PAPER 1 COMP LAW
Topic - md
-> a person agopted by bod can become md
->2(26)
-> md= dir + add vagera vagera
=> * apponted-
- via article of assosia
- via article by shareholders
- via agreement

=>additinal dire can b regilated as md

=>tenure 5 yrs

=>form 32 to b filled wen md appointd or he redigns

=>md can resign frm his post can cancontinue with director

=>with unaminous concent of board md can b an md in max 2 companies

rajesh
topic- din

=>din means director identification no
=>din became compulsory after Companies(Amendment) act 2006
=>if indian citizan wans din he must posses pan card
=>if foreirn citizen, though din is optional must have pasprt and visa ,he will get fcrn no

rajes
2:48am, 11 Apr - Rajesh Lachhwani: Topic- director

1. Independent director-
=>indepen direc means non executive director
=>if chairman is non executive then 1/3rs of board must b independent
=> if chair is executive 1/2 of board must b insependent
=>indepen direc means who
- has no relation with any director
- 1 level below
- min age 21 yrs
- max tenur 9 yrs

2. Interested director-
=>sec 300

=>cannot vote,
cannot b vounted as quoram
=>ek esa director jiska presence company ko nuksan kar safta hai in nature of confidancial leakage

3. Whole time dir-
- sec 269(1)
-all prov tat to md apply to wtd except 1 ie md tenure is 5 yrs bt wtd can b direc for any no of yrs

-acc to sec 2(51) of companies act 2013
key managerial person includes whole time director

4. Md-
->2(26)
md= director
+ additional responsi
md= direct
+additionalobligation,.
d+additional power,
d + add liab, d+ add power

5. Alternate director-

- sec 313

-ek esa direc jo sahar se 3 mahine ya jyada bahar hai jaha meeting hone wali hai to uske badle ek direc appoint karenge calles alternate direc

-alternative direc
1. Will Not b counted in upper sealing
2. Usko qualid shares lene ki koi jarurat nai hoti
3. He will nt b counted as rotational direc

6. Additional direc-
-sec 260
-it is addition in director
-tenure is frm 1 agm to ensuring agm
-addit direc can b appointed via circular mode bt alternative cnt

rajesh
3:10am, 11 Apr - Rajesh Lachhwani: Cs profesional company law-
Message 1

Topic- strike off

☐ defunct company-

A company which is nt carring on any business or is inoperative is said to b defunct company.
It may b struck off frm roc u/s 560 of
Comp act 1956

- D registrar may on its own motive proceed to strike off a company,if it has a reasonable cause to believe tat a company is nt carrying its business

- a company or membr or creditor may make an applicat to court for restoration of d name if tey feel aggreievd by such decis of strike off

- The effect of d order of restoration of d name of d comp is to place d comp in same position as if d name had nvr been struck off
: Cs prof
Comp law
Msg 2-
Striking off 2 tarike se ho sagta hai
Ek to Voluntarily aur dusra by ROC
Ξ Voluntarily Striking off:
=>Company form 61 file karegi
Uske sath
5 cheez attach karegi
1. Board Resolution
2. B/s
3. MoA&AoA
4.Indemnity(surity)
5.Affidavit(50rs stamp paper)
=> B/S mae Assets side Fixed Assets&Liab side
Secured Creditors nai hone chaiye
-> Sec 484 of company act ke tahet ye kaha gaya
hai ki Company predetermined samay k baad khud
strike off karegi,ye moa mae bi mention kiya jayega
Ξ ab dusra tarika
striking off by ROC
=> Agar koi company ne annual filing 3 se 5 saal
tak nai ki hai tab ROC us Company ko letter
bhejega k wo uska jawab 30din k andar bhej de

agar koi reply nai ata to ROC 2nd notice 14 din mai agle 30din k liye bhejegi
=>Agar fir bi Koi jawab nai milta hai to ROC 2nd notice ke 3 months k baad us company ka naam official gazzate mai daal degi
*Limitation act 1963:agar koi membr,ya koi creditor ko wohi cmpany restart karni hai to wo 20 saal k andar ye kr sagti hai via filling form 21 sec by proving ke K jab Roc ne company ko Strike off kiya tha tabhi us samay wo company kahi na kahi se operative thi
->560(5) mae kaha gaya hai k wo naam jo company ka tha jo strike mae dali gai hai wo usse fir se mil jayega kyuki wo name bis saal tak securd rehta hai
->Ab jo name jo deemed ho chuka tha wo Roc mae restore ho jayega
3:10am, 11 Apr - Rajesh Lachhwani: Cs prof comp law msg 3-

- It is to b noted tat a 3rd party unles he is a creditor has no Locus standi to apply
[locus standi means Ri8 of a party to an action to appear and b heard on d quest b4 any tribunal]

-time durat of d restorat of name is within 20yrs [u/s 560(6)]

- CG(MCA)wide has give general circular 36/2011dated 7/6/2011 through e-form 61 d guidelines for Fast Track Exit (FTE)

-Such exit is to give an opportunity for fast track exit by defunct comp for geting its name struck off frm roc

-for d said purpose,

An application in 'e-Form FTE' has to b made along with filing fee rs 5000/-
3:10am, 11 Apr - Rajesh Lachhwani: Cs prof comp law msg 4-

Case law for strike off-

[Sitaram Singh Construction P . Ltd . V . Union of India(2010)]

fact of d case

-comp ne apne anual return nai file kiye
- Roc ne koi notice bi nai di strike off ki gazate me na hi comp ko di

-Tis is reqird u/s 560(3)

-on other hand comp was continuously carrying on busines

* judgement/decision-

- It was held tat although there was a serious omis on part of comp for non filing of anual return
-Stil d roc on d contrary has nt complied with 560(3)

- Thus notice u/s 560(5)was to b quased and d comp name was restord
3:10am, 11 Apr - Rajesh Lachhwani: -Thus it was given status as d comp as it was nvr struck off (560(7)]

Rajni
3:10am, 11 Apr - Rajesh Lachhwani: Cs prof comp law msg 4-
Remembr-

- A comp is in d course of being wound up voluntarily is stil in operation within d meaning of the sec
[Langlagate Propriety Co. (1912)]

- A comp engagd in doing an activity of past obligation or to avoid future pecuniary liab is deemed to b in operation

[Central India Mining Co v. Society Coloniale(1920)]

-Thus a comp although nt carrying on business may b in operation.☐

-Such comp cnt b dissolvd by folowing proced mentioned in sec 560 of d act

- it was held in
Shrikishen Dhoot v. Kamalapurkar(1956)
Jab tak comp strike off me na jaye sirf tab tak credit company walo ka magaj kha sagta hai,

Cz in tis case d decis was
"
D liab is nt enhanced such as making them personaly liable wen tey were nt so liable b4"

End of strike off
Final level
: Vinit sir lec final-

Topic- membership

-> to become d membr
D party must b eligible
Sec 41 read with sec11 of indian
Contract act1872
=membr

->company keps register of members as per sec 150 and
151 is index of membr
-> in new act sec88 is about regist of membr

->sec 164 is evidence 163 is about inspect
(din me atleast 2 ☐ and only during working hours)

Topic- omission and comission

->sec 111

->omision-

Maine transfer kiya
----Hitesh ko-->shares bt it does nt get transferd

Tis is omision part

-> me,he jointly or individualy can approch clb, b4 tis aproch to cs if stil nt rectified tan clb

(comunicate tis to roc via eform 21
)

*comision-

-> register of membr me qib (gulab chand)ka nam tha

Nahi gulab chand ne
-Share sell kiya
-Transfer kiya
-Na hi uska share forfit hua
-na hi comp ne buybck kiya
-Na hi wo insolvent ya bankrupt hua
-Na hi wo insane hua
stil uska naw registr me nai tha
Nw
Gulab chand wil--aproch-->to -->clb

Rajni
3:19am, 11 Apr - Rajesh Lachhwani: Topic- share transfer procedure

=> listed company me share transfer karna hai to hoga in
Dmat. Form via
Dis (dilevery instruct slip) routed by depository participants

=> if listd bt in phisicl mode
Than by share transfer department

=> if by
Private comp and unlistd company
, it is routed by cs

Cs will collect
Covering letter
+ share certific
+share transfer form
+ transfere's kyc

~> cs will give
--->such documents to---> bod or. Share transfer comitee

=> 1ce approved by cs
Dual effect wil b record
1. Register of member
2. Transfer of share
Ie transfer in favour of transferee

Rajni
3:19am, 11 Apr - Rajesh Lachhwani: Topic- timing of share transfer

-> private company
Ya
Unlisted public comp ka share transfer karna hai
To logement k
2 months k andar ho jana chaiye

->in case of listd comp it was 30days bt aftr listing agrement it is 15days

=>
Private and
Unlisted public- 2 month✔

Listed-1 month✔
Rajni
: topic- foreign register of membr

=> sec 157

=> foreign se koi application money ati hai to jis banking se ayi hai application money uske ----
>30din k andar lenge firc(foreign investor remitance certificate)

=> jab applic money ayi jab phele dekhna padega whether it falling under automatic route, approval route

=> talking about automatic route

- get money
-Take firc in 30 days frm bank
-Submit firc to rbi
-180 days ki andar share alot kr do
- Nw aftr submiting shares
30 din
K andar FCGPR form submit kar do rbi ko
Jisme 2 prosels ki sign chaiye

1 of cs
Who wil certify tat
Comp act1956and fema1999 r followed

[cs wil fileeform 2 and if other tan cash file eform 3 as per 75(1)of comp]

And
1 of ca who wil certify price is determind as per AS

=> there is flexibility of maintaing register,
It can b kept at foreign branch office ,
Rbi ki permision k bad nai bt intimate karke

Rajni

3:19am, 11 Apr - Rajesh Lachhwani: ☐✔☐

3:19am, 11 Apr - Rajesh Lachhwani: ☐✔☐

3:19am, 11 Apr - Rajesh Lachhwani: Topic- book closure
ΞSec 154-
Is Bk closure
Its recomended nt mandatory to close the bk 7
days b4 to record in the bk namd "Registrar of bk"
for giving the dividend to the sh whose name is on
Registrr
ΞIf paid up capital is =reserve %
- 10to 12.5=2.5%
- 12.5 to 15=5%
- 15to 20=7.5%
- 20to 22.5=10%
ΞIf comp want to declare div and it has no current
profit Sec 205 states that the comp must have
divisible profit to declare such dividend last 5 div
declard avg or 10% of paid up cap w.e.less bt aftr paying div maintain 15% of paid up cap

=> bk clouse kab hogi-
1. Agm me div declare ho tab
2. Bod ki meeting me interim div
3. Ri8 share
4.bonus share
5.pref share allotment

- Rajesh Lachhwani
: Topic- diff bet
Dividend and interim div

1. Dividend is given out of divisible profit
While interim div is given out of current yr surplus

2. Sec 205A- unpaid divident a/c
Ξ Sec 205C- once dividend is declard its the debt
for a company [every such company must pay the
same within 30days bt evn if amt is unclaimed it
will b transferd to unpaid dividend a/c within 7

days
The same can b claimed till 7 yrs and if their is no
claim for the same it will be transferd to iepf]

While
Divid includes interim dividend [2(14a)]

3. Pref shares shal b given 1st pref
While in interim div no share to pref share as said as per SS 3

4. Div can b paid out of reserve unlike interim div

Rajesh
3:19am, 11 Apr - Rajesh Lachhwani: Topic- who can become a membr

1. Private company
-✔
-sec 372(8) private comp is nt restrictd and sec 186 of new act lays down d same, subject to conditions of 3rd clause of moa ie other clause mermits

2. Public comp

-✔
-Sec372A
- 60% of paid up capit and FR
Or 100% of FR w.e.h

-Isse jyada krna hai to SR

3. Sec 25
-✔
- Nw it is sec 8

4. Foreign comp
-✔
-sub to
FEMA 1999

- Bt at d time of war with tat contry tat membr is said to b alien enemy ,such ri8 shall withheld and jab war khatam ho tab tat ri8 wil b given bck and treatd d same as d ri8s b4 d war[tis is kn as shares with pari passa]

Rajni
: Topic- ri8's of membr-

1. To hve its name on registrar

2. Share certific

3. Appoining nominee
Or to change nominee

4. Sell d shares

5. Transfer d shares

6. Loan on shares sub to lock in period

7. Ri8 to get general meeting notice[sec 172(2)]

8. copy of
- Audit report
- Cost audit report

-Proxy form

- B/s
-P/l

9. To b presend in general meeting

10. To vote by
Poll/show of hands

11. To inspect minutes
Of Agm/Egm nt of board meeting/committee

12. To call up and approach HC

Jointly and individual ri8
Rajesh
3:19am, 11 Apr - Rajesh Lachhwani: New topic- venishing company-

=> ek esi listd comp jisne 3 sall se consecutively(bck to bck)
Roc compliances, and
Stock exchange compiances r nt followd

=> jiske registr office and directors traisable na ho,
Such comp r said to b venishing comp

Rajesh
3:19am, 11 Apr - Rajesh Lachhwani: Topic- who cnt become a membr

1.partneship firm cnt b a membr
Bt a partnership firm can b d membr of sec 25 company

2. A minor cnt b a membr bt can b d same when such application is suportd by natural gaurdian

3. Huf cnt
Bt karta can

4. Trust cnt bt trustee can(sec 153)

Here trust,huf& minor can b said to b beneficiary

[->sec 152A
Company maintains a register called registr of beneficial owners and yaha pe nam hoga minor,
Mainor on attending d majority
,he can transfer d share or sell out d share or can carry on himself as a membr]

Rajni
Topic- differential voting ri8

=>sec 106&107
says variation of class ri8

=> bod can vary d ri8 ,if 2 condit r fulfild
1. Jab us clas k shares issue kiye the tab terms of issue must permit to very tis ri8
2. Aoa must enable
[enable matlab make them able],
bod to very with tat shares

Rajesh
: Topic-
Joint ri8 of membrs-

1. General resolution-
Vote cast is in favour of vote cast againt

2. Special resolution-
Vote cast is 2/3rd

3. Ri8 to approach clb
(operation and mismanagement)

Sec 399
- 1/10th of total no of members or 100 w.e.less
Or
-person or persons holding 1/10th of d
ISSUED SHARE CAPITAL
Or
-if company do nt hve issued share cap than d quantam wil b 1/5th of total no of member

4. Ri8 to approach cg(investigation)

-> atleast 200shareholders or d shareholders holding 1/10th of d voting ri8
w.e.h

5. Calling up of egm on requisism

-> those shareholders who r holding 1/10th of d total paid up capital
Can approach board

[proces-
Shareholder--->approach to--->board
,
board is nt bound to arange they wil arange if they deem fit

request krne ki 21 k andar board ko initiative lena hai ie notice wil b snd to all shareholders
(6 jana ne meting bulai fir bi sabhi ko notice jayegi cz of eq share ranking pari passu)

request krne k 45days k andar board needs to arrange egm for them

agar 45days me board arange na kare meting to shareholders dusre 45 days k andar khud arange kr sagte hai

3 mahine ie 90days k andar meeting nai bulai
ie board ne 45 days tak nai bulai
+ sharepgolders ne bi nai 45 days me nai bulai to puri process fir se karni padegi]

6. Minority int-(problem with variation of class ri8)
Those shareholders who r holding 10% of tat class of shares,they can approach HC

7. Poll-
Topic - Poll
Poll will either b order by chairman or it may b demanded but 1ce demanded it becomes the order..Poll wil only b demanded by those member only who has 1/10th voting right in d meeting Or 50,000 amt..of share..

