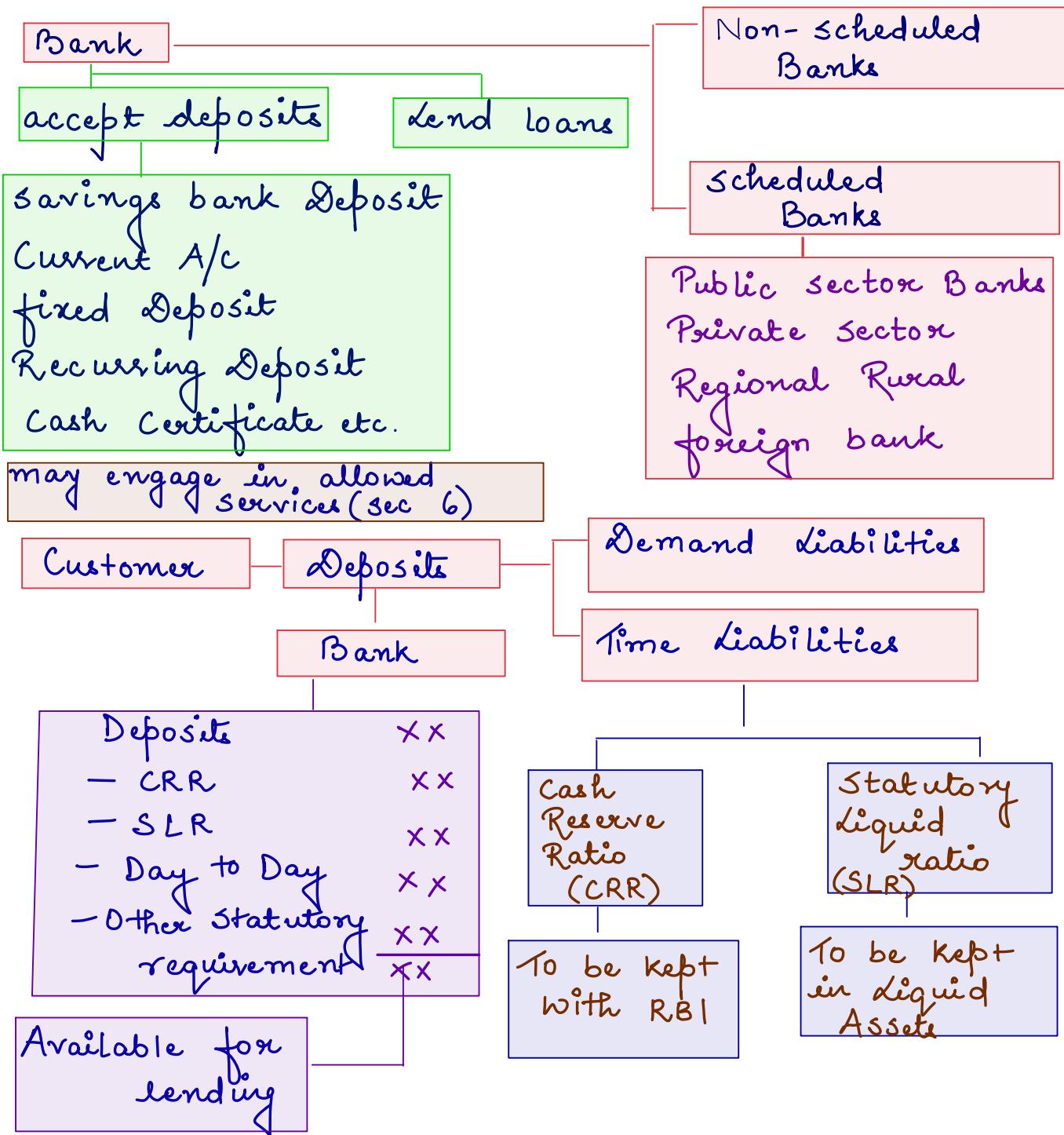
Authorised Person (Section 10)



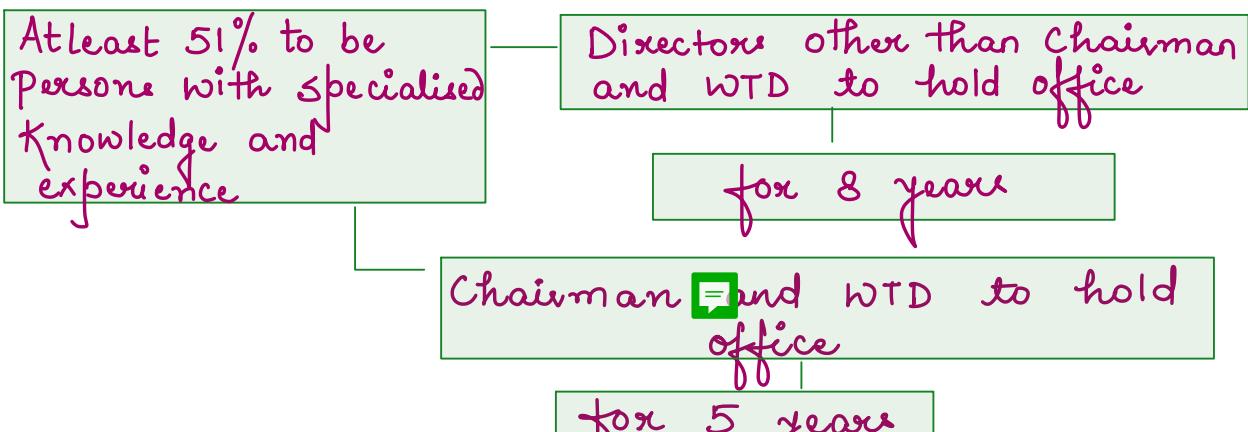
Export of Goods and Services(Section 7)