Rajesh

Topic- foreign register of membr
Approval route

-> also called govt route
->fipb (foreign investor promotional board) ki approval lenge
3:19am, 11 Apr - Rajesh Lachhwani: Topic- transposition of member-

=> puru ,hitesh,umesh r d joint membrs

=> jiska nam phela hoga uske sath comp comunicate karegi

=> when d request is made to rearange d name to cs ie hitesh,umesh,puru nw tis is nt transfer of shares bt is nw transposition of shares
Rajni
3:19am, 11 Apr - Rajesh Lachhwani: Topic- phisical forms

=> form 2B- nomination form

=>form 7B- share transfer form

=> form 7C- validity to extend share transfer form

Topic- lien on shares

=>case 1-
final call mangvti hai company bt shareholdr ne nai diya,and tab company ne div declare kiya,ab comp apne pass ye withheld kr sagta hai jab tak shareholder unpaid amt na de

=>case 2-
Agar fulypaid up ho tab bi lien ho sagta hai
Cz of 1 isolatd action company ki abru ki maa choda gai hai tab reputation kharab hua,ab usko comp se koi liab nai hai par fir bi comp usse paise mangvay to compensate itself
Tab comp uske shares witheld kr sagti hai jab jak wo mange hue paise na de

Rajni
3:19am,
Topic- fte

->Fast Track Exit mode is introduced by Ministry of Corporate Affairs for giving opportunity to non-operating companies for getting their names struck off from the records of Ministry of Corporate Affairs.

->d application is to b made in form fte with 5000 rs

->
Q) Which Companies can apply under fast track exit mode?
Ans-
all companies which want to apply shall have 'active' or 'dormant' status on MCA portal.
Bt that should b
a. Companies which are not operating or not carrying on any business since last one year from the date of application or,
b. Companies which are not operating or not carrying on any business since incorporation and,
c. Company having Nil assets & liability.
->q) Companies that cannot apply under fast track exit mode?
Ans-

Following Companies cannot apply under fast track exit mode:-
1. Listed Companies
2. De-listed Companies due to non- compliance of Listing Agreement or any other statutory Laws
3. Section 25 Companies
4. Vanishing companies
5. Companies where investigation / inspection ordered and yet to be taken up or pending
6. Companies where order u/s 234 has been issued by ROC and reply is pending
7. Companies where prosecution for a non-compoundable offence is pending in court
8. Companies accepted deposits which are outstanding or default in repayment

9. Company having secured loan
10. Company having management dispute
11. Company for which filing of docs have been stayed by court or CLB or CG or any other competent authority
12. Company having dues of Income tax / sales tax / central excise / banks / financial institutions / CG / SG / other local authorities
13. Companies not having active / dormant status on MCA portal

Topic- documents to be attached to the e-form FTE

1. Moa ,aoa copy

2. Statement of Accounts (duly signed by one MD / Director / Secretary and Certified by Auditor of the Company or any other Chartered Accountant)

3. Indemnity Bond duly notarizes and signed by all directors(100rs stam paper)

4.Affidavit duly notarizes and signed by all directorst (separately)on50 rs stamp paper

5. Attested copy of PAN / Passport (in case DIN is not available)

6. NOC from Govt (if applicable)

7. Physical Copy of e-form FTE duly signed by Director / MD / Manager / Secretary if no DSC is available
(dsc =Digital Signature Certificate)

8. Board resolution

Jaha liab baju securd creditors na ho and aset baju koi invester na ho

Topic- defunt company

->also called

Inactive, sleeping, non operating

->filing na kiya ho esi comp ko kaha jata hai

Topic- venishing comp

. What is Vanishing Company?
Vanishing Company means a Company which fulfills following conditions:-
-A Company registered under the Act,
Listed on Stock Exchange,
Has failed to file its returns with Registrar of Companies (hereinafter referred to as "ROC") and stock exchange for consecutive period of 2 years,
-Is not maintaining its registered office at the address notified with ROC or Stock Exchange,
None of its directors are traceable.
Topic- imp new pts

-> Statement of Accounts to be attached to e-form shall not be older than 30 days preceding the date of application in e-Form FTE.

-> liabilities of directors after striking off the name of the Company by ROC:-
(a) to pay and settle all lawful claims arising in future after the striking off the name of the Company.
(b) to indemnify any person for any losses that may arise pursuant to striking off the name of the Company.
(c) to settle all lawful claims and liabilities which have not come to notice even after striking off the name of the Company

-> a Company pending income tax / sales tax / central excise / other Govt dues cnt go for the Fast track exit mode
Rajni
3:19am, 11 Apr - Rajesh Lachhwani: Topic- ees

-> "Easy Exit Scheme, 2011" is a scheme to give opportunity to the defunct companies to get their names struck off from the register under Section 560 of the Companies Act, 1956.
->The Scheme shall come into force on the 1st Jan, 2011 and shall remain effective up to 30th April, 2011.

3:19am, 11 Apr - Rajesh Lachhwani: Topic-date

=>applicable of guideline of FTE w.e.f 3/07/2011

=>EES 1 jan 2011 to 30 april 2011

Rajesh
Topic- petition of ees

"RESOLVED THAT pursuant to Section 560 of the Companies Act, 1956, the consent of the Board of Directors of the Company be and is hereby given to make an application to the Registrar of Companies, _____under EASY EXIT SCHEME, 2010 for striking off the name of the Company from the Register of Companies maintained at the Registrar of Companies, _____"
"RESOLVED FURTHER THAT any of the directors VIZ., _____ or _____, directors of the Company be and are hereby authorized to make an application in this regard and to take all necessary actions as may be required to strike off the name of the Company."

Rajesh
3:19am, 11 Apr - Rajesh Lachhwani: Topic- clss

Q)Company Law settlement Scheme, 2010 (CLSS), 2010?
=>"Company Law Settlement Scheme, 2010" is a scheme to give opportunity to the defaulting Companies to enable them to make their default good by filing belated documents and to become a regular compliant in future.

=> The Scheme shall come into force on the 30th May, 2010 and shall remain effective up to 31st August, 2010.

=>benefit of d scheme-

there
shall be a waiver of 75% of the actual additional

fee. And pay 25% of addit fees only

=> CLSS, 2010 shall not be applicable for the following:
-Filing of documents for incorporation; or
-Filing of documents for establishment of place of business in India; or
-Filing of documents where specific order for condonation of delay or prior approval under the provisions of the Companies Act, 1956 is to be obtained from the Company Law Board or the Central Government or Court or any other Competent Authority is required.

-Companies against which action under sub-section (5) of section 560 of the Act has been initiated by the Registrar of Companies
Rajni

Gn
3:19am, 11 Apr - Rajesh Lachhwani: Topic- directors report contents and process

=> A/c's are prepared by accountants

=>It need to b auditd by auditor
=> auditor prepares draft b/s and p/l and gives it to bod for approval

=> 1ce Approved annual a/c by board

Board signs and gives bck to auditor

=>auditor certifies it to as
A clean or qulified report and gives bck to bod

=> bod nw keeps
-B/s
-P/l
And
-Audit report

This bunch is kn as annual report ,and given to CS as
CS makes board of director report

=> contains-

1. IEPF
2. Compliance certificate
3. Postal ballot
4. Financial restructuring
5. Saal bhar me kitne
-cases hue
-Show couse notice ayi
-Compounding kiye
-delist hui

6. Fpo,ipo.bonus,ri8, esop,sweat equity,buybck,div,deposit ,loan

7. CSR

8. DSR
[disclosures-
- accounting standards r followd
-Accounting policies r followd
-Accounting records r made
]

9. Change in a/cting policy

10. Secretarial standard stil voluntary bt if folowd tan disclose

11. SWOT

12.
Ese directors ka disclosure as per 217(2AA) jaha
Ek director ne
-1 month me 5lakh ya jyada kamaya ho

Or
-half yr me 50lakh ya jyada

Or
-Whole yr 60lakh ya jyada kamaya ho
(earlier limit 24lakh)

Etc
3:19am, 11 Apr - Rajesh Lachhwani: CS Final

Topic- Dividend
=>The word " dividend " has origin
from the Latin word “ dividendum” .

As per definition u/ s 2 (35) of the
New Act dividend includes any
interim dividend . The same
definition was existing in the
Companies Act 1956(referred as Old
act or CA1956).
-> dividend will b recomended by d board and on d recomendation,it wikl b declard by shareholder only at AGM
->1ce div is declard , comp is requird to open the an a/c within 5days with d bank
For eg-
Arihant institute pvt ltd 15dividend a/c
So it is presumd tat 14 times dividend is already declard

[process for such a/c opening-
Cs wil call banker
, cs will get d check signed by d MD

ΞDividend is given out of divisible profit/last part of profit/divided profit/distributd profit

ΞSec 205A- unpaid divident a/c
Ξ Sec 205C- once dividend is declard its the debt
for a company [every such company must pay the
same within 30days bt evn if amt is unclaimed it
will b transferd to unpaid dividend a/c within 7
days[if amt nt transfrd to a/c thand company shal trasfer d same with12%int
The same can b claimed till 7 yrs and if their is no
claim for the same it will be transferd to iepf]
Ξthe foll amt wil also b transfrd to ipef
-The unclaimd Dividend,
-unclaimd Debnture,
-unclaimd Deposit,
-ipo/fpo allot money refund unclaimd
- donation by cg
- int on the amt lying unpaid div a/c earnd by cg
-during agm sh dies no nominee,no wil,no claimer
ΞSec 154-
Is Bk closure
Its recomended nt mandatory to close the bk 7
days b4 to record in the bk namd "Registrar of bk"

for giving the dividend to the sh whose name is on
Registrar
ΞIf paid up capital is =reserve %
- 10to 12.5=2.5%
- 12.5 to 15=5%
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ΞIf comp want to declare div and it has no current
profit Sec 205 states that the comp must have
divisible profit to declare such dividend last 5 div
declard avg or 10% of paid up cap w.e.less after paying d same maintain 15%of paid up capital
- Rajesh Lachhwani

Topic-modes of dividend
->
Mode of payment of dividend :
Any dividend payable in cash may
be paid by cheque or warrant or in
any electronic mode to the
shareholder entitled to the
payment of the dividend .
3:19am, 11 Apr - Rajesh Lachhwani: Topic- dividend in new act 2012

- chapter VIII
Sec 123 to 127 deals with dividend

-
Declaration of dividend(123)
- Unpaid div a/c(124)
- Iepf(125)
- Punishment for failure to distribute dividends.(127)
- Right to dividend, rights shares and bonus shares to be held in abeyance pending registration of transfer of shares.(126)

Rajesh
3:19am, 11 Apr - Rajesh Lachhwani: [iepf- 31/10/1998]
Topic- exemption when lawfuly div nt declard within 30days

1. Div paid to foreign shareholders ie default nt by d action
Bt of act
(rbi act 1934 overules comp act 1956)

2. when company receivd preintimation frm d shareholder

3. Disputed shares

4.pending transfer

[mr x
,cs and mr y
Mr x wantd to transfer d share on 10/10/10 to
Mr y,
Bk closure- 18/10/10
Div dt- 20/10/10
Stil d name was nt enterd of mr. Y
In such case div wil b paid later by bt to mr. Y]

5. unpaid shares ho tab comp witheld kar degi cz of call money nt paid
[concept of
Lien on shares]

6. Postal delays

Rajesh
3:19am, 11 Apr - Rajesh Lachhwani: Topic- dividend frm reserve

->kisi saal profit nai hai, agar hai to inediqate hai, aur bod soche k div dena hai to
Subject to d condition
Last yrs avg profit jo ki undistributd rahe honge
Aur transfrd hue honge in d reserve

=> declaration of rules of div 1975 is to b followd

ΞIf paid up capital is =reserve %
- 10to 12.5=2.5%
- 12.5 to 15=5%
- 15to 20=7.5%
- 20to 22.5=10%

ΞIf comp want to declare div and it has no current
profit Sec 205 states that the comp must have
divisible profit to declare such dividend last 5 div
declard avg or 10% of paid up cap w.e.less after paying d same maintain atleast 15%of paid up capital

Rajesh
Topic- dividend can b declard frm

->capital ✖
->security premium ✖

->capital profit✔
[means of non recouring in nature here comp law is silent
Bt div can b paid only aftr deduct liab]

-> ☐ topic-
Dividend mandate

-> nw a days comp r providing ECS Facilities ie [electronic clearence service]☐

-> those shareholders who want to avail tis service must provide there bank a/c no or dmat a/c no , to get div amt creditd
->tis is div mandate
Topic- transfering mre tan 10% to reserve

=> 10% se jyada reserve me transfer krna hai to last 3 yrs k avg rate of div jo hai wo rate se declare karenge

=> case 2-
If bonus is declard in any of d previnus yr, then avg 3 yrs
"QUANTUM" jitna ho utna dena padega

=> upar diye gaye dono bate na gati ho yani
Reserve me 10% transfr bi krna bt hua ku6 esa
- Profit is reducd by 20%
Or
- last 2 yrs avg profit jitna bi nai hai
tab last 2 yrs ka avg profit jitna hai wo denge[sayad]☐☐☐☐

3:21am, 11 Apr - Rajesh Lachhwani: Corection[☐]

=> upar diye gaye dono bate tab applicable nai hogi jab jab
Reserve me 10% transfr bi krne ki soch rahe ho bt hua ku6 esa
- Profit is reducd by 20%
Or
- last 2 yrs avg profi jitna bi nai hai
tab reserme me last 3 sall ka avg dividend diya hai usse jyada reserve me transfer nai kr sagte
Rajesh
3:22am, 11 Apr - Rajesh Lachhwani: Topic- auditor
Ξbod will appoint 1st auditor within
1 month aftr incorporation and the tanure wil b til

next agm, if shareholders want to remove in next agm they can do so
*govt comp-
ΞSec 617
ΞGovt companies r the companies where 51% or more stake is with
-either with cg,
-either with sg,
-partly by cg
-partly by sg
ΞAcordin to sec 619, c and ag wil appint auditor
Ξagm
-adoption of accounts
-declar of div
-appointment of director in place of retiring director
-fixing auditors remnumeration
ΞAudior's audit wil b done by c and ag which is termd as supplimentary audit
ΞC and Ag will decide thereon to re-appoint or nt the same appointt
-Rajesh

Topic-
Removal of directr
Ξ sec 284 is a statutory right which cannot be taken away by memorandom,article or contract or any other document and if done so it wil b void
Ξ=>21 clear days notice to
-Shareholdr
-auditor
-directr
And => 14 days prior notice u/s 190 to such director
At Egm
ΞSec 284(1)-
A ordinary resolution at general meeting must b passed for such removal b4 his tenure
Ξ284(2)-
14 days prior notice u/s 190 to such director
ΞSuch intimation if is nt made and dìrectr is removd it is considered as void
Ξ284(3)-opportunity of being heard must b given to such director
ΞEven Non-

Rotational directr can b removd
Ξthere is no need to attach explanatory statement as provision of 173(2) as it is nt a resolution propsed by the company
ΞThe director may b given opportunity to read out at the meeting Subject to approval of clb,shareholders which shouldnt b grantd when it is believd that such activity is döne by him is for needless publicity
ΞIt is the duty of Cs to file form 32 with roc
Ξ284 is removal for indipend directr
- rajni
3:22am, 11 Apr - Rajesh Lachhwani: Topic- forms

-> Form 1 - Declaration of name

-> Form 1A-
Application form for name availability or change of a name

->Form 1B-
Application for approval of the Central Government for change of name or conversion of a public company into a private company

-> Form 1AD-
Application for confirmation by Regional Director for change of registered office of the company within the state from the juridiction of one Registrar to the juridiction of another Registrar

-> Form 2- allotment of shares

->Form 3- allotment of shares
other than in cash

-> Form 5-
-Increase in authorisd sh capital
-Redemption of pref share
-Change in denomination
- increase in
number of members
-Notice of consolidation

->Form 8-
-Registeration of charge
-Modification of charge

->Form 17-
Settlement of charge

->Form 10-
Charge against debenture holder
->Form 1AA-
Particulars of person(s) or director(s) or changed
or specified for the purpose of clause(f) or (g) of
section 5

[sec 5 (f) and (g)says director in default]

->Form 18-

Notice of situation or change of situation of
registered office
[with rent agreement ,or with other requird legal document copy]

-> Form 20-
Statement in lieu of prospectus
[Prospectus nai prospectus jaisa,
Prospectus nai uski jagah]
[format as per schedule 3 of 1956]
->Form 19-
Prospectus
 [format as per schedule 2 of 1956]

->Form 21-
Any order passed by
Clb,rd,hc or cg
It must b comunicatd to ROC
->Form 22- Statutory Report

-> Form 23-
SR
[Registration of resolution(s) and agreement(s)]

-> Form 23ACA - for b/s
-> Form 23AC - for p/l
-> Form 20B- Anual return[within 60days of AGM]

->Form 32-
Director ata hai jata hai,
,manager ata hai jata hai,cs ata hai jata hai
[appointment and ceseasion]
->Form 23AA-
Notice of address at which books of account are maintained

->Form 23AAA-
Application to Central Government for modification in the matters to be stated in the company's balance sheet or profit and loss account

->Form 24A-

-Sec 25(nw sec 8) licence
-removal of auditor
->Form 24AB-
Form for filing application for giving loan, providing security or guarantee in connection with a loan

->Form Dp-C. -
Form of application for removal of disqualification of directors

->Form 61-
Form for filing an application with Registrar of Companies
->Form 62-
Form for submission of documents with Registrar of Companies

->Form 44-

Documents delivered for registration by a foreign company

Rajni
Forms part 2-

-> Form 23C-

Form of application to the Central Government for appointment of cost auditor

->Form 23AAB-
Application for exemption from attaching the annual accounts of the subsidiary companies

->Form 63-

Form for filing application for declaration as Nidhi Company

->Form65-
Form for filing application or documents with Central Government

-> Form I-
Form of application for approval of the Central Government for the appointment of sole selling agents by the company

-> Form II-
Form of application for approval of the Central Government for the appointment of sole buying agent by a company

-> Form DIN 1-
Application for allotment of DIN

->Form DIN 4-
Intimation of change in particulars of Director to be given to the Central Government

->[Form 1 also used for
Statement of amounts credited to investor education and protection fund]

->Form25C- Return of appointment of managing director or whole time director or manager

-> Form DD-C. -
Form of application for removal of disqualification of directors
-> Form DD-B. -

Report by a public company

->Form CSR-
Voluntary reporting of Corporate Social Responsibility (CSR)

->Form 14-
Form for intimating to Registrar of Companies of conversion of the company into limited liability partnership (LLP).

-> Refund Form-

Application for requesting refund of fees paid

Rajesh
3:22am, 11 Apr - Rajesh Lachhwani: Topic- inter corporate investment&loan

=>372A

=> sec 185 of comp act 2013 which has overruled sec 295 of 1956

=>Mca clarifid via circuler on 14/02/14 , at 5.00pm tat sec 372A is still into existance

=>ek comp kisi aur comp ko loan de sagta hai,
(loan includes subscribt in deb), kisi aur comp k behalf pe gaurantee de sagti hai,
Kisi aur comp k behalf pe security,
Kisi aur comp k me invst bi kr sagta hai
(invst tab karega jab memorandum me object clause me other clause permpit kre)

=>in new act ek comp kisi insan ko bi loan de wo bi cover ho gaya hai sec 186(2)

=>yaha ge unaminous concert

=> 372A(1)
- 60% of paid up capit and FR here fr includes security premium
Or 100% of FR w.e.h

-Isse jyada krna hai to SR and listd comp hai to
Postal ballot k through permit lenge
[Postal ballot
- 13/12/2000, w.e.f 15th june 2081
-sec 110of new act

-yaha pe ek scrutinizer apoint karenge jo hoga may b retire judge of sc or hc or any other competant persona or pcs]

=>372A(5) -register of inter corp invst & loan
it is cast and obligation on company
- to make necesary entries with in 7 days frm dt of loan made,
- to make necesary entries with in 7 days frm dt of
gaurantee give,

- to make necesary entries with in 7 days frm date of
security provided
-to make necesary entries with in 7 days frm d dt of investment made

=>
372A(8)
This chapter is nt applicable to
- private company
(bt in new act it is applicable as persec 186)
- Holding subsidary
- banking company
- Insurance company
=>372A is general 295 is specific ie same limit wil aply
=> 295 taken by 185 of new act
295 -loan to director

1.Meri public ltd company ka ek direct manthan jo umesh ki private comp ya to director hai ya to membr [for tis purpose he must hold atleast 2% of shares jo b called as membr]
Us private comp k behalf pe
-Loan
-Gaurantee
-Security de sagti hai
[tri party agreement]
[cg permit is requird via form 24 AB]

2. Meri comp ka ek director manthan jo ganesh ki firm ke andar khud partner tha ya uska relative partner tha
Nw
comp k behalf pe
-Loan
-Gaurantee
-Security de sagti hai
[cg permit is requird via form 24 AB]

3. Jalay ki comp is a body corporate(irespec private/public) jiska 25 % ka ri8 ya jyada
Ka ri8 voting ri8 ek meri comp k pass hai
Tan same as above

4. Rahul ki company which is acoustemd to act as per wish and wil of my bod ,it is nt holding subsi

Tan same as above

Rajesh
3:22am, 11 Apr - Rajesh Lachhwani: Cost Audit-
ΞEvery company engagd in (ppmm)
Production,Processing,manufacturing,
Mining,
Whose turnovr is
- nt less than 100,crore or is equivalent to
100,crore
Or whose Networth is
- nt less than 5,crore or is equivalent to 5,crore
Which is a listin or undr the proces of listing
Is requird to have cost audit
Ξthe cost audit aftr amend ìn 2012
Cg has deligatd tis power to CWA
ΞForm 23 C wil b fild within 90 days to cg
Ξbod wil
Appoìnt cost auditr
Ξthe cost auditer wil submit its report within 180
days frm financial yr to cg
Ξ23 B
23 D - intimation to roc and cg respecti that audior
is appointed
: Sub- comp law

Topic- issue of shares at disc

- D same class of shares must hve already been issued and atleast 1 yr should hve been elapsed since company is entitle to commence business

-Article must permit

- Subject to condition power of board upto 10 % of fv

- Usse jyada applic to clb

-1ce clb permit ,issue sh within 2 month

-file
form 2 along with form 21

- 53. Prohibition on issue of shares at discount. Of new act

- there is no Prohibit on issue of debententure

Rajni
Topic- sweat equity shares

->ses r d eq shares issued to its employs and directors either at disc or consideration other tan cash for proving knwing and making available intelectual propoperty ri8

->sec 79A
New sec 54

*conditiong-

1.d same clas of shares must hve already been issued

2.atleast1 yr should hve been elabsed since company is entitled to commence business

->limit for public nt specified
Topic- ses, and

1. Ses issue krne me privt comp and unlistd public comp ki limit

15% of paid up cap,or 5crore w.e.h
Rajni
3:30am, 11 Apr - Rajesh Lachhwani: Topic:Right issue
->private comp ko ye niyam lagu nai hota gar naye act me hoga

ΞRight issue[Sec81(1)]
=>Right issue is given to Existing shareholders
=>tiz provision is nt applicable to private company
=>It is issued when Not more than 2 yr has been elabsed from incorporation or not more than one yr has been elabsd from allotment
=>article may provide
Employee wil get letter of offer& Letter of renouciation

=>issue open for 15 min and max 30days
=>min. subsciption 90%

=>Fast tract issue-
Ek listd comp jo 50lach ya jyada ka ri8 issue lata hai, to merchant banker dwara ,sebi k sath file karega draft leter of offer 21 days public coment k liye website pe rakhegi

-> rarest of rare situation na hi sh ne ri8 excise kiya nahi renounce kiya, tab company bahar walo ko issue kar sagti hai
Subject to condit
Existing sh ki germit via sr

- Bt agar GENERAL MAJORITY HAI TO FURTHER APPROVAL OF CG
(Ye baat sirf yaha pe yaha pe aur sirf yaha pe)
SAME SITUATION APLY HOGI JAB COMPANY APNE OTHER OBJECT KO MAIN OBJECT ME CONVERT KARE

Rajni
3:30am, 11 Apr - Rajesh Lachhwani: Topic Bonus-
=> sec 63. Issue of bonus shares.of comp act 2013

-> bonus issud only to tat sharehol jiska sh fuly paid up ho

->article must empower d same

->no sec in old act

ΞBonus is non-taxable in hands of
shareholders
->it is capilis of profit

ΞIt is non-cash benefit
Ξif it is declard it must b issued within 15 days
provided that
Aoa provides such issue if nt alter aoa and aftr
altertion pay bonus in 2 months
Ξ1ce declrd it cnt b withdrawn
->1ce declard within 15min it must b comunic to stock exchange and 24gante tak trading window close rahega

- If company bcksteps
the issue then it cnt get
shares listd for 1 yr

Ξ it shall nt b issued in lieu of dividend

->comp bonus nai desagti agar

1. Company ne 3d me default mara
-Debenture
-Deposit
-Divid

2. Annual filing me default mara ho

3. Defaultor in labour law

Rajni
3:30am, 11 Apr - Rajesh Lachhwani: Sub- comp law

Topic- issue of shares at disc
- Sec 79 of 1956

- D same class of shares must hve already been issued and atleast 1 yr should hve been elapsed since company is entitle to commence business

-Article must permit

- Subject to condition power of board upto 10 % of fv

- Usse jyada applic to clb

-1ce clb permit ,issue sh within 2 month

-file
form 2 along with form 21

- 53. Prohibition on issue of shares at discount. Of new act if issued its void ab initio

- there is no Prohibit on issue of debententure

Rajni

Topic-Issue of sh at premium

-78(1)
- Anything beyond fv is premium

-78(2) end use pe restriction hai
Ie on share premium(security premium)
-tis premium can b used for
:writing off (pay out)preliminary expenses
:redumption of nt pref shares bt redumption of pref share at premium
:debent redemd at premium
:fuly paid up bonus shares
:buybck of securities
:sweat equity share

Rajni
: Company law
Topic -Prospectus
Part 1

ΞWhen the company brings ipo through====>fixed price issue====>Price wil b fixed====>M.b wil file with sebi====>Draft prospectus====> Which wil become prospectus aftr 21+9 daysregistr with Roc/ SE
====> issue will open for 120days
[If there is no minmum subs(90%) then acc to sec 69(1) amt must b refunded within 10days if nt refunded then give amt with 6% int).
ΞWhen the company brings ipo through====>bbp====>Price band wil b decided====>M.b wil file with sebi===>Draft Red Hearin prospectus====> Which wil become prospectus aftr21+9 daysregistr with Roc/SE
====> issue will open for 120days
[If there is no minmum subs(90%) then acc to sec 69(1) amt must b refunded within 10days if nt refunded then give amt with 6% int).
Ξacc to 73(1)Every Company who wants to come up with an Ipo must make an applic to either NSE or BSE or both
Ξ73(1A) Irregular allotment[kitabo wali baat]
Ξ2(36)- Prospectus means invitation to Public for subscribtion in share and debentures of the company and that invitation is general invitaton

Ξ67(3)-
When d intention of d issuer is to invite mre tan 49 members at a time via float krke, issue krke,relese krke

Σven when the issuer company allots on kith and keen basis ie private basis to mre than 49 person is public issue ,such pre fixed person are kn for pubic issue and the subscribers r kn as General public
ΞCompanies amendment 13-12-2000
60A, and 60B
60A- self prospectus:
When bank & Fin inst bring ipo or fpo they file self prospectus==>with sebi
60B-Information memorandam-
If the same bank and fin inst brings fpo they dnt hve to appoint all intermediaries cz for same 1 yr cz
They have filed "self prospec"

[new act
-Sec 31 shelf prosp-sec 32 rhp]
- Rajni
3:30am, 11 Apr - Rajesh Lachhwani: Part 2
ΞNote- 1ce Self Pros
Is filed company must brin ipo within 3 months
ΞProspectus need b signed by
-every Director,
-every Proposed Director subject to the condition he har taken din Numbar
-Every Expert as per sec 58
ΞNT ONLY SIGN
+ CONCENT LETTER + UNDERTAKING
Ξschddule 2 determines format of prosp
Ξ Word Prosp is no where defined aya to sidha liab k sec mae aake ghra
ΞLiab sec-56,62,63,203,478
ΞGolden Rule of Pros is-
Pros must tell the truth ,hold the truth and nothin bt only the truth
- rajni
3:30am, 11 Apr - Rajesh Lachhwani: Part 3
Revision of prospectus

->isuer comp via mb wil file draft offer document
[- price fix hoto draft progrpectus
- Price fix na ho to price band so file draft red hearing prosp
, ri8 issue mre jan 50lakh tan draft leter of offer]

-> sebi wil put on website 21 public +9din mb ka ,sebi approval dede to

Draft word hat jayega

->sath hi sath arji karna approval frm roc k pass jayenge and roc ki approval k baad paper me sec 2(1) abrigd prospectos (2013,) k tahet chap denge
And 120din k andar sh issue ho jaa chaiye
With stock exchange permit
Jiski condition hogi
1. To minimum subsc 90% aa jana chaiye
2. Jitna mangvaya utna paisa aa jana chaiye

-> situation jaha
-permition nai mili
-ya to nai minium sub hua par permit nai mili
-ya to dono nai hua ya to
-Ya to demed rejectd
to ie permi nt given within 10weeks to iske 15 din me ya to isse phele reject to waha se 15 din me
Isuer comp wil go to sat consitutd under scra u/s 22
Agar isuer jita to 73(2A) k tahet issue kr dena hai hara to bt obvious stock exchange jeeta 73(2) sab ko paise lauta denge jo escrow a/c me the within 8 days nai to int minium 4 max 15%

Rajni
3:33am, 11 Apr - Rajesh Lachhwani: Company law
Vinit sir last 2nd lec
Topic- allotment

1. Allotment against application only

2. Aplication should b in writing

3. Aplication shal b suported by kyc of investors as per money laundring act

4. Applicat intention to hold share
Either in phisical mode or demat mode
-Phical mode-

Initially allotment letter milega and 3 mahine k andar share certificate

- Demat mode-
Demat allotment advice and demat a/c me shares dr

5. Allotment should b communicated

6. Application should nt be conditional

7. Allotment without stock exchange permision is void-ab-initio

8. Stock exchange ne na kaha fir bi Allotment kiya to bi void-ab-initio

9. Allotment without minimum subscri void-ab-initio

10. Application ge atleast 5% of fv ka call moneymil jana chaiye

11. Call money ka board with board only

12. Allotment made by proper authority only

- If board has deligatd such power to a committe bt allotment is made by board its voidable and ultraviring frm d side of board

Rajni
3:33am, 11 Apr - Rajesh Lachhwani: Company law
Topic- form 2 along with 3

1. Hussain ne 5lakh cash diya aur maine usse utni amt k shares diye- file form 2

2. Rahul ne mujhe 10lakh ka plot diya , maine use consid me shares diye- file form 2

3. Keyur bhai ne mujhe 5lakh k machine bechi and maine unhe shares diye- file form 2along with 3

4. Hitesh ne meri comp ko service kiya and in order to retain him maine disc pe cash pe sweat equity shres issue kiye -file form 2

5. Maine apki class ko bonus issue kiya- form 2

Rajesh
3:33am, 11 Apr - Rajesh Lachhwani: Comp law
Topic- forfeiture

=> forfeiture karne ka adhikar sirf board k pass hai subject to if article provides

-> it is to b done at duly convinced board meating

->regulation 13to 18 of table A is all about bonus

-> 14din phele notice di jayegi for call money jisme day,dt,place,time&amt fix hoga

-> sabne diya umesh,puru ne nai diya to 2nd notice sirf unko 14din phele

-> ab amt bharo with int rate of int 5% se upar nai chada sagte,
Bt board k pass power hai to waive such int