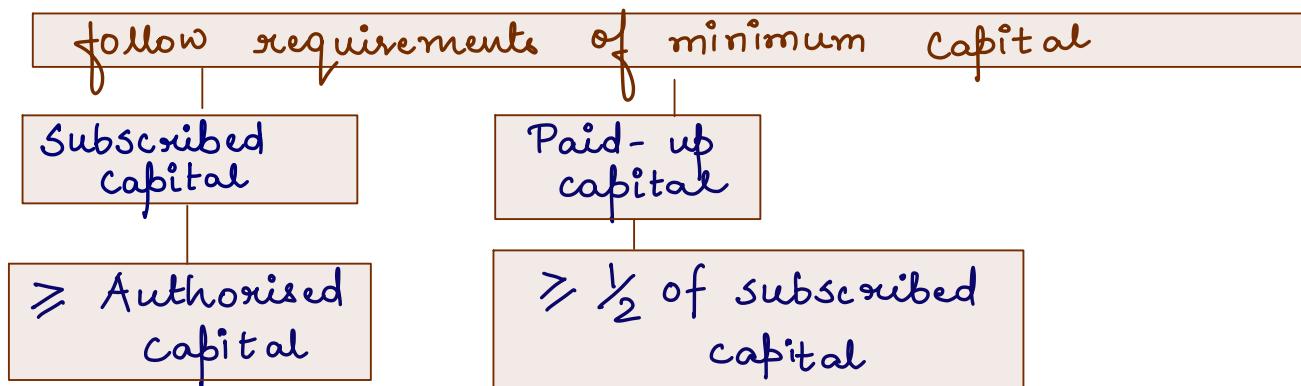
Banking Regulation Act



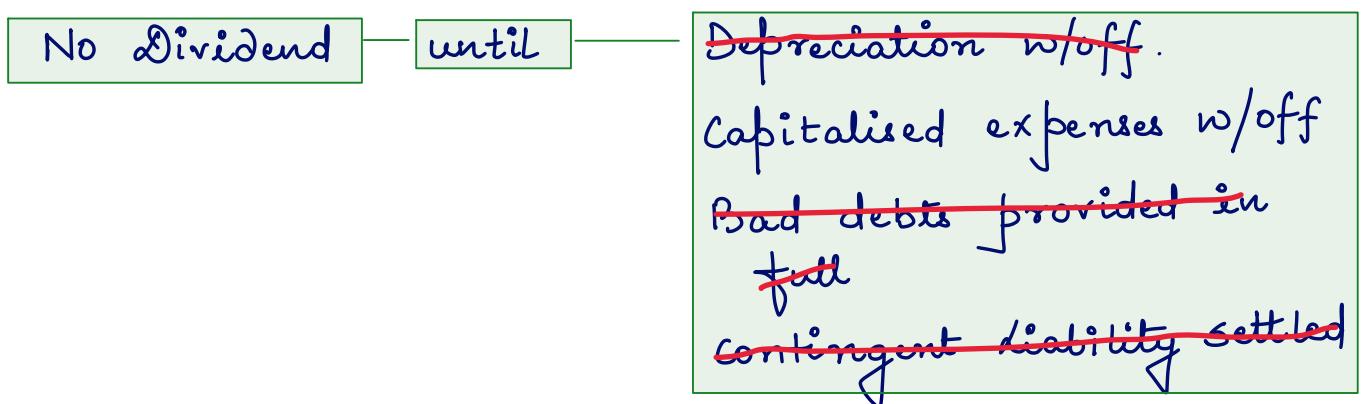
Board of Directors



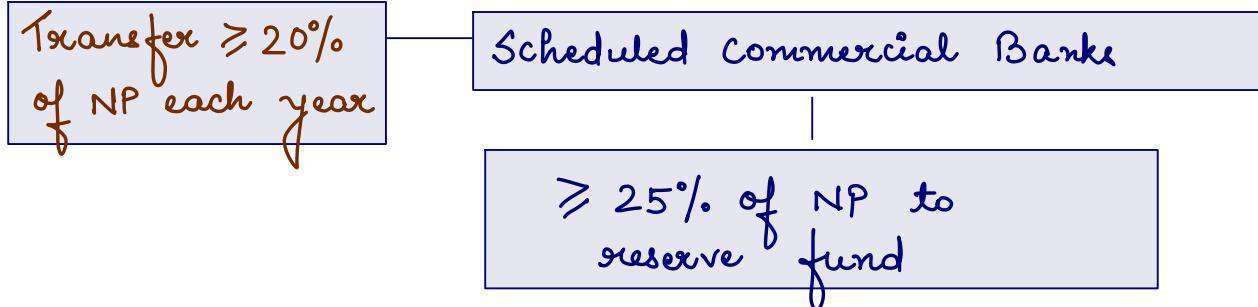
Capital



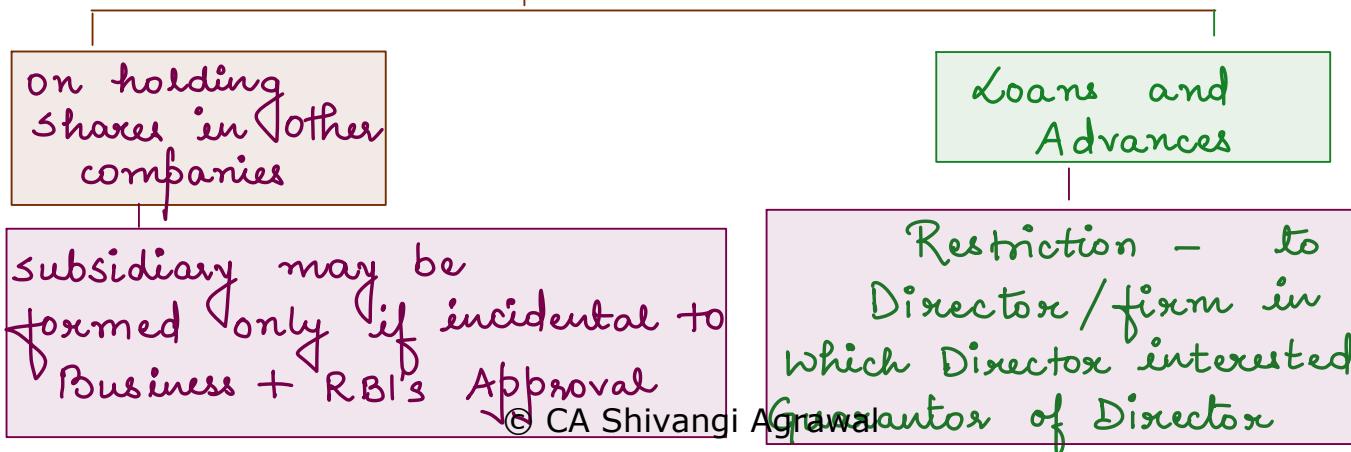
Payment of Dividend



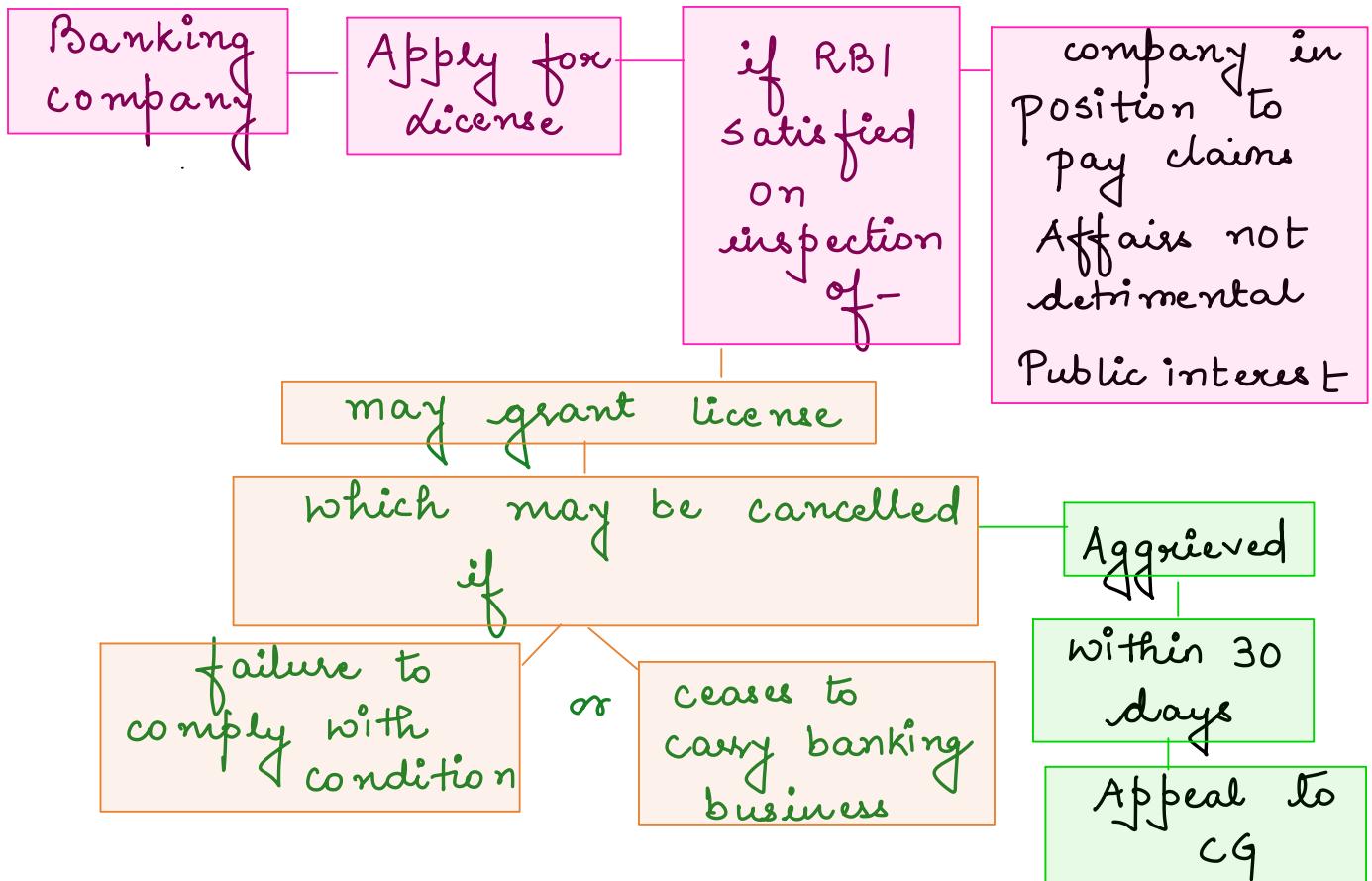
Transfer to Reserve fund



Restrictions

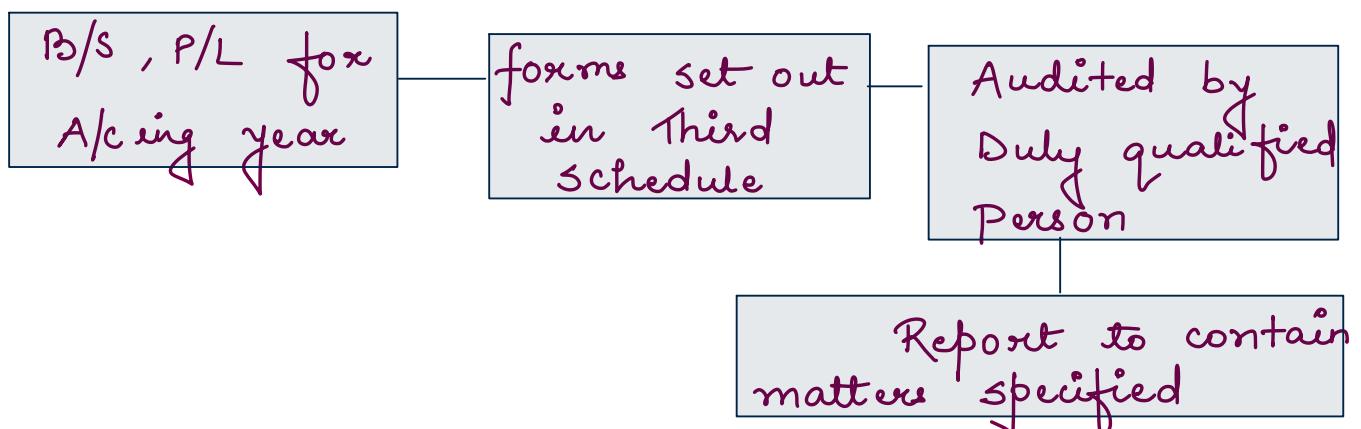


Licensing of Banking Companies

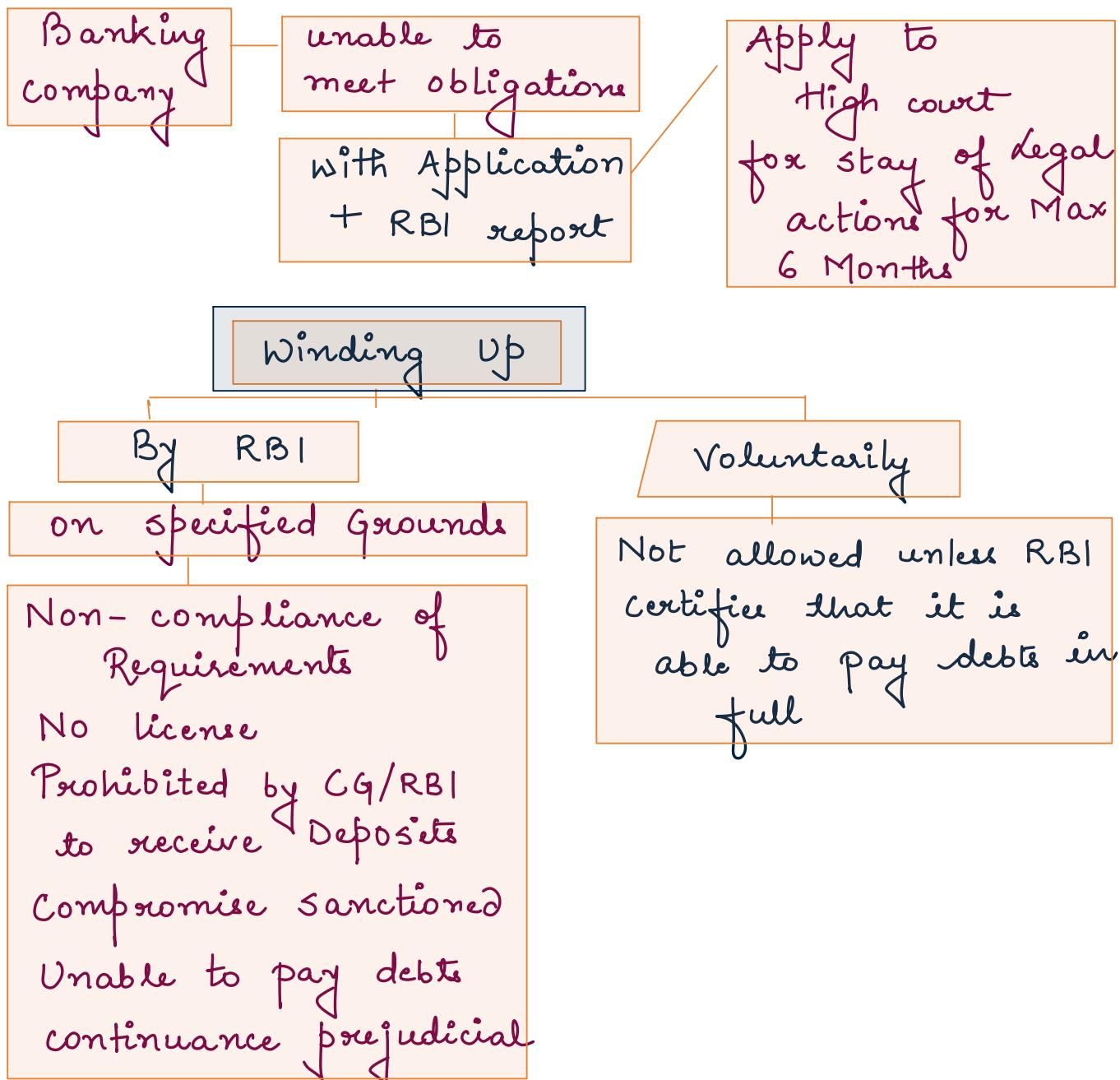


RBI has power to publish info, give directions, inspection, Remove managerial person, appoint additional Directors, suspend Board etc.

Accounts, B/S and Returns

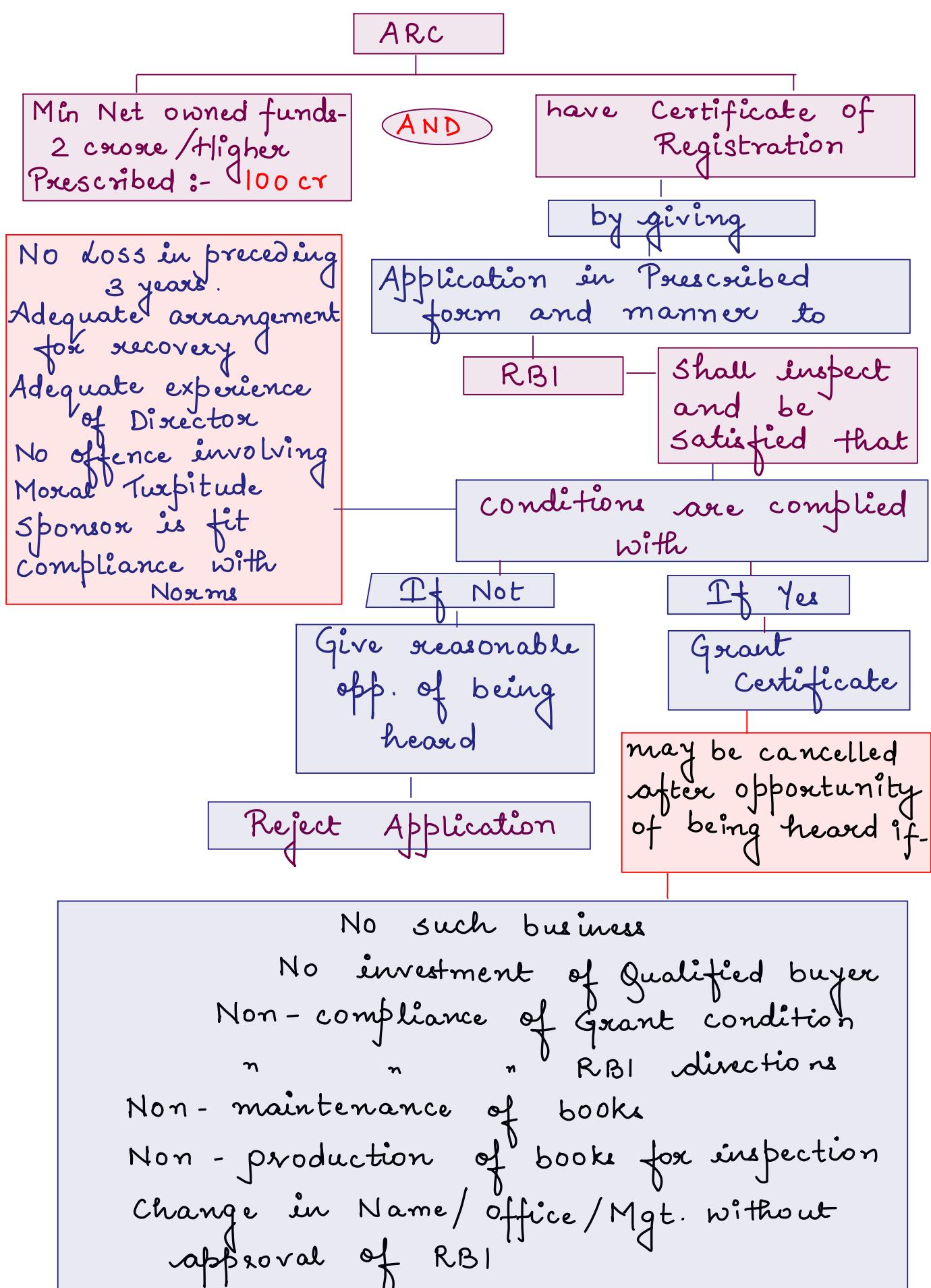


Suspension of Business



SARFAESI Act, 2002

Registration of ARC [Section 3]



Above shall be deemed to be ARC till investments by Qualified Buyer repaid

If aggrieved by order of RBI

within 30 days

ARC may prefer appeal to

Central Government

Acquisition of Rights in financial Assets

ARC

may acquire financial Assets

of any bank / Institution

By issuing debentures as agreed

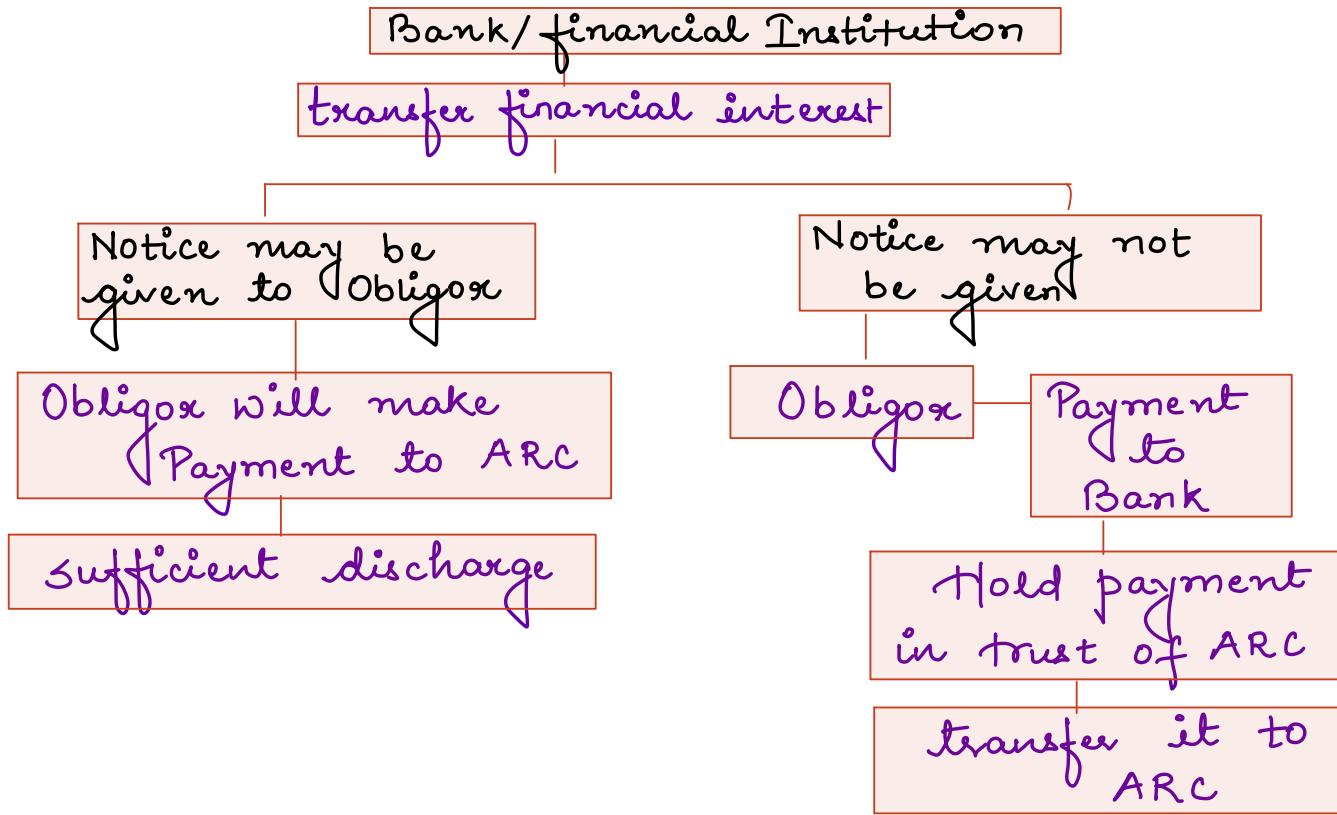
By an agreement for transfer on conditions agreed

such Document executed exempt from Stamp Duty

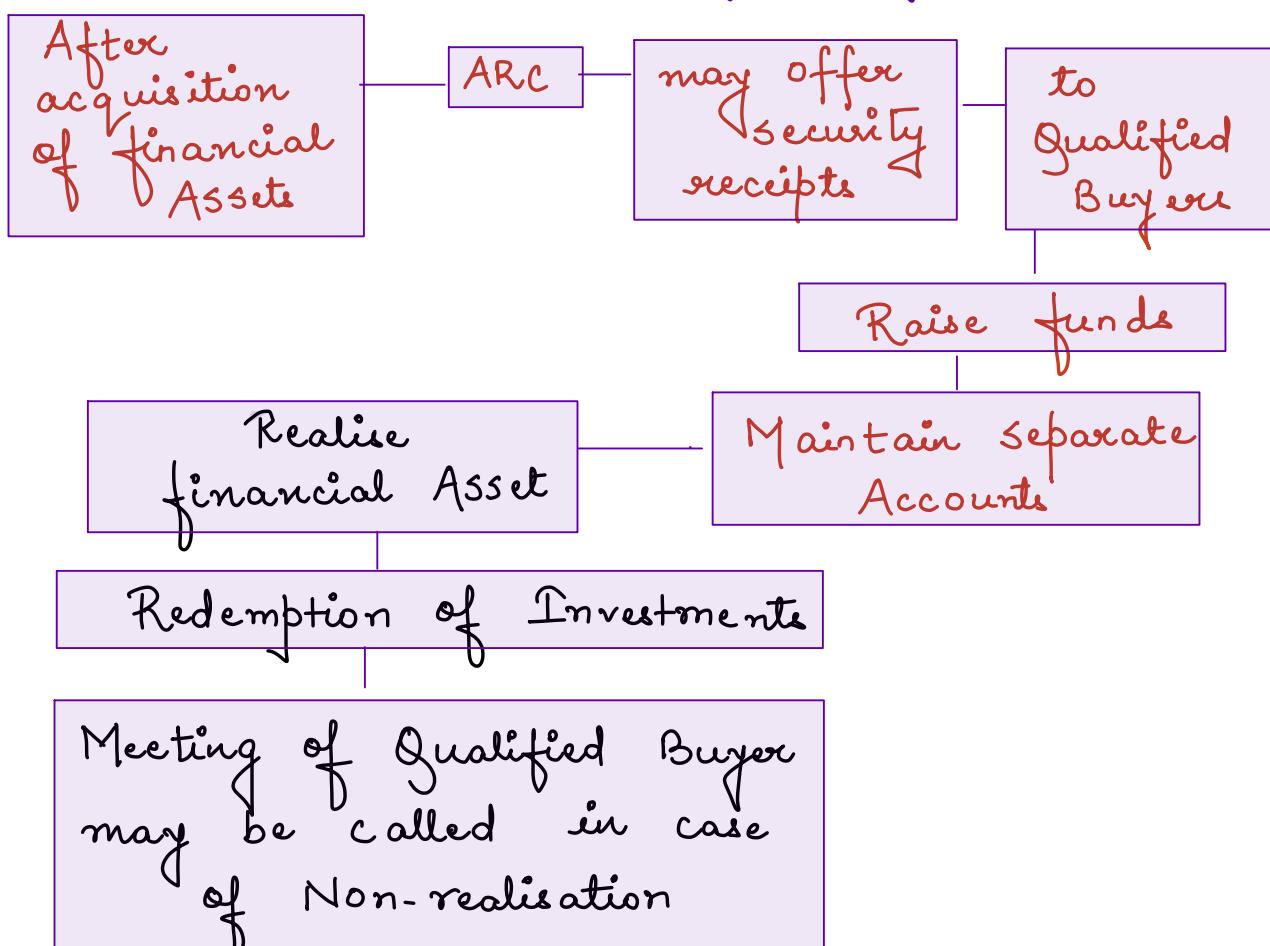
ARC deemed to be lender and any right / title / interest by bank in Asset to secure payment shall vest in ARC

Suit relating to financial asset may be continued by / against ARC

Notice to Obligor



Issue of Securities by raising of Receipts



Measures for Asset Reconstruction

ARC to take measures acc. to policies of RBI

- e.g. Change / Takeover in Management
 Sale/ Lease
 Rescheduling payment
 Enforcement of securities Interest
 Settlement of due
 Taking possession
 Conversion of debt into shares

Disputes to be resolved through Arbitration.