-> fir bi na bhare to wo shares ko comp dispose offkr degi ya unko reissue kr degi

-> d amt recovrd as d original due left and above it is called premium

-> comp ne bhale shares reissue kr diye par wo chahe to umesh-puru pe case bi kr sagti hai

Rajni
3:33am, 11 Apr - Rajesh Lachhwani: Comp law-

Topic- call money

->sec 181 if article provides, call money mangvaya jayega , aur sh ne na diya to usko
Agm ka notice milega,
Wo meeting me bi bethega par vote nai kr payega

2. Call money shal b demanded on uniform basis frm all membrs jiska cal money baki hai

3. Call money shal b used for legitimate purpose only nt for directors personal use

4. Ek esi comp jo 500crore ya jyada ka ipo leke aa rahi hai
A)instalment pe call money mangava rai hai esi comp ek baar me 25% se jyada ka total quantom nai mangva sagti,

B)in case they dnt go for instalment to allotment k 1 saal k andar shares jitne allot kiye waha se fully paid up ho jane chaiye

Rajni
3:33am, 11 Apr - Rajesh Lachhwani: Comp law-
Surrender of shares

-> surrender of shares is illegal

-> it is nt given in comp act

-> ek sh apne shares wapas de to comp nai lesagti kyuki ye forefeiture ka case nai hai ,kyuki comp ne usse paise nai mangavaye hai

->agar sh surender kare shares to wo buybck ho jayega ,and buybck shal b open for all, so ye bi allowd nai hai

-> yaha reduction of sh capitcal bi nai hoga cz it is govrnd by hc

->but surrender becomes valid in 2 cases-

1. In case of amalgamation-

- All d assets and liab of transferor comp wil b d assets and liab of transferee comp

- Nw transforer comp's sh wil surender there shares and get new shares ie shares of transforor comp

2. In case of mis
statement in prospectus

-> sec 62

-> maine ne shares liye ,i was sucess allotte

-> maine offer document ko dyan me rakh te hue shares kharidete

-> mere par onus hai (onus u/s 101 of evid act 1872)

->mujhe prove krna hoga offer document me
materialistic informatio
- overstated hai,
-mistated hai,
-exagrated hai ya
-falsifide hai

-> if provd i'l surender d shares and nw company wil indemnify me cz in prospect nthing cnt b stated as fact which is nt true

[golden rule

Prospects must tell the truth, hold the truth and nothing bt only the truth]

Rajni
: Comp law
Topic- issue of sh at premium

1. Ek unlistd comp jo ipo la rahi hai uska last 5 sallo me 3 sall me minimum networth 1 crore hona chaiye
And last 2 preceding yr me minimum networth 1 crore hona chaiye

2. Issue size cnt exceed 5 times of pre isstje

3. Last 5 me se 3 preciding sall me track record acha hona chaiye ie distribu profit as per sec 205 hona chaiye + issue size can cnt exceed 5times of preissue bt can if d issue is through bbp

4. Sec 4A - publicfinancial institution

->Eg- icici,idbi,sidbi,nabard,lic

->ye comp shal b registrd under comp act or special act of central act

-> 51% of d shares must b with cg

-> wo ipo la sagte hai if 3 saal ho jaye to unke baad uski atleast 50% of income generate honi chaiye via
-Infrastructural
-Invst activity

Jinka min networth1000 crore hoga

Jisme se 5% of subscrip hoga financial sector me

Rajni
3:33am, 11 Apr - Rajesh Lachhwani: Comp law
Vinit sir last lec
Topic- insider trading
[andhikrut vyapar]

-> sebi(prohibition of insider trading)regulation 1992

-> 4 part me bata hua hai
Yani
Segrigatd into

-4 chapters
-3 schedules
And
-9 eforms

-> chapter
- Chapter 1 defination
Price sensitive information,insider,connectd person,deemed connectd person, trading window, chinese wall

-chapter 2 prohibition of insider to deal in security
[accord to sec 24 of sebi, stock exchange ko 15min k intemation via fax/email ie via edifar/cfds waha se 24gante tak trading window insider trading k liye band rahega
Or bod ki meeting chalu ho waha se 24 gante band rahega,
Ye decide hoga via compliance oficer bt ku6 decide na karo to nse/bse ko batane k 24gante tak band rahega]

-Chapter 3
Sebi has power of investigation

-chapter 4
Every listed comp is requird to hve a model code of conduct
Jiska format and speciman diya hai in schedule I and II

=> chapter 4 k hisab se model code of conduct decide hoga jisme ek thresh hold limit decide hogi by compliance oficer and bod

-Form 3A - threashhold limit se beyond agar directer ko, ya
Oficer ko,ya
Designated party se buy krna hai to compliance oficer ki approval leni padegi in form3A

-form 3B
Disclosure of intention tat mere pass UPSI hai
Along with 100rs stamp paper duly noterised

-Form 3D and 3E
Statement of holding

-Form 3C

7 din k andar shares buy kr leneka agar nai kiya to firse 3A me comp oficer ko form file krna padega ,

Ab shares buy kiye to atleast 30hold krna padega usse phele bechna hai to Compliance oficer ke pass form 3C file krenge

Rajni
3:33am, 11 Apr - Rajesh Lachhwani: Sub- comp law insider trading
Topic- form A,B,C,D

Form A-
Ek esa member jiski total holding 5% se jyada ho jaye shares buy kiya tab se ya comp ne allot kiya jab se ,
Usse 2 din k andar formA file krna hai to comp oficer
,comp oficer---wil revert it to-->ceo ,md

=>Form B-
Meri comp me ek esa insan jo ya to
-Oficer
Ya to
-Employee
Ya to
- Director k taur pe appoint hua to uske pass kitne shares ki holding hai ye formB me batana padega

-> formC
Continuous discl6sure:
Ek membr jiska hold 5% se jyada ho yani jisne form A file kiya wo insan agar shares buy kare,sell kre, ya comp new shares de wo buy kare
And iss sabse uski total holding me 2% ka change aye to wo formC file karega

-> form D-
Contintuing gaurantee
D appointd person who fild form B
,wo
- 5 lakh se jyada ka shares buy kre
Or
-25000 no of shares buy kare
Or
- uski total holding me 1% ka change aye
W.e.lower
to wo formD file karega

Rajni
3:33am, 11 Apr - Rajesh Lachhwani: Comp law insider trading-

Some snap shot-

- insider wo bi khelayega jiske karan abhi price sensi inform ko afect kr rahathai,to 6 mahine phele jo hold kr raha tha wo insider khelayega

- 24gante tak trading window close rahegi bt only for insiders as laid down u/s 24 of sebi

- Chinese wall
(chin chau diwal)

Company ka ek esa prayas jisse roj baroj ki baato insiders ko insider inform na mile via creating such jype of environment

->insider trading ki penaly u/s 15G

->sec 31 k hisab se sebi has power to make regulations

Last msg of comp law
Best of luck guys bye
3:34am, 11 Apr - Rajesh Lachhwani: Topic- amandments

-> mca wide circular 2/2014 on 11/02/14
No comp shal b alowd to use d word national unles noc from rbi

->csr wil b efective frm 1/04/2014 ie sec135+schedule7+csr rules 2014

->mca wide circu no 13/2013 on 29/7/2013 huf or its karta cannot b parter/ designated partner in LLPs

-mca circular no.19/2013 ,excempts disclosure about contribution to political party made by electoral trust companies u/s 182 of 2013

Rajni
3:36am, 11 Apr - Rajesh Lachhwani: Gn
9:18am, 11 Apr - Rajesh Lachhwani: Topic- forms

-> Form 1 - Declaration of name

-> Form 1A-
Application form for name availability or change of a
name

->Form 1B-
Application for approval of the Central
Government for change of name or conversion of

a public company into a private company

-> Form 1AD-
Application for confirmation by Regional Director
for change of registered office of the company
within the state from the juridiction of one
Registrar to the juridiction of another Registrar

-> Form 2- allotment of shares

->Form 3- allotment of shares
other than in cash

-> Form 5-
-Increase in authorisd sh capital
-Redemption of pref share
-Change in denomination
- increase in
number of members
-Notice of consolidation

->Form 8-
-Registeration of charge
-Modification of charge

->Form 17-
Settlement of charge

->Form 10-
Charge against debenture holder
9:18am, 11 Apr - Rajesh Lachhwani: ->Form 1AA-
Particulars of person(s) or director(s) or changed
or specified for the purpose of clause(f) or (g) of
section 5

[sec 5 (f) and (g)says director in default]

->Form 18-

Notice of situation or change of situation of
registered office
[with rent agreement ,or with other requird legal document copy]

-> Form 20-

Statement in lieu of prospectus
[Prospectus nai prospectus jaisa,
Prospectus nai uski jagah]
[format as per schedule 3 of 1956]
->Form 19-
Prospectus
[format as per schedule 2 of 1956]

->Form 21-
Any order passed by
Clb,rd,hc or cg
It must b comunicatd to ROC
->Form 22- Statutory Report

-> Form 23-
SR
[Registration of resolution(s) and agreement(s)]

-> Form 23ACA - for b/s
-> Form 23AC - for p/l
-> Form 20B- Anual return[within 60days of AGM]

->Form 32-
Director ata hai jata hai,
,manager ata hai jata hai,cs ata hai jata hai
[appointment and ceseasion]
9:18am, 11 Apr - Rajesh Lachhwani: ->Form 23AA-
Notice of address at which books of account are
maintained

->Form 23AAA-
Application to Central Government for modification
in the matters to be stated in the company's
balance sheet or profit and loss account

->Form 24A-

-Sec 25(nw sec 8) licence
-removal of auditor
->Form 24AB-
Form for filing application for giving loan,
providing security or guarantee in connection with
a loan

->Form Dp-C. -
Form of application for removal of disqualification of directors

->Form 61-
Form for filing an application with Registrar of Companies
->Form 62-
Form for submission of documents with Registrar of Companies

->Form 44-

Documents delivered for registration by a foreign company

Rajni
Forms part 2-

-> Form 23C-
Form of application to the Central Government for appointment of cost auditor

->Form 23AAB-
Application for exemption from attaching the annual accounts of the subsidiary companies

->Form 63-

Form for filing application for declaration as Nidhi Company

->Form65-
Form for filing application or documents with Central Government

-> Form I-
Form of application for approval of the Central Government for the appointment of sole selling agents by the company

-> Form II-
Form of application for approval of the Central

Government for the appointment of sole buying agent by a company

-> Form DIN 1-
Application for allotment of DIN

->Form DIN 4-
Intimation of change in particulars of Director to be given to the Central Government

->[Form 1 also used for
Statement of amounts credited to investor education and protection fund]

->Form25C- Return of appointment of managing director or whole time director or manager

-> Form DD-C. -
Form of application for removal of disqualification of directors
-> Form DD-B. -
Report by a public company

->Form CSR-
Voluntary reporting of Corporate Social Responsibility (CSR)

->Form 14-
Form for intimating to Registrar of Companies of conversion of the company into limited liability partnership (LLP).

-> Refund Form-

Application for requesting refund of fees paid

Rajesh
: Topic- inter corporate investment&loan

=>372A

=> sec 185 of comp act 2013 which has overruled sec 295 of 1956

=>Mca clarifid via circuler on 14/02/14 , at 5.00pm tat sec 372A is still into existance

=>ek comp kisi aur comp ko loan de sagta hai,
(loan includes subscribt in deb), kisi aur comp k behalf pe gaurantee de sagti hai,
Kisi aur comp k behalf pe security,
Kisi aur comp k me invst bi kr sagta hai
(invst tab karega jab memorandum me object clause me other clause permpit kre)

=>in new act ek comp kisi insan ko bi loan de wo bi cover ho gaya hai sec 186(2)

=>yaha ge unaminous concert

=> 372A(1)
- 60% of paid up capit and FR here fr includes security premium
Or 100% of FR w.e.h

-Isse jyada krna hai to SR and listd comp hai to
Postal ballot k through permit lenge
[Postal ballot
- 13/12/2000, w.e.f 15th june 2081
-sec 110of new act
-yaha pe ek scrutinizer apoint karenge jo hoga may b retire judge of sc or hc or any other competant persona or pcs]

=>372A(5) -register of inter corp invst & loan
it is cast and obligation on company
- to make necesary entries with in 7 days frm dt of loan made,
- to make necesary entries with in 7 days frm dt of
gaurantee give,

- to make necesary entries with in 7 days frm date of
security provided
-to make necesary entries with in 7 days frm d dt of investment made

=>
9:18am, 11 Apr - Rajesh Lachhwani: 372A(8)
This chapter is nt applicable to
- private company
(bt in new act it is applicable as persec 186)
- Holding subsidary
- banking company
- Insurance company
9:18am, 11 Apr - Rajesh Lachhwani: =>372A is general 295 is specific ie same limit wil aply

=> 295 taken by 185 of new act
295 -loan to director

1.Meri public ltd company ka ek direct manthan jo umesh ki private comp ya to director hai ya to membr [for tis purpose he must hold atleast 2% of shares jo b called as membr]
Us private comp k behalf pe
-Loan
-Gaurantee
-Security de sagti hai
[tri party agreement]
[cg permit is requird via form 24 AB]

2. Meri comp ka ek director manthan jo ganesh ki firm ke andar khud partner tha ya uska relative partner tha
Nw
comp k behalf pe
-Loan
-Gaurantee
-Security de sagti hai
[cg permit is requird via form 24 AB]

3. Jalay ki comp is a body corporate(irespec private/public) jiska 25 % ka ri8 ya jyada
Ka ri8 voting ri8 ek meri comp k pass hai
Tan same as above

4. Rahul ki company which is acoustemd to act as per wish and wil of my bod ,it is nt holding subsi

Tan same as above

Rajesh
: Topic - alteration of memorandum

1. Name clause

[Alteration

Of name clause]

=> its
Board meeting{quoram 1/3rd or 2 w.e.h}
->1st agenda is change of name
->2nd agenda-
nam kaun kaun se rakhna chahte hai ie proposd name

->3rd agenda-
To authorise any profesion in form 1A
With roc

(fess 1000)
[take due case tat d existing name is nt
-Against public interest
-Resembling
-d use ofWord"national"
- Trademark na ho]

=> aftr name available again. Bod meeting to arange sh meeting
(agm/egm) 21 clear days jiska quaram hai private me 2 public me 5 ye 21 clear days notice. To member.director and auditorwith atendance slip,proxy form di jayegi
(comp maintains attendance register)

=>sh meeting k mudde
1.wil aprove d name via special resolution

(form 23)

2. Change of name by replacing d old name jaha jaha pe juna nam hai usko replace karega naya nam(form 23)

=>d name must b also authorisd by CG via form 1B

=>attach 1B with d minute of agm/egm

Pto
9:18am, 11 Apr - Rajesh Lachhwani: 2. Situation clause alterat

A> within same city town and vilage
-Yaha memorandam me koi badlav nai ayega kyu ki same state me hai and memor k situat clause me likha hota hai rajya ka nam

->Board meeting(30 din me form 18 with

- ownership documents/
If on rent tan
Rent agrement
And if on 3rd party
Noc
9:18am, 11 Apr - Rajesh Lachhwani: B> within same state bt dif city

- Sec 146
-Board meeting
Arange
Sh meeting
Via sr
9:18am, 11 Apr - Rajesh Lachhwani: Attach Form 23Certifid true copy With resolut by them and file form 18
Then rent agrement/owner docum/noc

=> if listd comp want tan it can also get permit via postal ballot
9:18am, 11 Apr - Rajesh Lachhwani: C>
Change of
R ofice frm state to other state

-> bod meeting
Uski meeting ka
"☐ minutes" draftd within 30days

-> shareholdermeting via 21 clear days
"☐ notice ki copy,
☐ sr ki zerox
☐ minutes of sh meeting"