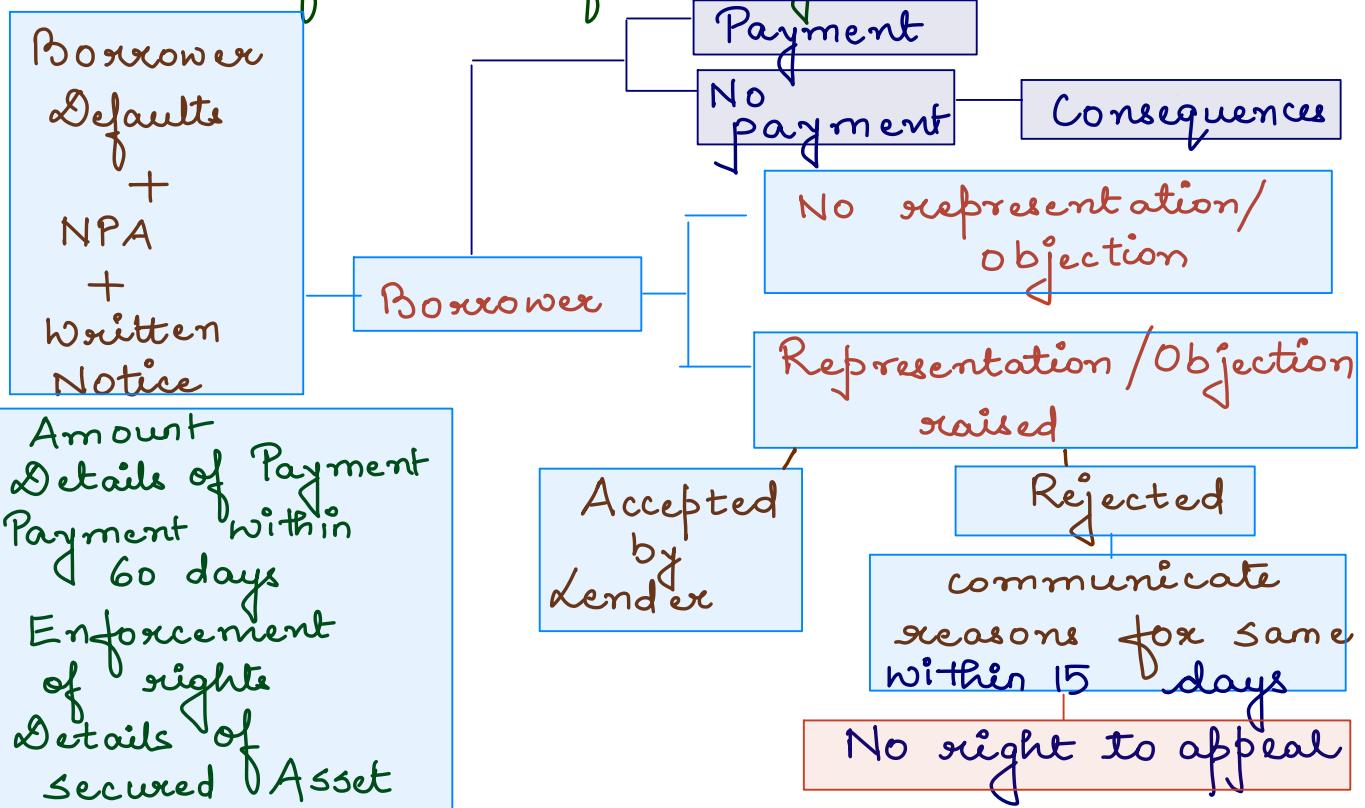
Power of RBI

Determine Policy and issue Directions

Call for Statement and Information

Carry out Audit and Inspection

Enforcement of Security Interest



Manner of Takeover of Management

Appoint as many Directors as needed

Give Notice in
Newspaper

English

Vernacular

Directors shall
vacate office

Not be entitled to
compensation

Appeal

Bank took over
Management

~~Other secured creditors~~
Any person / borrower

Aggrieved

within 45 days

decide according
to circumstances
and evidence

may appeal to DRT

Whether measures / consequence in accordance
or not

Yes

No

DRT

→ Order restoration

Not possible →

Other order

Not passed
in 4 months

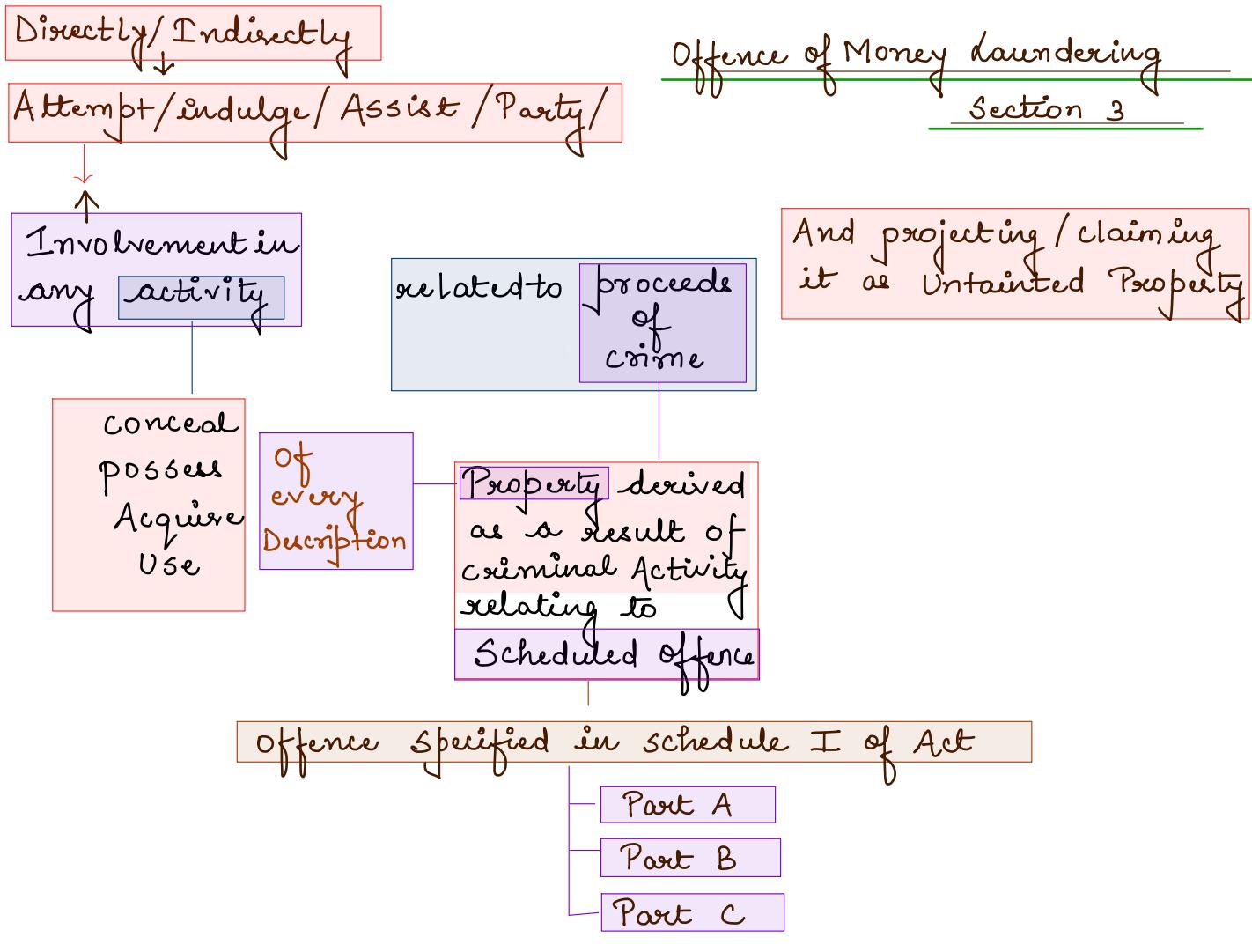
OR

Aggrieved

within 30 days

Appeal to DRAT by
depositing required amount

Prevention of Money Laundering Act, 2002



Punishment for Money Laundering [Sec 4]

If Proceeds of crime involved in Money laundering relates to any offence specified under Para 2 of Part A [Offences under Narcotic Drugs and Psychotropic Substances Act, 1985]

YES

Rigorous Imprisonment and Fine

Minimum -
3 years

Maximum -
10 years

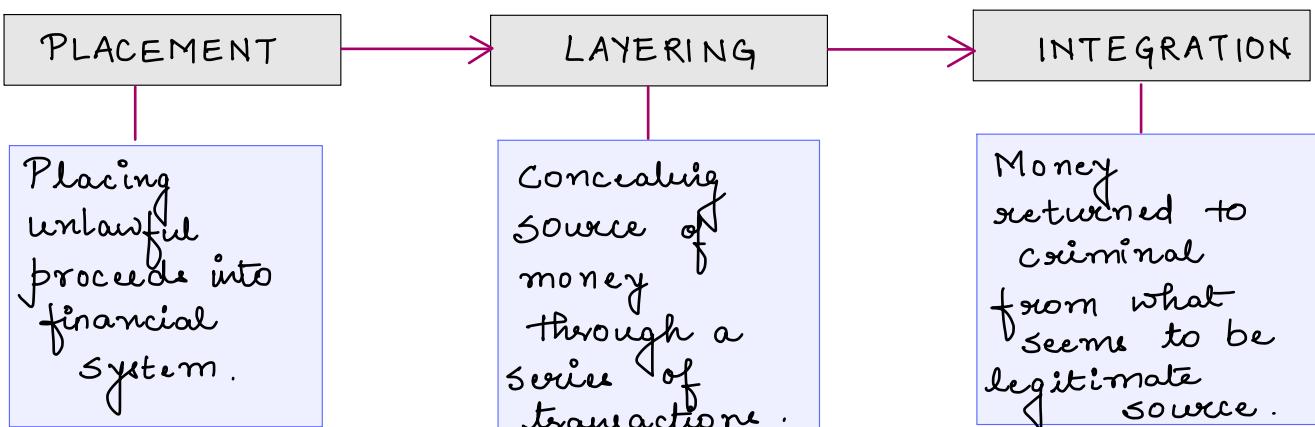
NO

Rigorous Imprisonment and Fine

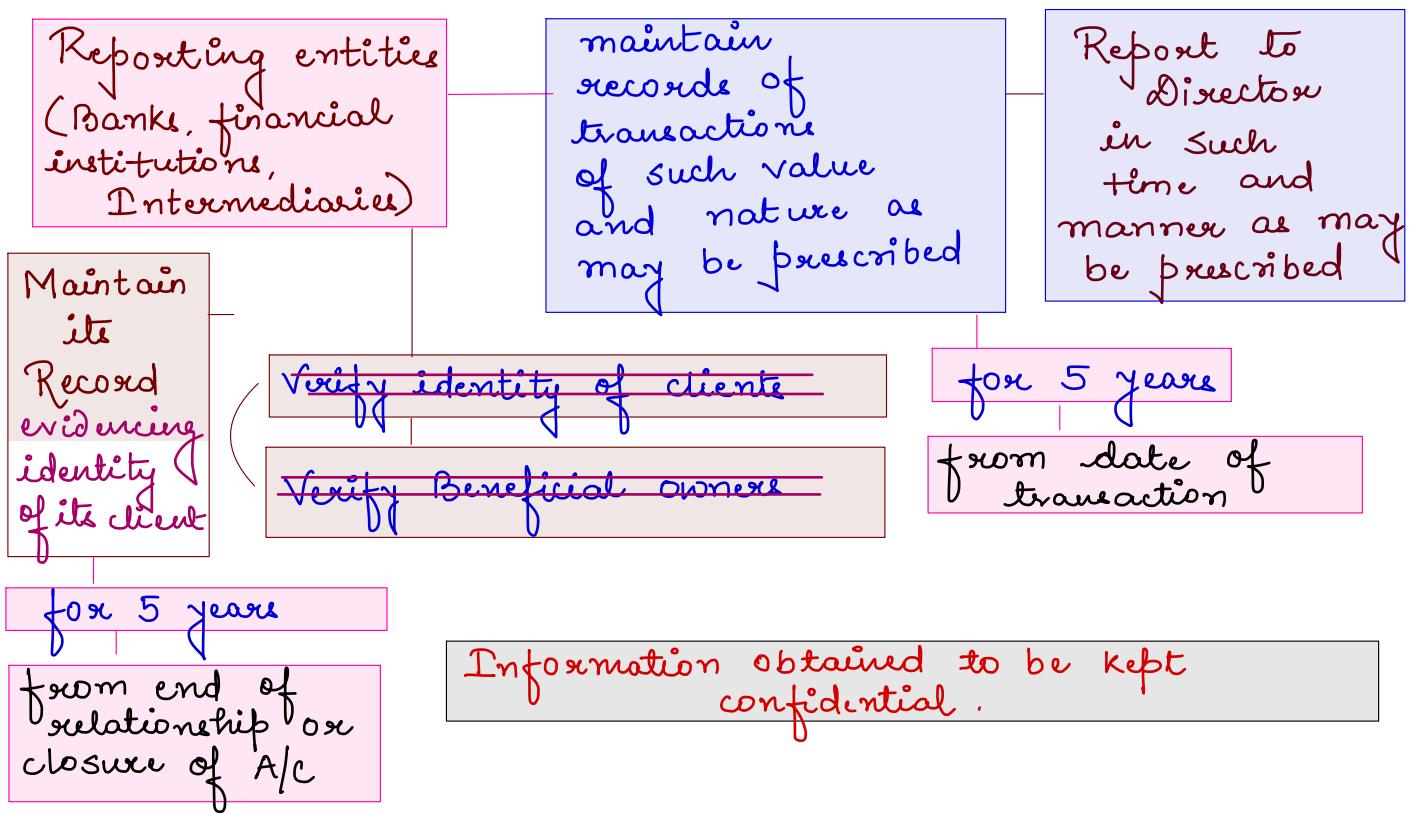
Minimum -
3 years

Maximum -
7 years

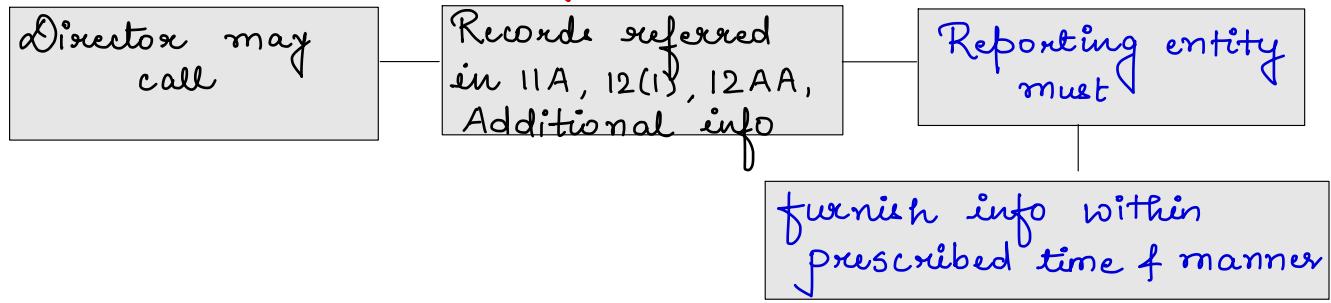
Stages of Money Laundering



Obligation of Reporting Entities [Sec 12]

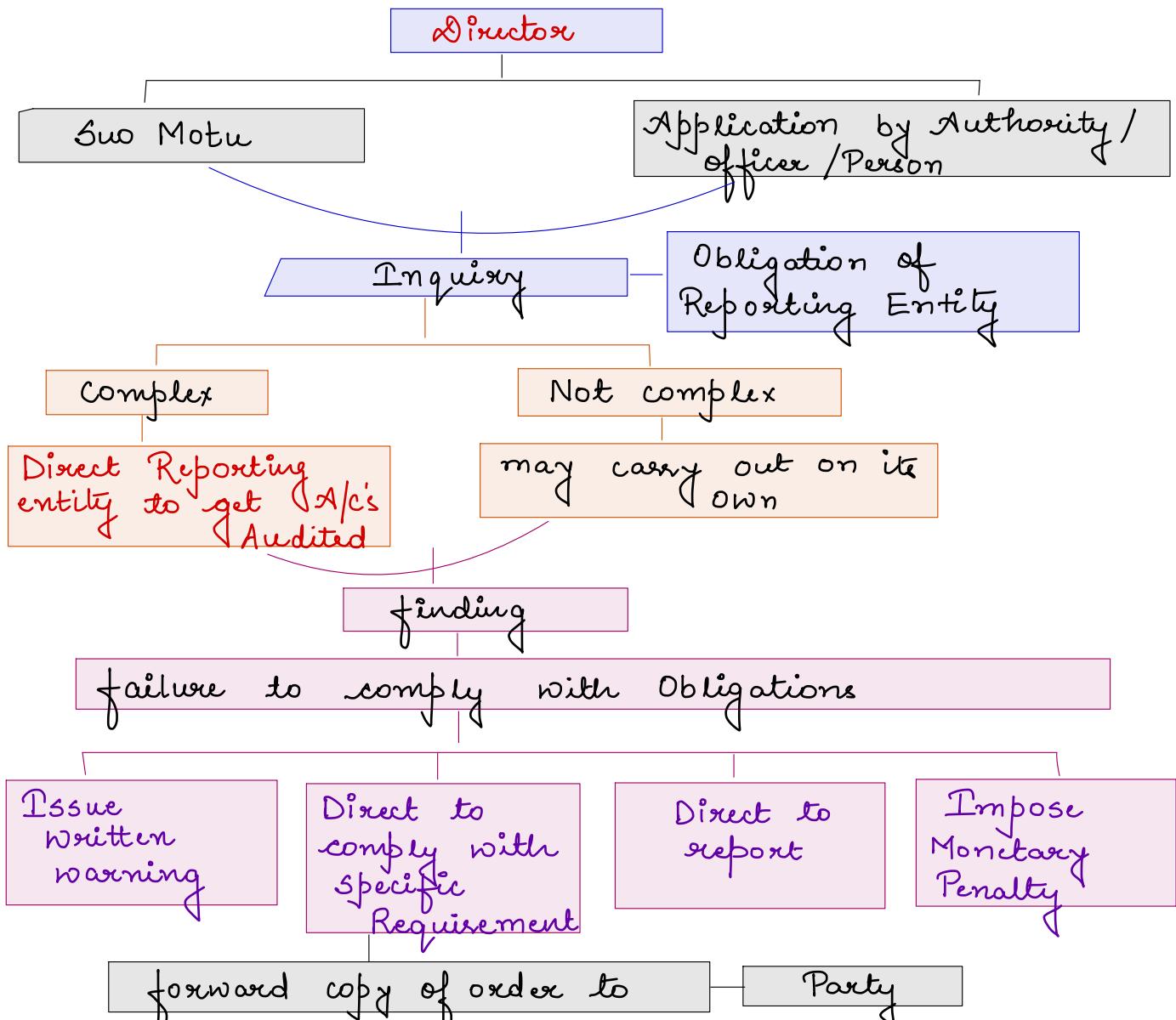


Access to Information [Sec 12A]

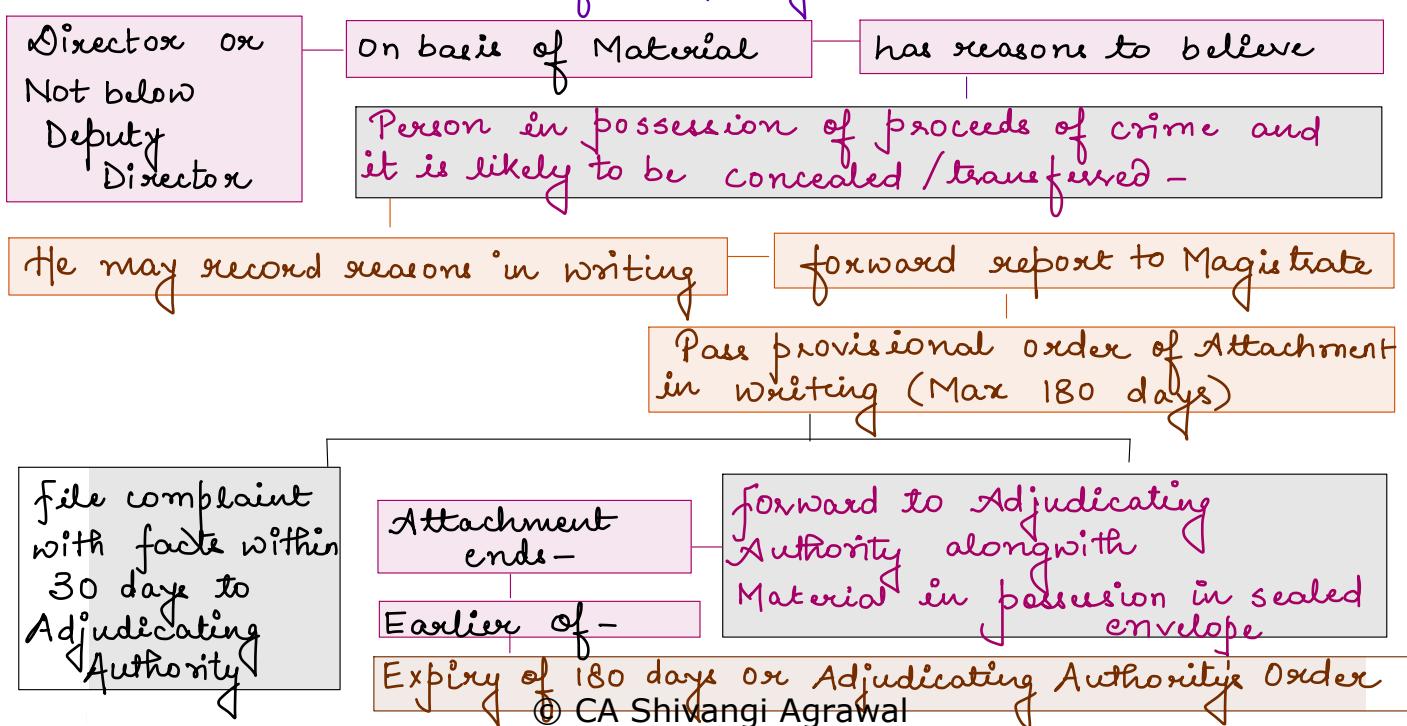


Information obtained to be kept confidential.

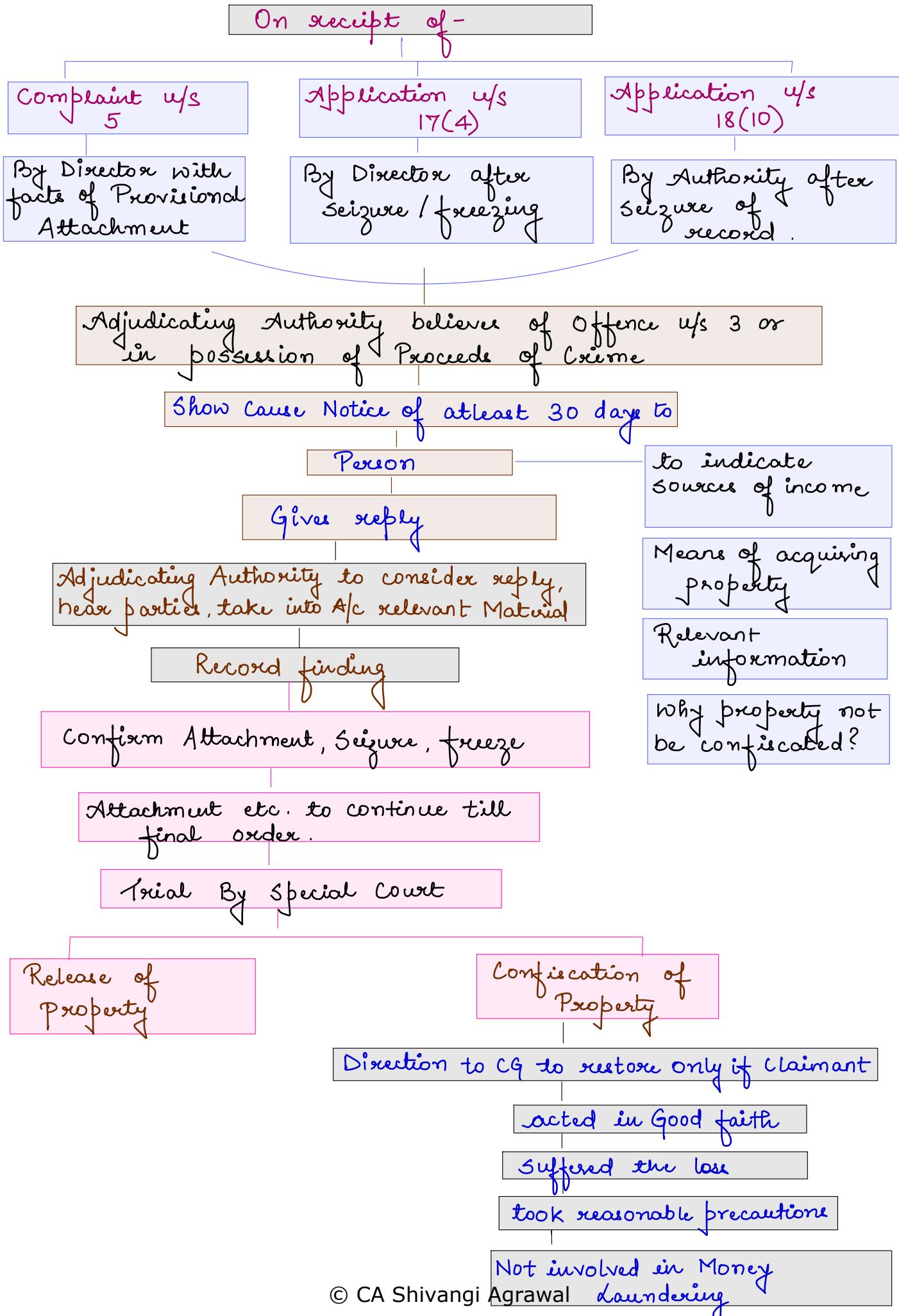
Power of Director to impose fine (Sec. 13)



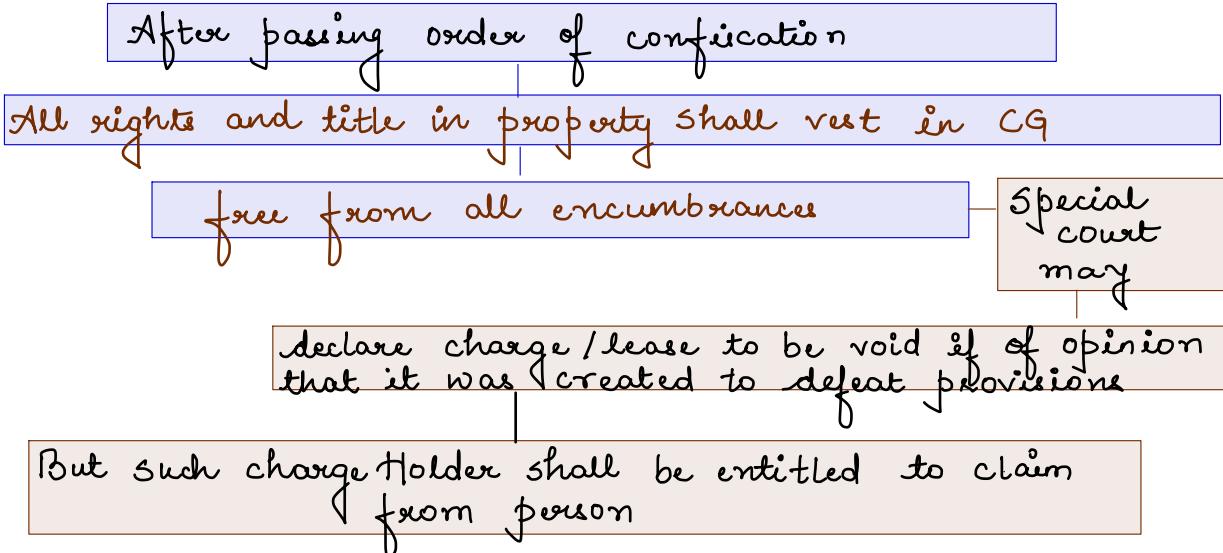
Attachment of Property (Sec. 5)



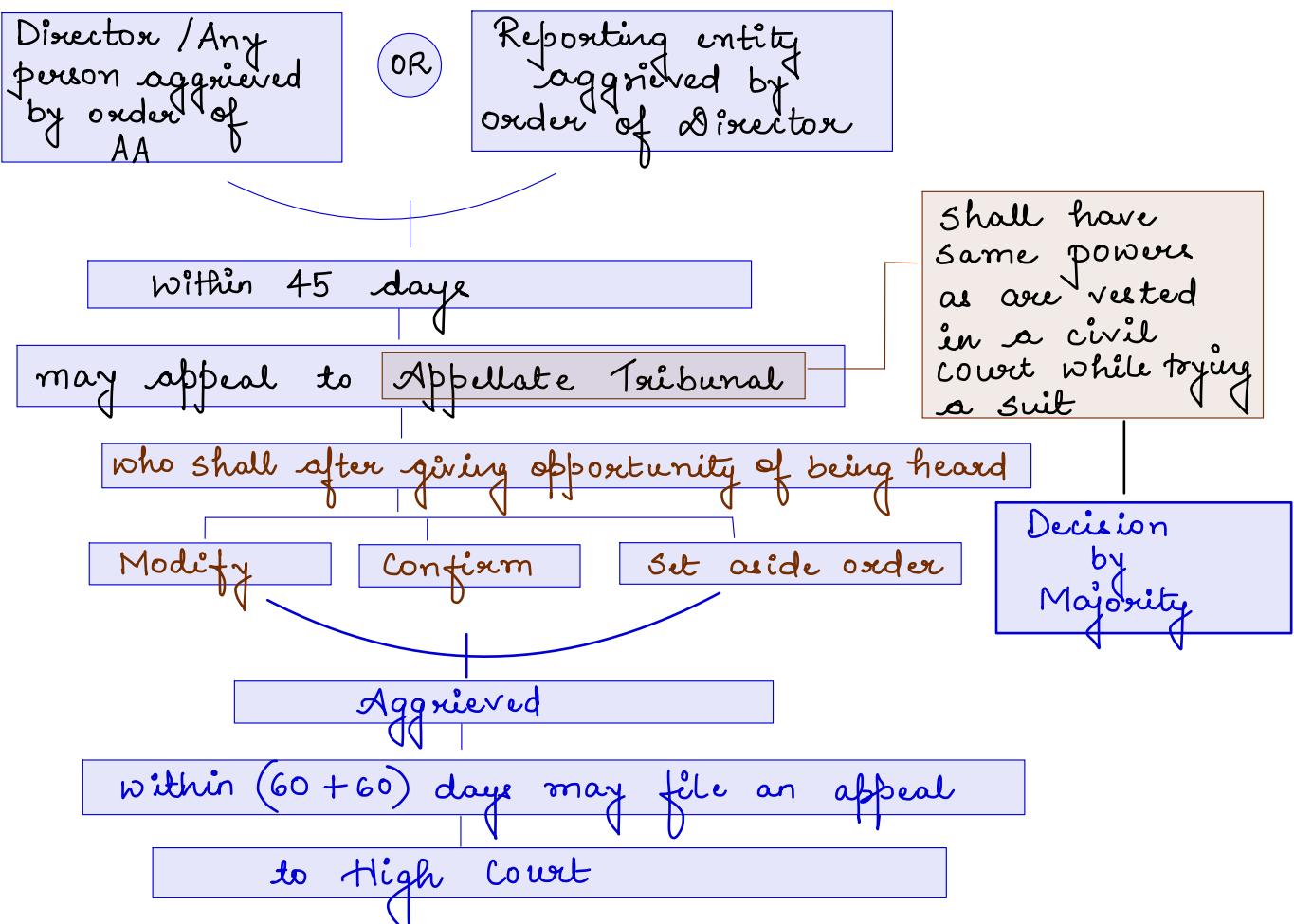
Adjudication [Section 8]