-> agar bank ya financi institute se loan le rakha hai to unka noc

->agar deposit liya
Hai ,ya debenture liya hai unka noc and debenture se noc via debent trustee

->workman's noc if any

-> state govt noc

-> nw give in news paper
About changing d registerd ofice if any objection is nt raisd by any 1 tan they can change registd ofice

->yaha ek state se dusre me shift hoga so memorandam k situ clause me bi badlav hoga

-> nw all tat colectd is a set ,get 2 zerox copy
1 is Oc
And other shal b fild with Roc via form 61

-> nw submit d other copy to clb wil cl on hearing ,waha ge apear hone ka haq hoga cs ko jo company use degi jisko bolte hai memorandum of apearance
(kapde bhul jana par copy mat bhulna)

Nw any order pasd by clb,cg,hc,rd form 21 via roc bt of other state and file form 18
9:18am, 11 Apr - Rajesh Lachhwani: - Nw d power is with rd nt with clb

D> within same state btwithin roc jurisdic

-Only posib in 2 state
Maharastra and TN

- memorandam k situ clause me ku6 change nai hoga

- Board meting
Arange sh meting
-File form AD ie aplic to rd
- Form 23,form 21 to roc
9:18am, 11 Apr - Rajesh Lachhwani: 3. Object clause alteration

-Bod then sh meting

-Nw name contains
Activity name also
Change d name ,cz object is to b changd

- Yaha ordinary resolu is sufix
9:18am, 11 Apr - Rajesh Lachhwani: 4. Limitd

- No 1 wants its comp to get it liab unlimtd

-Bk wala point
5. Capital clause-

-Alterat
Increase or decrease

-for Increase(sec 94 to 99)
-File form 5
- Board tan sh meting
 Via resolution
Sufix. Via general
-> reduction[100to 103]

-Yaha pe sh to permit kr denge kyuli comp bolei
pura de
kam de
baad me de
mat de
-Creditors jisse
☐ regular payment do to unse noc

☐ jinka case pata na ho kitna dena hai unke ndc

☐ jinko pura paisa chaiye unko pura paisa dene ka

☐ if case went to hc then get noc aftr hc approval
9:18am, 11 Apr - Rajesh Lachhwani: 6.association clause

- Nevr altr

-Cz undertaking is given by d 1 subscribers

*nw article ka alteara

-> sec 31
-> bod then agm/egm
->form 23
->article alterd
->nvr altr d article tat it overrules d comp act as wel as memor u/s9 of old and sec 6 of new act Ie Act to override memorandum, articles, etc.
Rajesh
: Topic- notific no
->as per No. 17/202/2013-CL-V
[It is clarified that Section 372A of the Companies Act, 1956 dealing with inter-corporate loans continue to remain in force till section 186. of the Companies Act, 2013 is notified]
9:18am, 11 Apr - Rajesh Lachhwani: Topic- circular no
->as per general cercular No. 18/2013 on 14/02/14
[It is clarified that Section 372A of the Companies Act, 1956 dealing with inter-corporate loans continue to remain in force till section 186. of the Companies Act, 2013 is notified]
9:18am, 11 Apr - Rajesh Lachhwani: Topic- remunation exclusionun

1. Sitting fees
- Esi comp jiska paid up cap +free reserve 10crore ya use jyada ho

Ya to
Turnover 50crore ya use jyada ho ,to esi comp ko siting fess dena padta hai subject to if article provide
-Maximum siting fess to a director cnt exced 20000,in all other case 10000
-In new act its 1lac
-ye manegerial remu me count nai hoga

2. Reimbursement
-Director ko samjo avan javan ka kharcha ,ya khane pine ka kharcha comp provide kare if article provides tan it shal nt b counted in remunerat

3. Loan taken and gaurantor is director
- Ek esa director jo comp k behalf pe gaurantee deve k agar comp loan ki amt nai dega to mae dega

4. Profes fess
- Samjo qib ek director hai aur comp me nul leak hua qib plumbr bi hai to usko jo pagar nul fit krne ki milegi wo remnerat me count nai hoga
(sorry ab ye suno
Ek cs jo comp ko part time director ki position pe serve krta hai aur comp ko apni cs ki service jarurat samay pe di ,to wo comp proff fess ko usko remunerat me count nai karegi]

[nw remuneration kitna
- Acc to sec 198 of old act and 197 of 2013 maxi remuner is 11% of np
-Ek manager ya md hai to 5%
-Ek md ya wtd hai to 5%
-ek se jyada md ya wtd hai 10%
-Md/manager ,ya wtd hai and part time director bi hai to 1%
-agar ye sab na ho to part time direct ko 3%]
Rajni
9:18am, 11 Apr - Rajesh Lachhwani: Topic- independent director remunetion 2013

->2(47)

->diff siting fees r prescribd for independ director

->indipend direct r nt alowd to receive stock option

-> reimbercement is alowd

->profit based commisions r allowd if approvd by sharehol at agm

Rajni
: ALTERATION OF NAME CLAUSE.
1st all of bord meeting organized than after bord appoint C.S(any prof. person) c.s file form 1A. with roc and 6 proposed name,fees 1000rs than after c.s concernt B.O.D
c.s organized share holder meeting pass the spe. rol.(form 23) and in meeting discuss 2 agenda.
1) change the name.
2) In moa and aoa change the name clause.
approval of shareholder.
c.s file form 1B with central goverment. than after company can change the name.
IMPORTANT POINT
In listed companies which decide to change their names shal be req. to comply with the following condi.
1) a time period of atleast 1 year elapsed from the last name change.
2) 50% of its total rev. genrate in the preceding 1 year period, should have been accounted for by the new activity sugge. by the new name.

$unny $hah.(Company Secretary)
9:22am, 11 Apr - Rajesh Lachhwani: **********
Revision-
ΞCharge is a security for securing loans or debentures through morgage on assets of company
Ξsec 124 says charge includes mordgae
ΞTwo type of charge
1. Floating charge(movable assets)=hypotitical deed
2.fixed charge(immovable assets)=mortgage deed
Ξ3 prson sign-
Bank managr+any prnfsnal+directr of comp
Ξ sec 125 =comp must file form 8 within 30days for registration of charge
If comp fails to do so and provides suficient clause for non-filing of form 8 with roc then they r allowd to file it

Ξ bt if ther's nt any suficient clause a comp within next 30days file the same with an additional amt That shouldn't exceed 10 times of the said amt as per schedule 10

Ξsec 143 means a company must maintain r of charge, the roc maintaing r of charge is viewed as Index of chare as per 130&131

ΞSituations-
1.comp and charge both outside india-
sec125 Prnfesnl wil file fr 8 nt aftr creatinn bt aftr arrival in india
2. Prop outside,chare in india- sec 125(1) creation file form 8 in 30days
3. Subject to charge-

Here triparty agreement wil b made and acquisation of property by the acquir who wil pay the remaining loan amt to bank and for settlement manw file fm 17

Rajesh Lachhwani
9:22am, 11 Apr - Rajesh Lachhwani: Vinit sir lec final-

Topic- membership

-> to become d membr
D party must b eligible
Sec 41 read with sec11 of indian
Contract act1872
=membr

->company keps register of members as per sec 150 and
151 is index of membr
-> in new act sec88 is about regist of membr

->sec 164 is evidence 163 is about inspect
(din me atleast 2 ☐ and only during working hours)

Topic- omission and comission

->sec 111

->omision-

Maine transfer kiya
----Hitesh ko-->shares bt it does nt get transferd

Tis is omision part

-> me,he jointly or individualy can approch clb, b4 tis aproch to cs if stil nt rectified tan clb

(comunicate tis to roc via eform 21
)

*comision-

-> register of membr me qib (gulab chand)ka nam tha
Nahi gulab chand ne
-Share sell kiya

-Transfer kiya
-Na hi uska share forfit hua
-na hi comp ne buybck kiya
-Na hi wo insolvent ya bankrupt hua
-Na hi wo insane hua
stil uska naw registr me nai tha
Nw
Gulab chand wil--aproch-->to -->clb

Rajni
9:22am, 11 Apr - Rajesh Lachhwani: Topic- timing of share transfer

-> private company
Ya
Unlisted public comp ka share transfer karna hai
To logement k
2 months k andar ho jana chaiye

->in case of listd comp it was 30days bt aftr listing agrement it is 15days

=>
Private and
Unlisted public- 2 month✔

Listed-1 month✔
Rajni
9:22am, 11 Apr - Rajesh Lachhwani: Topic- share transfer procedure

=> listed company me share transfer karna hai to hoga in
Dmat. Form via
Dis (dilevery instruct slip) routed by depository participants

=> if listd bt in phisicl mode
Than by share transfer department

=> if by
Private comp and unlistd company
, it is routed by cs

Cs will collect
Covering letter
+ share certific
+share transfer form

+ transfere's kyc

~> cs will give
--->such documents to---> bod or. Share transfer comitee

=> 1ce approved by cs
Dual effect wil b record
1. Register of member
2. Transfer of share
Ie transfer in favour of transferee

Rajni
9:22am, 11 Apr - Rajesh Lachhwani: topic- foreign register of membr

=> sec 157

=> foreign se koi application money ati hai to jis banking se ayi hai application money uske ----
>30din k andar lenge firc(foreign investor remitance certificate)

=> jab applic money ayi jab phele dekhna padega whether it falling under automatic route, approval route

=> talking about automatic route

- get money
-Take firc in 30 days frm bank
-Submit firc to rbi
-180 days ki andar share alot kr do
- Nw aftr submiting shares
30 din
K andar FCGPR form submit kar do rbi ko
Jisme 2 prosels ki sign chaiye

1 of cs
Who wil certify tat
Comp act1956and fema1999 r followed

[cs wil fileeform 2 and if other tan cash file eform 3 as per 75(1)of comp]

And
1 of ca who wil certify price is determind as per AS

=> there is flexibility of maintaing register,
It can b kept at foreign branch office ,

Rbi ki permision k bad nai bt intimate karke

Rajni
9:27am, 11 Apr - Rajesh Lachhwani: Topic-Sweat Equity Shares
=> sweat equity shares means equity shares issued
by the company to its employees who r providing
nohow intellectual sectos to the company
At discount OR For consideration other than cash
=>this instrument is permitd to b issued as per Sec
79 A of companies Amendment Act
w.e.f 31st oct,1998 to such an employees who
have toiled(attachd) frm d beggining with d
company and to those prior employes that provide
image to d company
=>These employes or directors are those who are
approvd by BOD as per the norms
=> since these r issued at discount they r treatd at
par and they do posses voting right too.
They also havelimitations,restrictions,and provision
relating to eq. shares
*read spiral
This is short point
1. Ses authorised hone chaiye special resolution k
tahet..
2. Resolution mae
a)Shares ki Ghinti
B)uski aj ki price
C)consid
Aur clases of directr jisko eq shares issued kiye jat
hai
3. Spiral khol loda
4. Ses accordance with sebi ,
If nt guidelines r provied by stock exchanges
Rajesh
9:27am, 11 Apr - Rajesh Lachhwani: Ordinary Business in AGM
1. Adoption of accounts
2. Declaration of dividend
3. Appointment of auditor and fix its remuneration
4. Appointment of director in place of retiring
director
=>Sec 215 mae kaha gaya hai har documents pe
dono taraf director's ki sign honi chaiye aur bich
mae Ek legal authority which could b cs or other
authorizd prson as may b appointd undr the time

bein in force ,uski sign bi hum jarur lenge
^~ Rajesh Lachhwani
9:27am, 11 Apr - Rajesh Lachhwani: Topic--ESOP
Ξgiven to wtd,officers or employes
Ξthere is 1 yr elabse for Granting
of option& vesting of option in which price wil b pre-fixed
Ξit wil nt b given to
1. The employes if they receive 1%shares on total issue if to b given than a seperate approval to b taken
2. Nt given to 10% holding to any membr
3. Nt given to Promoter or promoter group
Diff bet esop or esos v/s esps
1. Esop given to wtd,officr,employe
While
Esps to officr,employe and all drctrs
2. Board decide lock in period While here 1yr of lock in period except when issued at d time of issue of ipo
: Prefrential Issue
ΞA Preferential issue is an issue of shares or convertible securities by lìstd companìes to a relatively small number of select investors as a way of raising capital
ΞIt is issued to
Such shareholders whose name is on registar of membrs 1month b4 sh holdr meeting subject to the condition he must hold his position without excersing his position for past 6 months
ΞIn case of convrtible securities The maturity date ie the relevant date or 1month date of b4 prior date is taken into consideration as the case may b
ΞAllotment to b completd within 15 days frm the date of pasing of such resolution
~ Rajesh
Eligibility norms for public issues- Part 1
1. company should have net tanible asset of atleast 3 crore of last 3 proceding yrs subjec to the condition 50% of
Such net tanible asset is vestd undr monetary assets
2. company has a distributable profit as per sec 205 for atleast 3 out of imediately precedin 5 yrs

3. It must have atleast 1 crore in each of the precedin 3 yrs
4.The proposed issue in terms of size should nt exceed 5 times of Networth of its pre-issue Net worth as per Auditd b/s of last fin yr
5.In case of change of name then company must have generatd 50% of total revenue in its new name
: Share warrnt-
Ξpursuent to sec 114&115 a share warrant is a Negotiable instrument which is Approvd by Rbi and further Approvd by cg subject to the condition it will be convertible aftr 18 months and further condition that aftr 18 months the holder indue course can become membr
ΞThey can b issed by public comp and nt by private company
9:27am, 11 Apr - Rajesh Lachhwani: Topic- Quoram
Ξ Minimum No of quoram pvtd 2,public 5
Ξproxy cnt b countd as quoram
Ξsec 174(3) a quoram must b present with in half hour
Ξif only 1 quoram attains meetin it wil b cancld
Ξif quoram does nt come in adjornd meeting then meeting wil b caried on as per sec174(5) as 1 frm the membr become Quoram

Topic - Poll
Poll will either b order by chairman or it may b demanded but 1ce demanded it becomes the order..PolL wil oNly b dEmandEd by those member oNly who has 1/10th voting right in d meEting Or 50,000 amt..of share..