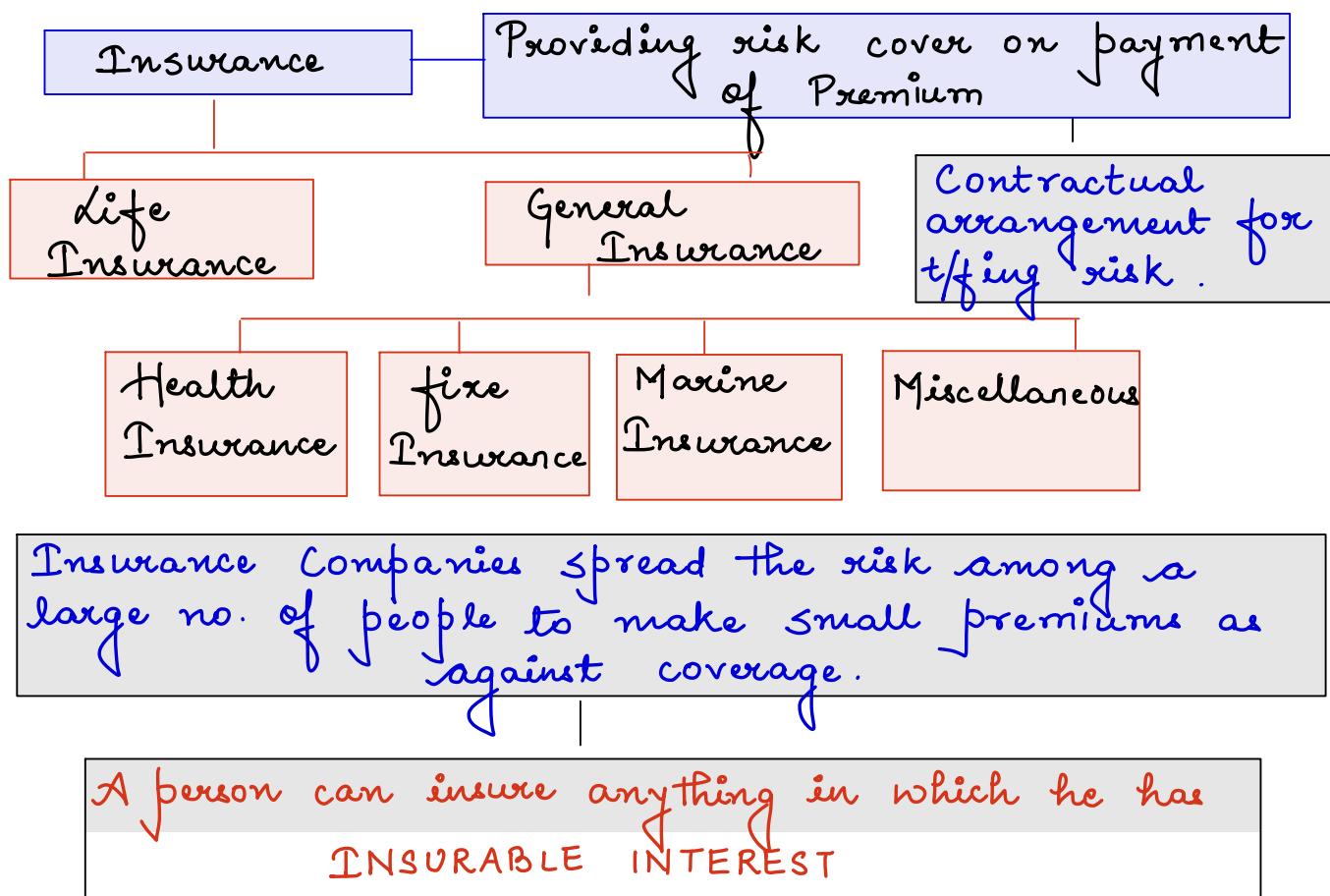


Vesting of Property in CG (Section 9)



Appeal to Appellate Tribunal (sec. 26)





Principles of Insurance Law -

Insurable Interest - Person opting for insurance must have pecuniary interest in property insured and will suffer financial loss on occurrence of insured event.

Good Faith - "Ubi lex imponit fidei". Both parties to observe good faith and make disclosure

Misrepresentation - Contract obtained by wrong representations / fraud are void.
Not to be questioned after 2 years of commencement (Life Insurance policy)

Warranty - Representations being integral part are warranties and must be complied with or contract may be avoided. Non-compliance may be excused by reason of change of circumstance.

Condition - limitations under which policy is granted.
Condition precedent - Non-satisfaction makes contract void ab initio
Condition subsequent - Non-fulfilment leads to avoidance of contract

Indemnity and Subrogation - Indemnifying is making good the loss. Life Insurance is not indemnity.
 Subrogation is legal right that allows one party to make payment that is actually owed by another.

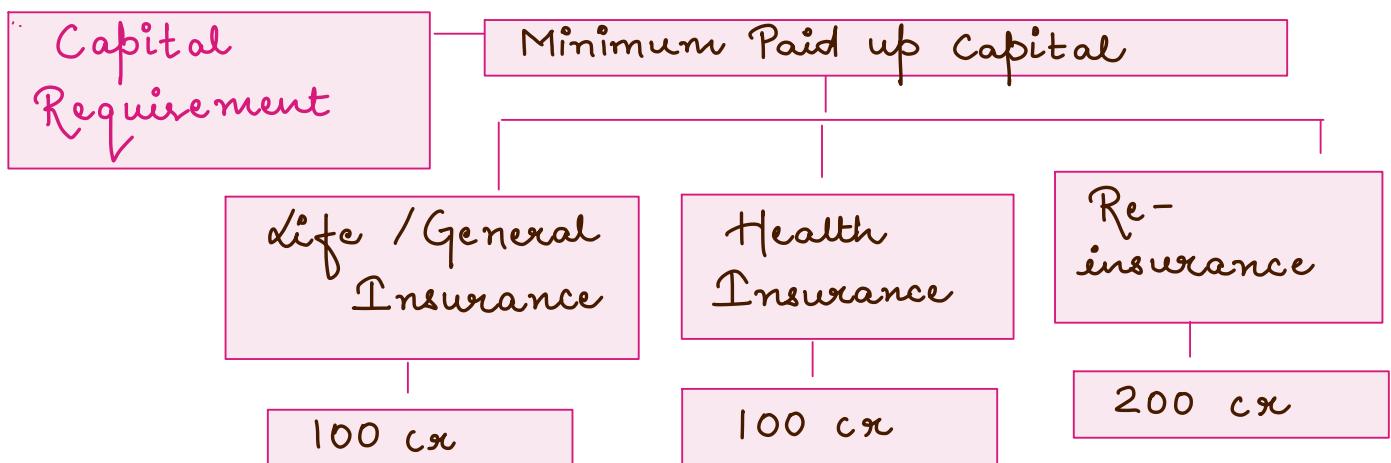
Proximate Cause - Accident may be caused by more than one loss.
 Proximate (Nearest) and not remote cause shall be taken as cause of loss.

Insurance and Consumer Protection - Insurance Services fall within Consumer Protection Act.
 Insurance companies are not consumers.

Commencement of Policy - Policy starts with date mentioned / Acceptance.
 Retention of premium may be acceptance.

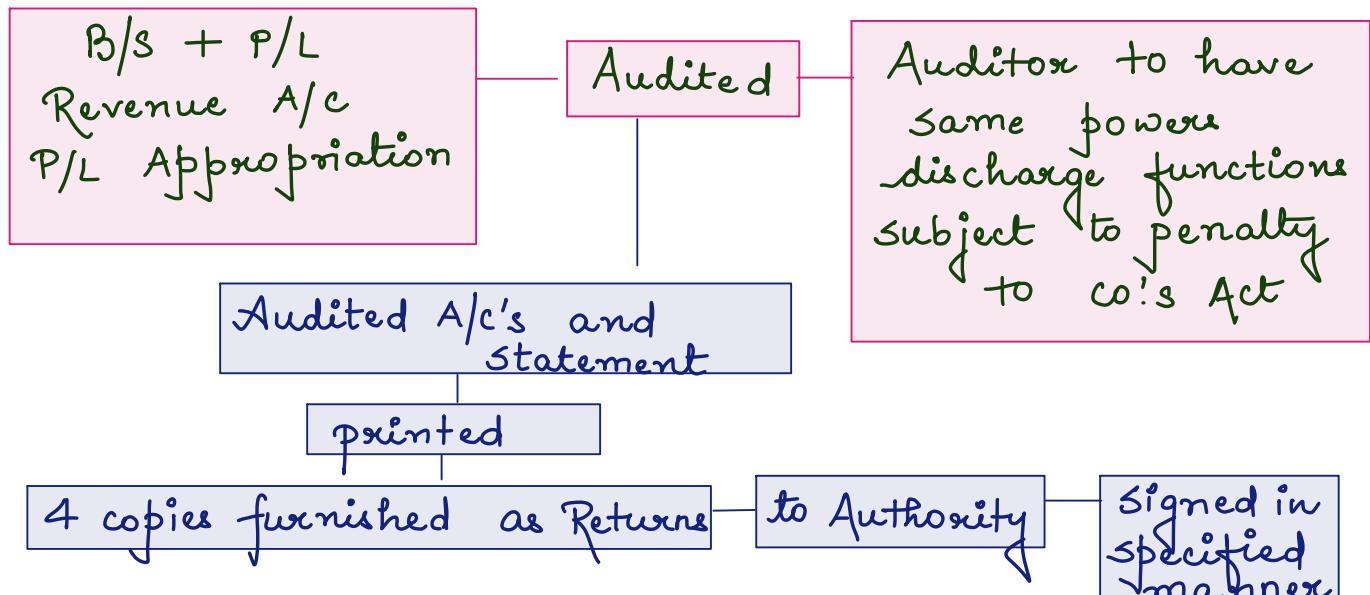
Provisions relating to Insurance

No foreign insurer except with permission of IRDA

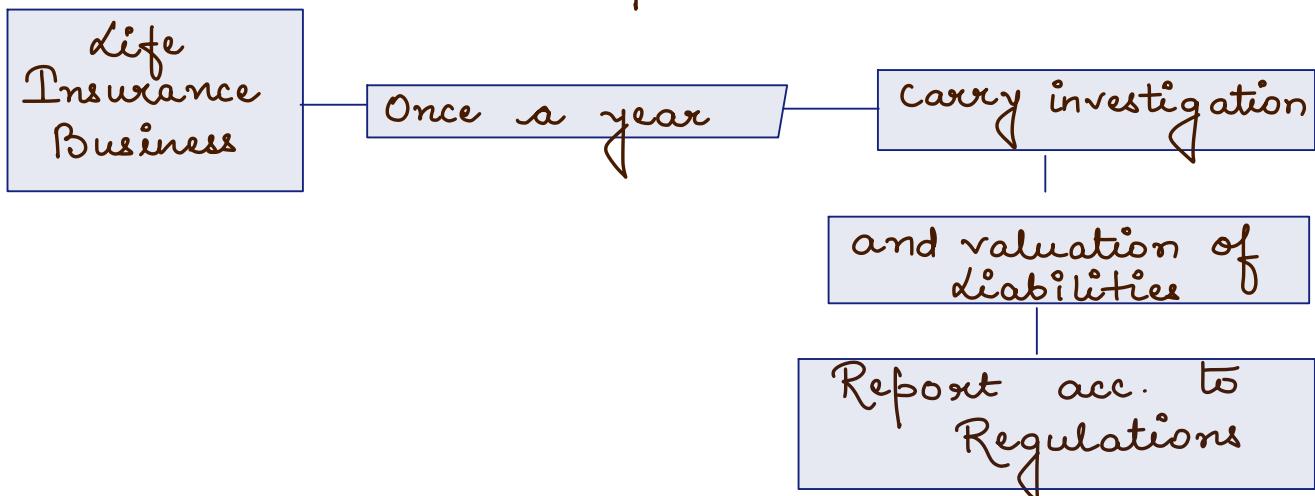


No person can become re-insurer if their Net Owned Funds are less than 5000 crores.

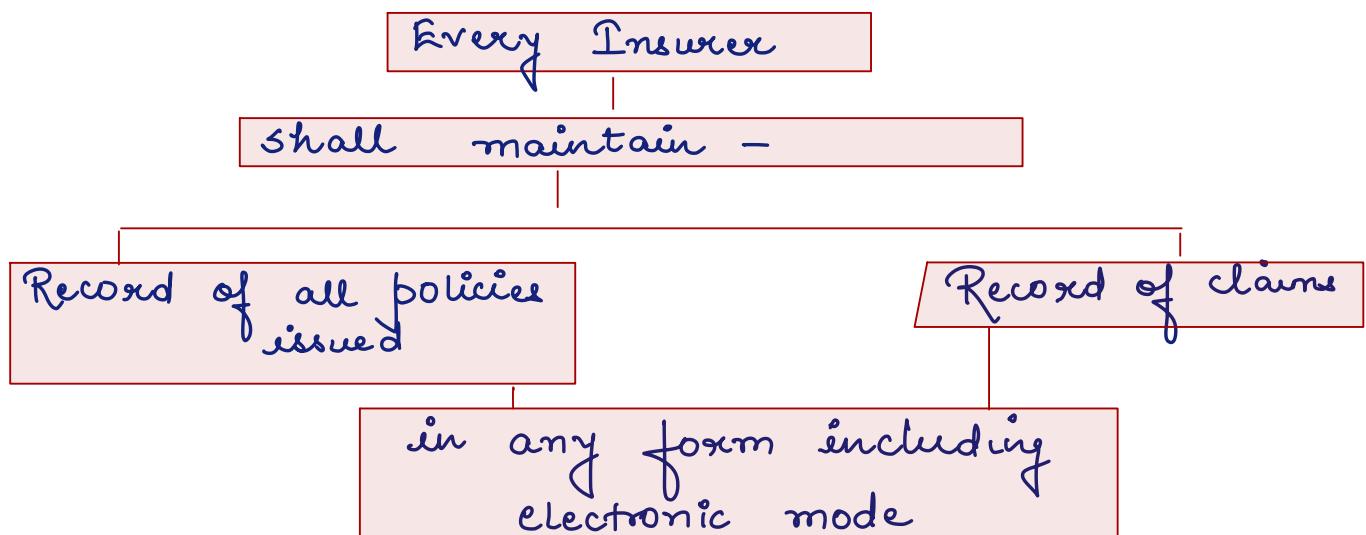
Audit of Accounts [sec. 12]



Actuarial Report



Record of Policies / Claims



Investment of Assets

Insurer - Life Insurance

invest and keep invested

Assets \geq

Amount of liability on matured claims

+
Amount for meeting liability for policies maturing (India)

Less :-

Premiums due

Amt due for loans granted

in 25% Govt securities / 25% Govt / Approved Balance approved Investments

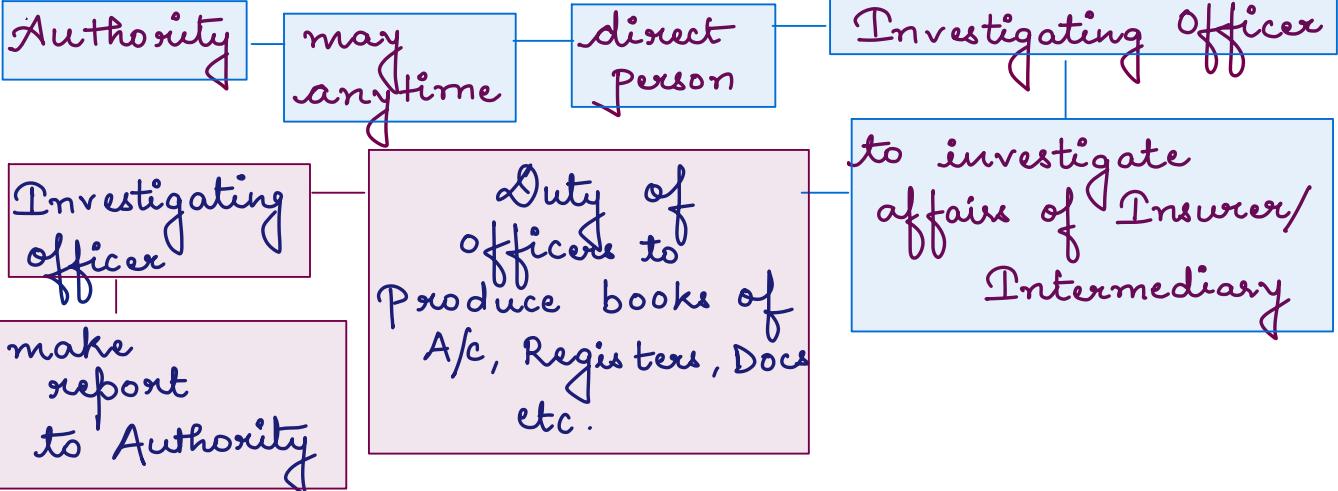
General Insurance

20% of Assets in Govt securities

10% of Assets in Govt/ Approved securities

Balance acc. to Regulations

Investigation and Inspection



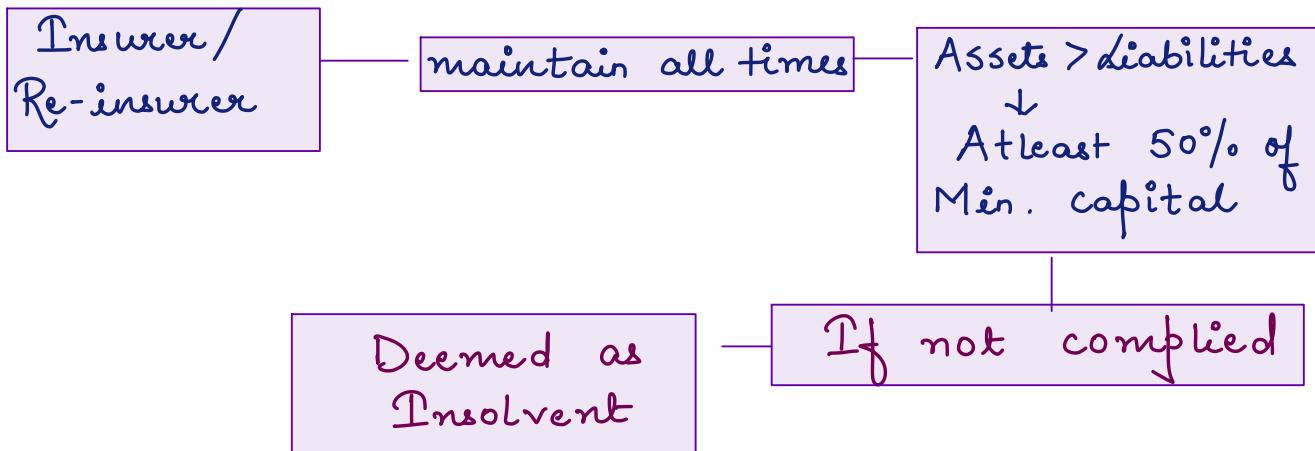
Insurance Agents may be appointed to procure business

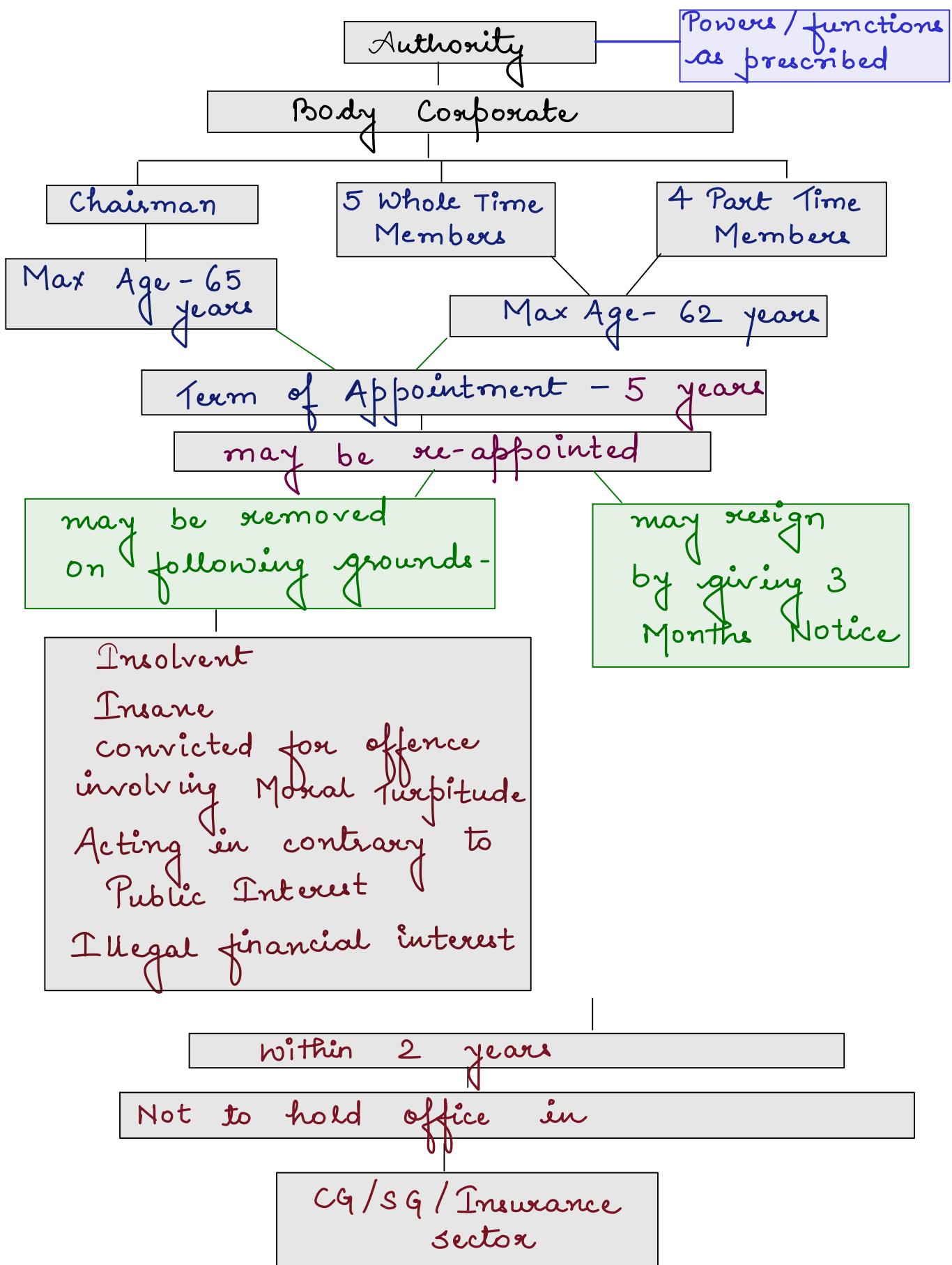
↓
Not to act as agent for more than one Insurer

No policy of life Insurance to be called in question on any ground after 3 years

Surveyor / Loss Assessor must possess requisite qualification and member of professional body