Topic-Proxy
ΞSec 176
Ξproxy is representation of membr
Ξthere can b mre than 1proxy appointd
Ξproxy may nt b membr of company
Ξunless if provided by article proxy cant vote by show off hands
ΞHowever proxy can ask in writtin for any matter aftr the meeting
Ξhis name must b present within 48Hours b4 d meetin

ΞThe membr if meanwhile enters in the meetin must intimate to chairman or cs for holding his prior place and thereby to vote in rest of meEtin
Ξif aftr the meetin any kind of default found then such deflact can nvr b reflected at latr stage
ΞIf any body corporate goes in the meetin he is termd as Authorisd representative
[he must submit kyc documents]

: Topic- AGM
ΞSec 166
Ξevery company should call 1st agm aftr incorporation within the period of 18 months
ΞNt more than 15 months shall Elapse bet the date of 1 agm of a comp to that of next
Ξ A notice of at least 21 days before the meeting must b given to members
ΞAgm must b held on workin day durin workin hours within Prescribd limit of city,town or village in which the registd office is situatd bt adgourned agm can b held on
Public holiday
Ξ the foll matters constitute ordinary bussines-
1.Adoption of aCcounts
2.Declaration of dividend
3.Appointment of Directors in place of those retirin dirctors
4.Appointment of Auditor and fixin its Remuneration
-rajesh

Topic-EGM
ΞRegulation 47 defines egm as all other meetings except frm agm are egm
Ξit can b held any where(reg 48)
ΞSpecial busines+Explantry state=Egm
Ξif quaram is absent aftr half&hour meeti is adjornd
If bod request it can b reorganisd
Here
21 clear days notice+ within 45 days meeting start + exceeding 90days then it should dissolved
Ξ186-Clb can call egm
-rajesh
Sec 285 to 287
Ξ285-

Every comp is requird to call up quarterly meeting in a calendary yr,later such lew fault was covrd by SEBI which statd that
There cnt b mre than 4 months interval bet two meetings
ΞSec 286-
Secretrial standard recomended that when a meeting is calld b4 d meeting 15 days meetin and 7 days prior agenda must b given to shareholders
ΞSec 287-
Quaram must b present throughout the meeting. Its 1/3rd,or two which evr is higher

Topic - Qualification shares
ΞAcc to Sec 270,
If, article provides,
Every director r requird to take qualific shares within 2 month frm the dt of his appointment and Nominal amt of whose cnt exceed 5000Rs
Ξor Nominal value of 1 share value if is more than 5000rs than director has to acqire them
ΞA Director who accepts his quali shares as a gift must give upthe shares as it becomes a guilty of a gross breach of trust
Ξacc to 283(1)(a) If a directr fails to acquire quali share within 2 months aftr his appoint he must vacant the office aftr such expiry of two months
* Disclosures requird by Director when if he is interestd directr
1.already in what num of comp he is continuin as dirctor
2.Already what Num of
Shares of the comp of which he is going to become director
ΞDirectors dnt need to take qual shares
If
-Cg,Bank,financ inst apoints Nominee director
-alternate directr
~ Rajni

Rajesh Lachhwani:
Topic-
Removal of directr
Ξ sec 284 is a statutory right which cannot be

taken away by memorandom,article or contract or
any other document and if done so it wil b void
Ξ=>21 clear days notice to
-Shareholdr
-auditor
-directr
And => 14 days prior notice u/s 190 to such
director
At Egm
ΞSec 284(1)-
A ordinary resolution at general meeting must b
passed for such removal b4 his tenure
Ξ284(2)-
14 days prior notice u/s 190 to such director
ΞSuch intimation if is nt made and dìrectr is
removd it is considered as void
Ξ284(3)-opportunity of being heard must b given to
such director
ΞEven Non-
Rotational directr can b removd
Ξthere is no need to attach explanatory statement
as provision of 173(2) as it is nt a resolution
propsed by the company
ΞThe director may b given opportunity to read out
at the meeting Subject to approval of
clb,shareholders which shouldnt b grantd when it is
believd that such activity is döne by him is for
needless publicity
ΞIt is the duty of Cs to file form 32 with roc
Ξ284 is removal for indipend directr
- rajni
8:48pm, 13 Apr - Rajesh Lachhwani: Topic- private placement

-> The Act, 1956 did not
define the term 'private placement'

-> when a company
made an offer or invitation to subscribe for shares
or debentures to 49 and less, such offers
Is treated as made to private placement

-> Under the Act,
1956 the conditions relating to private placement
were applicable only to public companies. on the

contrary Act, 2013 provides various conditions for private placement of shares and debentures which apply to both private companies and public companies.

-> Section 42 of
the Act, 2013 defines 'private placement' which can be said in consonance with the interpretation of the Supreme Court as "any offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) through issue of a private placement offer letter and which satisfies the conditions specified in this section including the condition that he offer or invitation is made to not more than 50 or such higher number of persons as may be prescribed (excluding QIB's and employees offered securities under ESOP) in a financial year".

-> The Act, 2013 under section 42(4) mandates a company to comply with the provisions of SEBI Act & SCRA, if any offer or invitation is not in compliance with the provisions of the section and such offer or invitation shall be treated as a public offer.

-> It is also to be noted that the provisions for private placement applies to the issue of "securities" and not "shares". Thus the new provisions have widened the scope and cover a whole host of instruments such as shares, bonds, debentures and other marketable securities etc.
-> all monies payable
towards subscription of securities by private placement shall be paid through cheque or demand draft or other banking channels but not by cash and also all the securities under private placement are to be allotted within a period of 60 days from the receipt of application money.
-> The money raised by
the issue of offer or invitation shall be in a separate bank account and cannot be used until allotted. Every company making any allotment

under the said section shall submit with the Registrar the particulars of every private offer within 30 days of circulation of offer letter.
-> According to Section 42(10) of the Act, 2013, if a company makes an offer or accepts monies in contravention of the section 42 of the Act, 2013, the company, its promoters and directors shall be liable for a penalty which may extend to the amount involved in the offer or invitation or two crore rupees, whichever is higher. The company is also required to refund all monies to subscribers within a period of thirty days of the order imposing the penalty
->The number of such offers or invitations shall not exceed four in a financial year and not more than once in a calendar quarter with a minimum gap of sixty days between any two such offers or invitations.

->The value of such offer or invitation shall be with an investment size of not less than fifty thousand rupees per person.

-> Draft Rules, an offer or invitation for private placement shall be made to not more than two hundred persons in the aggregate in a financial year, excluding the qualified institutional buyers and employees of the company being offered securities under a scheme of employees stock option as per provisions of section 62(1)(b) of the Act, 2013.

Rajni

“pap 2 drafting”

Affidavit

m.lawisgreek.com/law-what-is-an-affidavit

Chapter 3

Contract of Guarantee

=> A Contract to perform the promise, or discharge the liability, of a third person in case of his default is called Contract of Guarantee .

=>A guarantee may be either oral or written.(sec 126)

-The person who gives the guarantee is called the Surety

-The person on whose default the guarantee is given is called the Principal Debtor

-The person to whom the guarantee is given is called the Creditor

=> There are three parties in every Contract of Guarantee

=> Anything done, or any promise made, for the benefit of the principal debtor, may be a sufficient consideration to the surety for giving the guarantee. The guarantor need not personally

derive any benefit from the guarantee.

Rajni

2:15am, 11 Apr - Rajesh Lachhwani: Topic-

Surety's liability-

->sec 128

The

surety becomes liable when the principle debtor

commits default in meeting the liability.

=>Surety has the right to sue the third party

(Principle Debtor) directly.

=>The Law puts him in

the position of Creditor. Where as in Contracts of

Indemnity, the Indemnifier cannot sue the third

party in his name.

=>He has to sue in the name of

the Indemnity-holder or after obtaining the rights

from him.

->The liability of the surety is co-extensive with

that of the principal debtor, unless it is otherwise

provided by the contract.

->The creditor can straightway proceed against the guarantor without first proceeding against the principal debtor.

->The liability of the surety can never be greater than that of the principal debtor.
->The surety can
however may restrict his liability to part of the Principal debtor's liability by contract.

->Surety's liability is distinct and separate
A guarantees to B the payment of a bill of exchange by C, the acceptor. The bill is dishonored by C. A is liable not only for the amount of the bills but also for any interest and charges which may have become due on it.
: Topic-
Continuing Guarantee

->A Guaranee which extends to a series of transactions is called a continuing guarantee.

->A continuing guarantee may at any time be revoked by the surety, as to future transactions, by notice to the creditor.(sec 130)

->Any variance, made without the surety's consent, in the terms of the contract between the principal debtor and the creditor, discharges the surety as to transactions subsequent to the variance

: Topic-

What is Fidelity Guarantee Insurance

-A Fidelity Guarantee as issued by the insurers is a contract of insurance and also a contract of guarantee to which the general principles of insurance apply.

- It does not guarantee the employees honesty but it guarantees that if the employer suffers any direct financial loss arising out of the employees dishonesty the insurers share indemnify the said loss to the employer within the limitations prescribed by the contract.

-> The term “Fidelity Guarantee Insurance” embraces Policies indemnifying employers against pecuniary losses on account of

forgery, defalcation (misappropriation of money),

embezzlement (diversion of money to one's use)

and fraudulent conversion by employees.

-> The

object is to provide protection against losses

arising out of the default of an individual acting in

some capacity such as Cashier, Accountant and

Store-keeper, etc.

2:15am, 11 Apr - Rajesh Lachhwani: ->it is also kn as

□□□□□□□□□□ □□□□□

2:15am, 11 Apr - Rajesh Lachhwani: * Difference between lease and license

agreement

There are some crucial differences between a lease

agreement and a license agreement.

a) Under license agreements, the legal ownership

and the possession of the property remain with the

licensor. Under a lease agreement, the tenant

generally has exclusive possession with respect to

the property. In other words, a license does not

create any interest in the premises in favor of the

licensee.

b) A licensee cannot give the premises on rent to a third party under any circumstances. On the other hand, a tenant can sub-let the premises to a third party, unless the rental agreement expressly provides otherwise.

c) A license agreement is easier to terminate than a rent agreement. License agreements are terminable, whereas lease agreements are generally not.

d) The amount payable towards stamp duty is more for a lease agreement as compared to a leave and license agreement. But for duration of more than three years, the stamp duty payable is the same for both.

e) In the case of a lease agreement, if the agreement is for a period of less than 12 months, it does not have to be registered. However, a lease agreement for 12 months and beyond has to be compulsorily registered. In many states, a license agreement does not have to be registered.

: Summary:

1.Transfer of interest is absent in a pure license agreement unlike in leases.

2.A license can easily be revoked unlike in the case of a lease.

3.A lease grants the lessee the right to possess a property exclusively while a license grants you a right of usage of the property (non-exclusive) since its legal ownership is still with the original licensor.

4.Where a license is not transferable, a lease has a transferability feature.

2:15am, 11 Apr - Rajesh Lachhwani: The other difference between lease and license:

(1) A lease creates an n interest in the property while a license passes no interest in the property and merely makes an action lawful, which without it would have been unlawful.

(2) A lease gives the tenant a right to exclusive possession while a license confers no such right on the licensee.

(3) A lease is assignable, but a license is generally non-transferable.

(4) A lease unlike a license is not revocable.

(5) A lease is not determined by the grantor making an assignment or its subject-matter, but a license is determined in such a case.

(6) A lessee can bring an action for trespass, but a licensee cannot sue in his own name.

(7) A lease in some cases require registration but

a license does not.

(8) A leasehold creates a heritable

(9) A license is determined by the death of the

grantor, while a lease is not.

2:15am, 11 Apr - Rajesh Lachhwani: Honble Supreme Court

of India in Khalil Ahmed Bashir Ahmed v.

Tufelhussain Samasbhai, AIR 1988 SC 185, laid down Distinction between Lease and License

2:15am, 11 Apr - Rajesh Lachhwani: Topic-

What is

Outsourcing?

-> Outsourcing is

contracting with another company or person to

do a particular function. Almost every

organization outsources in some way.

-> Typically,

the function being outsourced is considered non-

core to the business.

-> The

outside firms that are providing the outsourcing

services are third-party providers, or as they are

more commonly called, service providers.

->thus Outsourcing basically

means asking a third-party vendor to work for

you on a contractual basis for company's non-core ,non-revenue producing activities to specialists

->2 types, 1.

Business Process

Outsourcing

2. Information Technology

Outsourcing

1. BPO- BPO is the process of hiring another company to

handle business activities for you.

-it includes

:a/cting

:HR

:payroll

:financial fn and activities

2. IT outsourcing

2:15am, 11 Apr - Rajesh Lachhwani: Dominant outsourcing
service providers in the information technology
outsourcing and business process outsourcing
fields include IBM, EDS, CSC, HP, ACS, Accenture
and Capgemini.
2:15am, 11 Apr - Rajesh Lachhwani: Topic- Building contract
-A contract between an owner or occupier of land
and a building contractor, setting forth the terms
under which construction is to be carried out,
basis of remuneration, time scale, and penalties,
if any, for failure to comply with terms of the
contract.
2:15am, 11 Apr - Rajesh Lachhwani: Topic- Hypothecation Agreement

- is the
agreement between a lender and a
borrower whereby the borrower pledges
asset as security on a loan without the
lender taking control of the security. It
particularly applies to mortgages

- An agreement between a borrower and a
lender where by the borrower pledges
asset as collateral on a loan without the

lender taking possession of the

collateral.

: Topic- mortgage(drafting)

part 1

->sec 58to 104 deal with mortgage

*meaning-

->acc to sec 58 mort is a transfer of interest in specified immovable property for the purpose of securing d payment of money

->d transferor is called mortgagor and transferee a mortgagee

->d principal money &interest the payment of which is secured is called mortgage deed and d instrument by which transfer is effectd is called mortgage deed

=>for a mort deed there must b debtors and creditors relationship

*characteris/essentials-

1. There is Transfer of interest

2. There is presence of debtors creditors relationship

3. It is governeg for immovable property only

4. The transaction is for securing d payment of loan

*6 types

1. Simple mort

2. Mort by conditional sale

3. Usufractuary mort

4. English mort

5. Mortgage by deposit of title deeds ie equitable mort

6. Anomalous mort

Mortgage part 2

1. Simple mort-

->d mortgagor bind himself personally to repay d debt upto the amt to b repiad

->in case d mort property is nt sufficient d mortgagee can bring personal action against mortgagor and obtain d decree for said purpose

-> it is to b noted tat no ri8 of forclosure or possetion is available to d mortgagee

2. Condirional sale-

-> d property is mortgaged with d condition super added tat in event of faliure by debtor to repay d loan it would b considered as sale

->here ri8 of foreclosure is available bt ri8 of posseseion is nt given

->thus

-if d loan is repaid sale becomes void

-if loan is nt repaid sale becomes absolute and binding

-when debt has been repaid at stipulated time d mortgagee shall retransfer the property to mortgagor

3. Usurfractuary mort-

->sec 58(d)

->also called mort with possession, it means

yahe property girni rakhte hai aur mortgagee ko bolte hai tu bhade pe isko chada aur vaha se paise kama me int nai dunga

-> tis is d type of mort tat possesion had to b transferd if not trasfer moertgagee can sue

pto

rajesh

: Mort part3

for d same

->in land mark case

pratap bahadur v . Gajadhar it was held as usufructuary mort jab mortgoee ne proprty village walo dedi and int kamaya tha

-> agar mortgagee jamin bhade pe nai chada paya to paisa bhi nai kama paya hoga .tiz is irrelavant bt time ane par usse ye prop vapis mortgagor ko dedeni padegi

->morgaed property k dauran koi nuksan hua to mortagee bharpai karega

thus

-poseesion is deliverd to mortgagee

-mortgagor has no personal liab to pay

-mortgagee is entitled for rents and profit in liew of int or principle amt

-ri8 of foreclosure or to sue for sale is nt available

pto

: Mortgage part 3

4. English mort-

->sec 58(e)

->mortgagoe girvi rakhta hai jamin aur pure paise lotane par usko apni property wapis mil jayegi

->agar repay nai kar paaya to uski jamin mortgagee k pass chali jayegi

->ri8 of foreclosure is nt available

~*diff bet english and conditional

>~> In english there is personal liab

while in condi there is no personal liab

>~>ri8 of foreclo is nr avail in engli bt avail in condit mort

>~>in english ownership is absolute while in condit it is qualified which becomes absolute in default

pto

: Difference between

charge vs mortgage

1. Section-

~>chargesec 100of topa 1882

~>mort sec 58 to 104

2. Can b creatd on

~> charge can b created on both movable and immovable

~>mort is only creatd on movable

3.

~Charge is created either by act of parties or operation of law

~mort only be act of parties

4.

~ charge can b in monetary and nonmonetary terms

~mort is always on monetay terms

5.

~in charge there is no transfer of int unlike mort

6.

~ charge may b registerd

~mort must b registerd

7.

~ charge holder do nt have ri8 of foreclosure br can get property dolf as in simple mort

~ in anomalous and conditional mort , ri8 of fore is available

8.