Sufficiency of Assets





Funds

CG

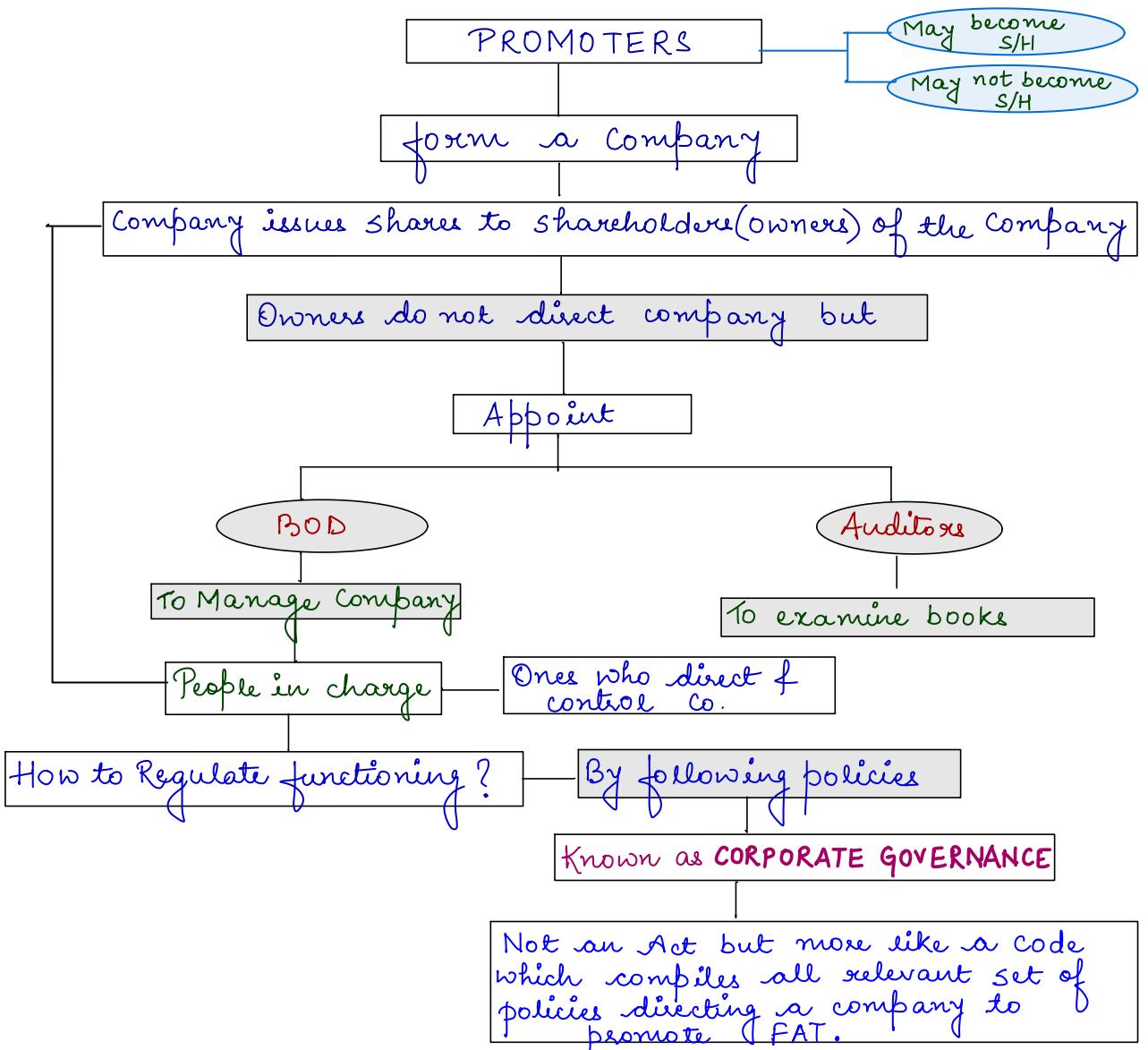
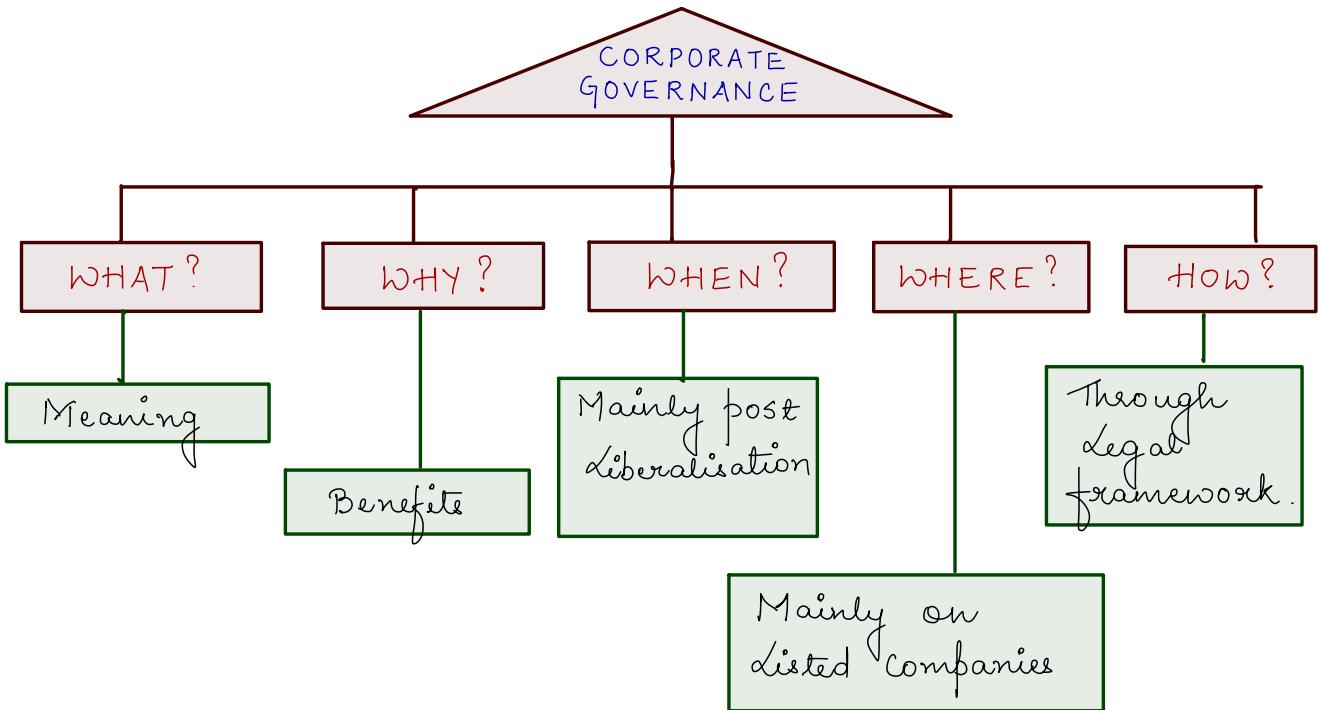
grants fund
necessary

IRDA of India
fund

Audited
by
CAG

Maintain
Books
of
Annual financial
Statements

used for
Salary of members etc
legitimate exp of
Authority



History of Corporate Governance

1998	→ CII Confederation of Indian Industry
1999	→ SEBI - KMB
2000	→ MCA - task force.
2001	→ RBI - Report [Int. Standards].
	DCA Banks/FTI → Report.
2002	- Naresh Chandra committee (Auditor)
2003	- SEBI → Narayan Murthy committee [Directors]
2003	→ NCC → 2 nd → Partnership of pvt. companies

Pre liberalisation

Rules catered to the will of British employees

↓
Companies Act, 1866

↓
Amendments → 1882

1913

1932 → The Partnership Act.

↓
Independence

↓
Govt → fair prices

↓
tariff commission

↓
Co's Act, 1956

→ Co's Act, 2013

↓
liberalisation [1996 - 2008]

1998	CII - Desirable code of CG	Disclosure of info, s/H interest, transparency - Pvt/Pub/Banks/FTI
1999	SEBI - KMBC	Insider trading, Mandatory rec. through clause 49, Disclosure in Annual Report
2000	MCA - Task Force	Corporate excellence through Governance depending on size.

2000	Clause 49 in listing Agreement	feb 2000 .
2001	RBI - compared our CG with International Standards	Advisory Group compared CG in India with Best International Practices [Principles by OECD] Suggested measures to improve
2002	Naresh chandra committee	Auditors of certification of Accounts. - Gave recommendations
2003	Narayan Murthy committee	Directors, Related Parties , risk Mgt -Gave recommendations
2003	NCC - II	Companies Act , 1956 Partnership Act , 1932
OECD	Principles	BR DR ER Basis Rights of shareholders Disclosure & trans. Resp. of Board Equitable treatment . Role of stakeholders .

Companies Act initiative / Corporate Governance Practices in India

	CSR (sec. 135)	Stakeholders issue (Directors to work in interest of everyone)
1. Society of corporation		Restraint on voting rights of interested members.
2. Absenter Shareholder Primacy of protection		<u>Other Benefits</u> <ul style="list-style-type: none"> → Directors can't sell prop. other than cash w/o SR → can't engage in forward transactions → insider trading prohibited → Penalty imposed.

		Limit on subsidiaries of investment companies upto 2 layers.
3.	Board & their processes .	<p>Segregation of monitoring & executive function. [203]</p> <p>Strict criteria of independent directors [149(8)]</p> <p>Making independence count</p> <p>Max 20 directorships [sec. 165].</p> <p>At least 1/3 rd of Directors to be independent</p> <p>One woman Director</p> <ul style="list-style-type: none"> - Term Appointment . - Cool off period <p>Nominee Director not to be treated as Independent</p> <p>NRC to have half IDs.</p> <p>Disclosure of Remuneration policies</p> <p>Code for Independent Directors (Schedule IV)</p>
4)	Disclosure & transparency in reporting.	<p>Financials acc. to schedule III</p> <p>Holding co. to prepare CFS.</p> <p>Provision of Revision of financials.</p> <p>Creation of NFRA</p> <p>Signing of financials by CFO</p> <p>Reporting in Director's Annual Report</p> <p>Auditors - Term Appointment</p> <p>Cool off Period.</p> <p>SR needed to remove Auditor before expiry of his Term.</p> <p>Opp. of being heard available to Auditor.</p>

AUDITORS

file statement of reason with ROC in case of resignation

NFRA & NCLT to have certain powers to ensure Auditor's independence.

In case of proven misconduct, harsh consequences are attracted.

Audit independence criteria more strict

Auditor can't render certain other services.

following audit standards

Class Actions available

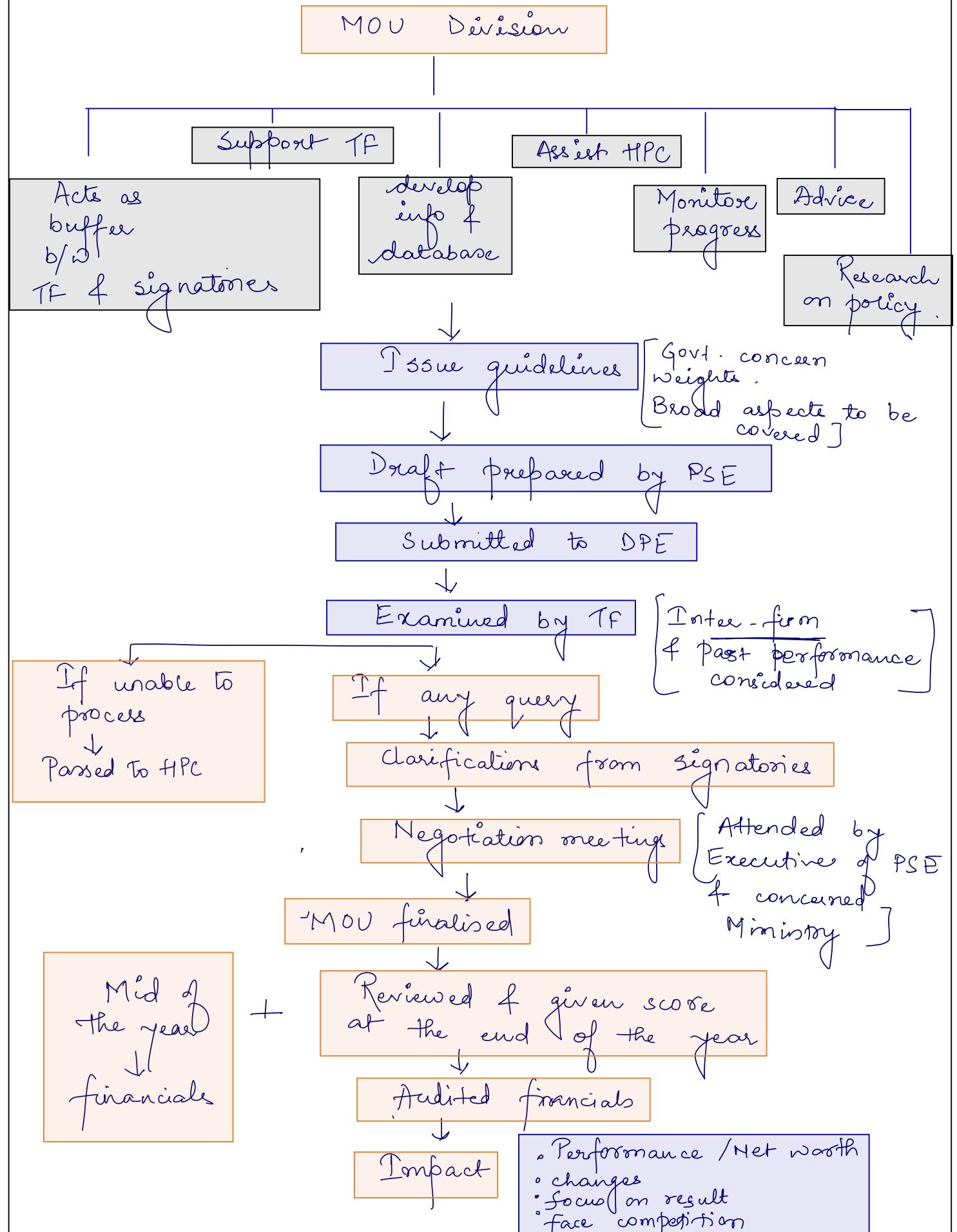
for shareholders & Depositors

Against co. / Mgt. / Board / Auditor / expert / Any other.

Min pres. persons eligible to initiate class Action.

CLAS

Corporate Governance in Family Business is also very Important.



Social, Environmental and Economic Responsibilities

ETA → Safe VC → Stakeholder → to discuss Human Rights which was EPIC

NVG - National Voluntary Guidelines

ETA → Ethical, transparent, Accountable

Safe → safe & Sustainable

VC → Value chain Employee.

St. → Stake.

HR → HR.

E → Environment

P → Public Policy

I → Inclusive Growth

C → consumer value.

At ETA,

Stakeholder did

Safe VC to

discuse

Human rights
which was

EPIC

Ethics

Transparency

Accountability.

↓
Disclosure.

↓

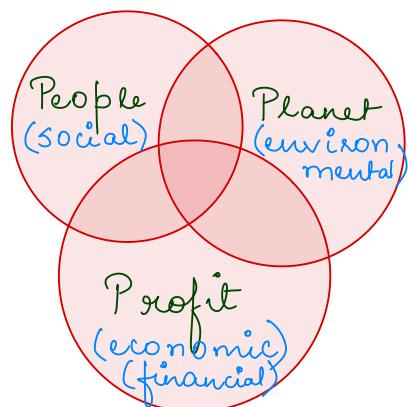
for effective
adoption.

↓

for actions
required by
principles

of operating
risk

Triple Bottom Line



People - fair wages, workplace

Planet - reduce ecological footprint ie. waste etc.

Profit - Maximise