~ charge can b enfoced with notice against subsequent transferee unlike mort

"Rajesh"

2:15am, 11 Apr - Rajesh Lachhwani: Mort Part5

5.mort by deposit of title deeds-

-> also called equitable mortg

-> the person delivers the documents of his immovable property to create security and obtain loan

->acc to sec59 jab peinciple amt secured is rs 100or above other tan equitable mort ,a mort is effected only be registerd instruments . Thus tis mort avoids delay and other formalities for affecting a valig mort

->it should b noted tat tiz type of mortg can b created only in certain said 26 towns like delhi,bombay,madras,pali,bikaner etc and nt whole india

->the contract is valid when deposit of tile deeds shall b in any of the mentioned towns irrespective of preoperty anywhere sitated in india

: Mort part 6

6. Anomalous-

->sec 58(g)

->ri8 of foreclosure is avail (tiz is avail in only anomalous and conditional mort)

->a mort other tan tat 4 within d meaning of tis sec is kn as

->jab koi bi mort me alteration karke uska real meaning nai badalte par additional condit dalte hai us tarike se k vo security provide kare

pto

2:15am, 11 Apr - Rajesh Lachhwani: Part 7 mort

other types

=>sub mort-

jab morgage pe morgge ho jaise

.. Rajesh ne mort kiya---->hitesh ko for rs 10000 and htesh ne----->riyaz ko for 8000 tan hitesh creates sub mortg

=>puisne mort-

it is d 2nd mort.

jab ek hi proper ko do baar mort karo usse puise mort kaha jata hai

rajesh

: Part 8

eg of puisne-

salman mort---->aamir

and

salmam mort----->saifalikhan thus salman creates puisne mort

* ri8 of mortgagor ie transferor ie debtor-

1. Ri8 to reedem-

- means to take back d mortgaged property after paying mort money

-sec 60 says anytime after money becomes d principle amount becomes due mortgagor has ri8 to reedem d property

- note tat d ri8 of mortagor and mortgee r coextensive means for eg-

baburao ganpat rao aapte borrows money and agress to pay after 5 yrs and baburao won loterry and thinks to pay d amt at d end of 3 yrs onle. Tiz is nt valid

2.ri8 against clog on equity-

-any condition tat prevants d mortgagor frm reedeming his property is kn as

*situa on clog-

1. Sahid to-->ranbir

paise bharna to apne jab se bharna nai to reedem nai kar payega is clog and invalid

2. Ek esa mort deed jisme likha hai

agar paise nai diya to automatically 12 saal tak zamin dusre k namm pe chali jayegi is also clog

3. It is nt a clog when it is said mortg cannot redeem mortgage for a certain no of years

for eg- mishra to rajesh ye proprt 10 saal tak meri tu paise lana aur 10sall bad chuda dena ,tiz is valid

pto

2:15am, 11 Apr - Rajesh Lachhwani: Part 9-

3. Ri8 of partial redemption-

->sec 61 gives such ri8

->only avail when 2 or more mort has became due

eg-

-> rajesh ne saket k pass apne prop girve rakhi rs 2000pe.

..rajesh NE VAPIS wahi Apni prop sahet k paas girvi rakhi 1000pe...

now rajesh has d ri8 to reedem partial or whole ie reedem 2000wale ya 1000wala ya both

eg 2.-

umesh mort property to puru for 10000,

umesh mort other prop to kc for 10000 tan he has ri8 to reedem any of d property or both

rajesh

: Chaptr 5

Topic- letters of authority

->A letter of authority works for simple tasks.

->It can be used for getting routine work done.

-> But

when there are big transactions, it is better to get

a power of attorney because it sets out the

manner in which the activity is to be done.

->A

letter of authority may or may not specify how an

activity is to be carried out. A power of attorney

is a notarised document and has an additional

edge. A letter of authority is not an authenticated

document.

-> "A letter of

authority is a document under which one person

authorises another person to do a particular act.

Hence, it is used for very specific purpose .

-> It can

be, for instance, used for collecting or submitting

documents on your behalf."

->Experts are

unanimous that when large and proper

transactions are to be carried out, you should opt

for a power of attorney . A power of attorney can

be of two types — general and special power of

attorney.

2:15am, 11 Apr - Rajesh Lachhwani: Topic-

Power of Attorney

-> Power of Attorney is a document of

agency whereby the principal appoints

an agent to do and execute certain acts

or deeds on his behalf.

->2(21) The Indian Stamps Act defines it "any instrument empowering any specified person to act for and in the name of the person executing it"

-> A power of attorney may be of two types-

1) General 2) Specific

[What is a General Power of Attorney ?

1. The principal empowers the agent with the right to carry out all legal acts on his behalf without restricting it to a particular transaction or act,

2. Gives the agent very broad powers to act on behalf of the Principal

What is a Special Power of Attorney?:

1. The authority is restricted to act only on certain matters or only a particular kind of transaction or to carry out a specific legal transaction for the Principal.

2. The agent's power of attorney expires

on the completion of the transaction]

Rajni

2:15am, 11 Apr - Rajesh Lachhwani: Registration Of Power-Of-Attorney

1. Registration of power of attorney is not compulsory. it is optional

2. In India, where the Registration Act, 1908, is in force, the Power of Attorney should be authenticated by a Sub Registrar only, (Whenever a person signs the document and his attorney presents/ admits execution).

3. In other areas, attestation should be by a Notary or diplomatic agents

4. In case an attorney under a valid Power of Attorney himself signs a document, he may, as an executing (signing) party present/admit execution of a document though it is attested by a Notary, unless the text of the power specifically excludes such powers

5. Foreign Power of Attorney should be got stamped by the Collector after its

receipt in India within prescribed time of 3 months

6. Registration of power of attorney authenticates the deed of power of attorney

7. Power of Attorney shall be attested by two or more adult independent witnesses who are of sound mind

8. If a power of attorney is in respect of an immovable property of value more than Rs100 it must be registered.

: Revocation Of Power Of Attorney

Power of Attorney can be revoked in the following cases,in case of :

1. Revoked by the principal himself

2. The principal dies or becomes insane or becomes bankrupt

3. The business for which the agent was appointed is over

4. Mutually agreed upon by the principal and agent

5. The right under the power of attorney is renounced by the agent

: Topic-The Basic Principles To Remember:

1. The general rule of power of attorney is that it should be strictly construed.

2. Unless an express power is conferred on an agent to enter into contracts of guarantees on behalf of his principal or to execute or negotiate , negotiable instruments for his principal jointly with others

3. An agent cannot by his acts bind the principal to a larger extent than he is empowered to do under the power of attorney.

4. Fraud by the power agent does not bind the principal. He cannot be sued or otherwise held responsible for fraud by the agent

5. If the power does not authorize the agent to carry on a business except with limitations any act done by him in excess of such power will not bind the principal.

6. For example power to dispose of

property does not confer a power to

mortgage the property.

7. Power to manage immoveable

property cannot permit principal's

ornaments which are a moveable

proper .

: Topic- DIFFERENCE BETWEEN

POWER OF ATTORNEY

AND

LETTER OF AUTHORITY

->A letter of authority works for simple tasks.

->It can be used for getting routine work done.

-> But

when there are big transactions, it is better to get

a power of attorney because it sets out the

manner in which the activity is to be done.

->A

letter of authority may or may not specify how an

activity is to be carried out. A power of attorney

is a notarised document and has an additional edge. A letter of authority is not an authenticated document.

-> "A letter of authority is a document under which one person

authorises another person to do a particular act.

Hence, it is used for very specific purpose .

-> It can

be, for instance, used for collecting or submitting

documents on your behalf."

->Experts are

unanimous that when large and proper

transactions are to be carried out, you should opt

for a power of attorney . A power of attorney can

be of two types — general and special power of

attorney.

-> A letter of authority usually

depicts the relationship of a master and servant.

Whereas the attorney relation is more like that

of a principal and agent.

: -> In the case of the latter,

the principal has the right to direct as to what

act one is expected to perform whereas in the

case of the former, a master has the right to

direct "what" as well as "how" the work is to be

done.

->The tasks that are specified in an Letter of

Attorney are usually carried out under the
supervision of the person bestowing the authority
and the grantee has to confirm to all the
reasonable orders in the course of that work,
whereas in the case of a Power of attorney
where is a greater scope for independence.
2:15am, 11 Apr - Rajesh Lachhwani: Topic - over view of power of attorney

-> power of attorney would be 'special' if the
appointment is made for a specified act or acts.
and 'general' if it is made generally for certain
acts, for eg, representation before the income-tax
department.

-> power of attorney may or may not require
registration. A power of attorney dealing with
immovable property requires mandatory
registration.
For eg, a power of attorney accompanied by a
development agreement would mandatorily be
required to be registered, while the power to
operate a bank account may not require
registration
: -> Recently, a Supreme

Court judgment ruled that general power of attorneys cannot be used for transfer of immovable properties . "This judgment is likely to affect the builder community rather than individuals,"

2:15am, 11 Apr - Rajesh Lachhwani: -> power of attorney could be irrevocable or revocable,"

2:15am, 11 Apr - Rajesh Lachhwani: -> There cannot be an irrevocable letter of authority bt poa do hve

2:15am, 11 Apr - Rajesh Lachhwani: Topic- revocable poa

-> In case of a power of attorney (POA), a person appoints an agent to act on his behalf.
Revocation of the POA is as important as delegation of the power itself.

-> A POA is automatically terminated if either one of the parties to the instrument dies or becomes insolvent, or any specific condition in the instrument is breached.

-> In deciding whether the agency can be revoked or not, two conflicting interests are to be reconciled and a suitable middle way is to be formed so that none of the parties suffer unjustly.

-> Usually, if the power given was one coupled with interest, it cannot be withdrawn. Section 202 of the Indian Contracts Act contains some relevant provisions. Accordingly, if an agent has an interest in the property that forms the subject matter of the agency created via the POA, the agency cannot be terminated to the prejudice of such an interest.

-> Also, where an agency is created for valuable consideration and authority is given to effect a security, it cannot be revoked.

-> The interest which an agent gets in the property must be simultaneous with the power given to him in order to give him a power coupled with interest. If the interest created in the agent is the result or proceeds arising after the exercise of the power the agency is revocable and cannot be said to be an irrevocable agency.

Rajesgj

2:15am, 11 Apr - Rajesh Lachhwani: TopicDraft ofSpecial Power of Attorney to Present Document

for Registration-

By This Power of Attorney, I ..... son

of ..... resident of ..... do

hereby appoint ..... son of

Shri .....resident

of ..... as my attorney for me and

on my behalf to appear before the Sub-Registrar

of ..... and to present and

lodge before him for registration of the deed of

conveyance dated the ..... made between

me and Shri .....son

of ..... resident

of ..... executed by me on

the ..... to admit on my behalf the

execution of the said deed of conveyance by me

and receipt of sale consideration by me and to do

any act, deed or thing that may be necessary for

effectively registering the said deed of

conveyance.

AND I DO HEREBY agree to ratify and confirm all

and whatever my said Attorney shall or purport to

do or cause to be done by virtue of these

presents.

IN WITNESS WHEREOF, I have executed this

power ..... this ..... day

of ....., 2000.

Signed and delivered by the within named

.....

WITNESSES;

1.

2.

Identified by me

( ) Before me

Advocate Notary Public

2:15am, 11 Apr - Rajesh Lachhwani: Topic-note on power of attorney

->power of attorney is laid down under sec

2(21) of Stamp Act 1899

->acc to sec 1A of Power of Attorney Act 1882 ,

Power of Attorney includes any instrument empowering a specific person to act for and in d name of person executing it

->sec 2 of power of attorney act lays down

Execution under power of attorney

->sec 5

Is power of attorney of married woman

->sec 4 is

Deposit of original instrument creates power of attorney read with sec 85of evidence act 1872

(sec 85 presumption as to power of attorney)

->power of attorney needs to b registerd

Under registration act 1908

By agent or principle

->acc to sec 32(c) of registration act agent can present such document for registration

->acc to sec 33 ,principlecan make its registration

-33(1)(a)

Jab principle execute kre power of attorney india me jaha act applicable hai to it need to b singed by registrar or subregistrar

- 33(1)(b)

Jab principle execute kre power of attorney india me jaha act applicable nai hota(j&k) to it need to b singed by megistrate

-33(1)(c)

Jab principle execute kre power of attorney jaha act applicable nai hota ie principle us waqt bharat me nai ho to it need to b singed by registrar , magistrate,notary public,judge,representative of cg

Rajesh

: Topic- drafting

-The word 'CONVEYANCING' means lend transfer

inter-vivos i.e. two living persons. Conveyancing

is an art of drafting deeds and legal documents

whereby any right, title or interest in tangible

immovable property is transferred from one

person to another

- Conveyancing is not just an

ordinary art but it is thoroughly based on legal

knowledge and principles evolved over years.

- The word 'SALE DEED' otherwise called as

' Conveyance Deed' is a legal written document

executed by the vendor and the purchaser which

evidences the sale and transfer of ownership of

the tangible immovable property. A sale deed is

governed by 'The Registration Act, 1908' and is

an important document for both the buyer or the

transferee and the seller or the transferor.

- Convensing includes a document tat relates to change of an immovable property

-Only d trans is with 2 living person

-thus it does nt include will

: Fema update-

Topic- application for compounding

-12/08/13

-Esi appili jo ki concerned authorities tak poch to jati hai par fir pata chale k incomplete hai,to wo appli reject kr di jayegi

- Aur applic amt 5000rs bhi wapis kr diye jayenge via NEFT

-Ab koi bi compounding ki request kare wheter wo fdi,ecb,odi,lo ya bo ho to unko compnding applic k sath

: income tax pan

:and activities as per NIC codes-1987

-D appali without tis details wil b treated as incomplete

Rajni

-

2:40am, 11 Apr - Rajesh Lachhwani: Paper 8 Proffesional

Draftin-

Topic- compounding in Sebi,c. Law,and fema, crimal

Part 1- Sebi

ΞSection 24A of Sebi Act permits compounding of offences

*

Compounding under criminal Procedure 1973

Ξsec 320

Provides a list of offences tat can b compounded

However such offencds r classified into

- with d permission of court

- without d permission of court

Ξ320(9) all offences except permited r compounded

*Company law topic-Compounding

ΞSec 621A

Ξ621A(1)

Notwithstanding anything Provided in Code of Criminal Procedure 1973

[notwithstanding matlab ku6 bi kaha gaya ho phele usko najarandaz krte hue]

Koi bhi offence jiske bich mae "or"hai "and"nahi,company us chej ka fayda utha sagthi hai

Ξ621A(1)(b)-

The amt of fine should nt exceed 50,000 rs

Ξ621A(2)-

Nothing in sub section(1) shal apply for compounding for similar offence committed within 3 yrs

[in short agar kisi crime ki saja

Hai

10,000fine and 5 yrs jail

To uska compound nai hoa,

Par

for eg-

Sec 77A(11)- jiski saja hai

2yrs jail or 50,000 fine to uska compounding ho jayega,

Company compoundin ka fayda 3saal tak utha sati hai

3 saal k baad wo hi sec mae contravention kiya to usko naya offence mana jayega]

[ab Compounding samaj lo- Compounding matlab compromìse

Mujhe pata hai gunah ho gaya hai mujhe saza

Hogi par isse bachne k liye

Compounding kr sagti hai company..

Rajesh

2:41am, 11 Apr - Rajesh Lachhwani: Paper 8 Proffesional

Draftin-

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ΞSection 24A of Sebi Act permits compounding of offences

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Hogi par isse bachne k liye

Compounding kr sagti hai company..

Rajesh

2:41am, 11 Apr - Rajesh Lachhwani: *-

Compounding in fema-Yaha sirf wahi saja kaCompounding hoga jisk ki permission officer de

Ye company law jaisa nai hai..For eg-

Mujhe kisi policewale

Ne pakda

Manga mujse

Helmet,puc,licence

Mere pas ku6 nai tha ya maan lo sirf licence tha

Policewala to me-

150rs bhar

Me- sahab 100ki receit fado ne maaf karo na..

Usne 100bola maine 100diya

Use compounding khete hai fdi fema k liye

Hamesha yaad rakhna-

1. Compounding ki process 180din mae complete ho jani chaiye

2. Saja original kanun se kam honi chaiye

Jaise 150 ki jagah 100

3.agar mujhe nai maana to mae further Appeal kr sagte hu

The end.

2:42am, 11 Apr - Rajesh Lachhwani: Topic- xbrl (drafting)

=>xbrl is online file format , and a part of XML based mark-up language for financial reporting

=>xbrl is kn as eXtensible Business Reporting Language

=>filling of annual financial statement in xbrl format is applic for

->for all listed comp

->all comp jiske paid up 5crore and above ho

->ya to turnover 100crore and above ho

=>xbrl is a company registerd u/s 25 of com act 1956 incorporatd under jurisdiction of xbrl to promote xbrl adoption in india

=>sebi has developd xbrl filing platform kn as SUPER-D ie sebi unified platform for electronic reporting -dissemination project .

sebi is also further planning xbel in mutual filling

=>banking comp, power comp ,insur comp and nbfc r kept outide d purview however rbi has notified scheduleg indian banks r required to submit their returns

Rajesh Lachhwani

Drafting appearance and pleadings

[all sections]

part 1 to part 7

topic- sec of topa 1882-

=>sec 4-sale

=>sec 5- conveyance

=>sec 8- operation of transfer

=>sec 10- conditions on restraing aeilment

=> sec 100- charge includes mortg

=>58 to 104- mortgage

=> 58(e)- english mort

=> sec 58(g)- anomolous mort

=> 61- partial ri8 of reefemption

=>sec 69A- mortgagee has d power to exercise power to sell

=> sec 105- lease

rajesh

2:49am, 11 Apr - Rajesh Lachhwani: Sub- drafting part 2 all sec

topic- competition act 2002, trai 1997, power of attorney act 1882,indian easement act 1882 and registration act 1908

*competition act 2002

=> sec 35+ sec 53S- cs to appear b4 competion commiss of india

*trai

=> sec17- cs to represent case b4 tribunal

=> sec 18- overridd

2:49am, 11 Apr - Rajesh Lachhwani: ing effect ie notwithstanding eddect on sec 100,of cpc

[no appeal shall lie against aapelate tribunal]

* power of attor act-

=> sec 1A as amend in 1982- power of attorney inclides instrument

* easement act

-> sec 52- licence

* registration act-

=>sec 17-documents whose registra is compulsory

=>18- optional

=> sec 23- documents must b registerd within 4 months frm date of execution

rajesh

2:49am, 11 Apr - Rajesh Lachhwani: Drafting

All sec

part 3

topic- law of property act 1925, stamp act 1899, general clause act 1887, evidence act

*law of property act 1925-

=> sec 205- conveyance includes mortgage,charge,lease, assent, vesting declaration,vesting instrument

* stamp act

=>sec2(14) raed with sec 2(b) of notaries act 1952- instruments include every document

=> 2(10)- conveyance is defined

* general clause act-

=> sec3(18)- documents

* evidence act 1872

=>sec 91-deed constitutes primary evidence as to form of evidence

=> sec 92- exclusion of evidence of oral agreement

=> sec 101,102,103,106,109,110,111- act must b carefully gone through b4 proceeds to draft the

affidavit -in-evidence

rajesh

2:49am, 11 Apr - Rajesh Lachhwani: Part 4

All sec drafting

topic-trust act 1882,patent act 1970,

copyri8 act 1957,

trademark act 1999

* trust act

=> sec 4- objective of trust must b lawful

* patent

=>sec 43- patent to b seal with patent officer

=>48- excclusive ri8 of protection

=>68- assignment of patent

*trade mark-

=> sec 37- power to assign his ri8 in trademark

=>38- has overriding effect

* copy ri8-

=> sec 14- defi of copyri8

=> 18- assignment of copyri8

rajesh

2:51am, 11 Apr - Rajesh Lachhwani: Last part

part 7-

topoc- compounging and

comp law 1956

* compounding-

=> sec 15 of fema 1999

=> sec 320 of cr pc 1973

=> 24A of sebi 1992

and

=>621A of comp act 1956

*comp act

=>sec 2(26)- md

=> sec 10GD- ri8 to legal repreenta

=>48-power of attorney of comp must have common seal to execute deed

=> sec 76- pay brokerage /underweiting

commisiion

=> 189(2)(a)- resolution passed as sr must b stated in notice

=>sec 291- general power of board

=> sec 294(2)- s selling agent

=>sec 611- fees payable to roc

" Rajesh Lachhwani "

2:53am, 11 Apr - Rajesh Lachhwani: Fema update-

Topic- application for compounding

-12/08/13

-Esi appili jo ki concerned authorities tak poch to jati hai par fir pata chale k incomplete hai,to wo appli reject kr di jayegi

- Aur applic amt 5000rs bhi wapis kr diye jayenge via NEFT

-Ab koi bi compounding ki request kare wheter wo fdi,ecb,odi,lo ya bo ho to unko compnding applic k sath

: income tax pan

:and activities as per NIC codes-1987

-D appali without tis details wil b treated as incomplete

Rajni

-

3:09am, 11 Apr - Rajesh Lachhwani: Sub- drafting

Topic- What is a reverse mortgage?

☐ This is a special type of home loan
under which the owner of the house
takes a loan with the home as the
collateral, but does not pay any amount
back to the lender.

☐ Instead, the home
goes into the possession of the lender
after the death of the owner.

☐ Here the
loan amount, the rate of interest, the
duration of the loan, the likely
appreciation of the value of the house,

etc. are calculated in such a way that
the loan amount will remain less than
the value of the house over the tenure of
the loan.
3:14am, 11 Apr - Rajesh Lachhwani: Drafting

Topic- compounding

Q. What is a Consent Order?
A. Consent Order means an order settling
administrative or civil proceedings between the
regulator and a person (Party) who may prima
facie be found to have violated securities laws. It
may settle all issues or reserve an issue or claim,
but it must precisely state what issues or claims
are being reserved. A Consent Order may or may
not include a determination that a violation has
occurred.

Q). What is Compounding of Offence?
A. Compounding is a process whereby an accused
pays compounding charges in lieu of undergoing
consequences of prosecution.
Q)What factors will be taken into consideration for

the purpose of passing Consent Order/ Compounding of offence?

A. Following factors, which are only indicative, may be taken into consideration for the purpose of passing Consent Orders and also in the context of compounding of offences under the respective statute:

1. Whether violation is intentional.

2. Party's conduct in the investigation and disclosure of full facts.

3. Gravity of charge i.e. charge like fraud, market manipulation or insider trading

4. History of non-compliance. Good track record of the violator i.e. it had not been found guilty of similar or serious violations in the past.

5. Whether there were circumstances beyond the control of the party

6. Violation is technical and/or minor in nature and whether violation warrants penalty.

7. Consideration of the amount of investors' harm or party's gain.

8. Processes which have been introduced since the violation to minimize future violations/lapses.

9. Compliance schedule proposed by the party

10. Economic benefits accruing to a party from delayed or avoided compliance.

11. Conditions where necessary to deter future non-compliance by the same or another party.

12. Satisfaction of claim of investors regarding payment of money due to them or delivery of securities to them.

13. Compliance of the civil enforcement action by the accused.

14. Party has undergone any other regulatory enforcement action for the same violation.

15. Any other factors necessary in the facts and circumstances of the case.

(Q)At what stage can Consent Orders be passed?

A. Consent Order can be passed at any stage where probable cause of violation has been found. In the event of a serious and intentional violation, the process cannot be completed till the fact finding process is completed whether by way of investigation or otherwise.

3:14am, 11 Apr - Rajesh Lachhwani: Q. Does SEBI have power to pass consent orders?

A. The Parliament of India has recognised SEBI's

powers to pass an order with consent of the parties. This will of the Parliament is clear from the words of Section 15T of the SEBI Act 1992.

Section 15T(2) of the SEBI Act reads as under:

"15T (2) No appeal shall lie to the Securities Appellate Tribunal from an order made

(a) by the Board on and after the commencement of the Securities Laws (Second Amendment) Act, 1999;

(b) by an adjudicating officer,

with the Consent of the parties."

Thus, the Parliament in its wisdom has recognized that SEBI and its authorized delegate have power to pass consent orders. Similarly, courts have well recognized inherent powers to settle a case before them on an application made by the parties.

3:14am, 11 Apr - Rajesh Lachhwani: Q At what stage Compounding of Offence can take place?

A. At any stage after filing criminal complaint by SEBI. Where a criminal complaint has not yet been filed but is envisaged, the process for consent orders will be followed rather than the one for compounding.

3:14am, 11 Apr - Rajesh Lachhwani: Q. Is compounding of an offence permitted?

A. Section 24A of SEBI Act permits compounding of offences by the court where prosecution proceedings are pending.

Q. What kind of offences/cases can be compounded or consented?

A. Consent Orders can be passed in respect of all types of enforcement or remedial actions including administrative proceedings and civil actions e.g. proceedings under Sections 11, 11A(1)(b), 11B and 11D of SEBI Act or under Enquiry Proceedings Regulations or Adjudication Rules or equivalent proceedings under the Securities Contracts (Regulation) Act 1956, Depositories Act 1996 and other civil matters pending before SAT/ courts. Compounding of offence can cover appropriate prosecution cases filed by SEBI before the criminal courts.

3:21am, 11 Apr - Rajesh Lachhwani: Sub- drafting

Definition of 'Habendum Clause'

A section in a real estate contract that transfers ownership of a property with no restrictions. The

new owner has absolute ownership of the property and has the right to sell it, bequeath it to an heir, and so on. Because the clause begins with the phrase, "To have and to hold," the habendum clause is sometimes called the "to have and to hold clause."

3:36am, 11 Apr - Rajesh Lachhwani: Gn

: Chapter 1

Tip d speling broder has d wider meaning

-Instrument(10letter word)

Than comes

-Document

(8 letter word)

- Deed

Thus

Instrument bigger

Document big

Deed small

[thus

- instruments include all deed bt all deeds r nt instrument

- All deeds r document bt nt all documents r deed]

->fowlers 5 rules

1. Familiar words r readily understood

2. Concrete words make clear and precise meaning

3. Single word usage wil provide direct meaning

avoid adverb and adjective

4. Short word is easily grasped

5. Roman words shal b avoided to avoid complication

6. Use of active voice is preferable over passive voice

Rajni

12:31am, 22 Apr - Rajesh Lachhwani: Chapter 2 deed

1. deed pool

Many people entering into a deed tey take d copy of d deed, tis arangement is kn as

2. Deed poll

- Tis is made and executed by tat person only which is kn as

- Tis is granting d power like power of attorney

, or seting out an arbitrator's award

3. Indenture

- Deed bet 2 or mre person in which it is written in duplicate upon a piece of parchment and is served to d parties

- Indentures r called so bcz 1ce tey were kn as intended or cut with uneven edge of top

4. Cyrographum

- It is a type of indenture

- Here v write d word called cyropraphum which is just d word and is coined and d same is tyred into d same parts as no of parties who r signing it and giving to each and every party making it as an actual deed

- It is considerd as a deed only wen all parties meet and d words wil b arrangd and put in a line ,and if able to coin tat word tan only tat is completd

-Tis practice is still alive in 'england'

5. Deed escrow

- In drafting terms escrow means simple writing ie scriptum

- A deed is signed by 1 party and circulatd to another as an escrow who on its delivery wil sign too

- When d last party signs it , it wil b dated along with signing and then it is said tat deed escrow is creadted

Pto

Rajni

1:09am, 22 Apr - Rajesh Lachhwani: Chapter 2 continue

*components or clauses of deed

1. Description of deed title

- Title must b in capital

'THIS DEED'

- It should give correct title , "This Deed of Sale"

Or T"his deed of Mortgage"

- D deed in question ,must b cleard as intention is to b shown

- if stil ambiguity tan throw li8 on d intension of garties

2. Place and date of execution of deed

- Format is... at Ahmed on 10/10/1991...

- A deed without a date is valid if mentioning ofd date is posible like 30th feb

- Oral evidence is sufix to prove a deed subject to onus

- Deed dated makes d provis knwn as acc to sec 23 of regist act ,it is to b registred within 4 months frm d date of execution

- To avoid forgery date must b written in words and in fipures

3. Description of parties

- Transferor shal b d 1st party ie describd 1st tan d transferee

- In case if there is any confirming party , it would b placd as a mediator ie aftr transforer

- In case if there is any gaurdian tan d party would act aftr d permition of court and expresd as

"Rutvik a minor ,acting through UMESH as guardian apointd by Civil Judge ..."

- D name must b writen in d format

Name and tan Surname

For eg-

Rajesh Lachhwani

- Caste mentioning is nt mandatory so can b avoided

4. Recitals

-generaly begins with "Whereas" act as evidentiary importance in deed

- The racital in a deed indicate d reason why owner is selling property

- A formal statement appearing in a legal document such as a deed tat is preliminary in nature and provides an explaination of d reason for d transaction

-It is a short story which is used for Reference and cnt b taken into Evidence , bt stil it can oterates as Estoppel

- r of 2 types

-1 type is Narrative which relates to past history and which sets out d facts to show d relation bet d tranforer and transferive

- Racitals should b insertd with gr8 caution in chronological order cz they act as

operapive part and matter of facts

- In case when there r several Recitals it is better to divide into numbered paragraphs

For eg-

"Whereas"-

1.

2.

3.

Etc

5. Testatum

- refers to introductory recitals of agrement

- Is d witnessing clause

And acts as an acknowledgement of its receipt

- Bigins with

"Now This Deed Witnesses "

15. Attestation clause

- a clause at d end of a document in particular a will, which sets forth d legal reguirement

- D documents must states tat those requirements hve been met and is signed by 1 or mre witneses

- An attestation clause strengthens the presumption tat d requirements hve been met

Rajni

1:13am, 22 Apr - Rajesh Lachhwani: Chapter 7

[Plantiff - jo case karta hai

Defendent- jispe case ho a hai]

1.Plantif files-->affidavit

2. Defendent files- >counter affidavit

3. Plantif files-> against -> reply

4. Defendent files-> against -> rejoiner

Pto

Rajni

1:24am, 22 Apr - Rajesh Lachhwani: IMG-20140422-WA0000.jpg (file attached)

8:33am, 23 Apr - Rajesh Lachhwani: Topic- application vs petition

1.

- Applic u/s 391 of comp act

-394

2. Eg-

- Application to court for calling for meting

-Petition to court to sention d scheme

Rajni

9:15am, 23 Apr - Rajesh Lachhwani: Important Differences between

“Review” and “Revision” are given

below:

Review:

1. Section 114 Order 47 deals with

Review.

1. Section 115 deals with the Revision.

2. Any court, which passed the decree or made order, can review the case.

2. The High Court can only do revision of any case which has been decided by any court subordinate to it.

3. The review can be made only on an application by an aggrieved party.

3. Revisional powers can be exercised by the High Court on an application or even suo motu (of its own motion).

4. The order granting the review is appealable.

4. An order passed in the exercise of revisional jurisdiction is not appealable

5. Review can be made even when an appeal lies to the High Court.

5. Revisional power can be exercised by the High Court only in a case where no appeal lies to the High Court.

6. The grounds for review are:

(a)discovery of new and important matter or evidence;

(b) mistake or error apparent on the face of the record;

(c)any other sufficient reason.

6. The Conditions:

(a) A case must have been decided;

(b) the Court which has decided the case must be a Court subordinate to the High Court;

(c) The order should not be an appeaiable one;

(d) The subordinate court must have –

(i) exercised jurisdiction not vested in it by law; or (ii) failed to exercise jurisdiction vested in it, or (iii) acted in the exercise of its jurisdiction illegally or with material Irregularity

Rajni

*

->113

-> Reference can b made by lower court to higher court where quest of law is involvd

*

review

- Civil matter review is permisible bt criminal matter is nt

-Sect114. And order47

Of cpc

- reiew means to review order pasd by same court

*revision

- 115

- means to revise an order pasd by lover court

- Can b done by hc on subordinate court

-Bt cnt b done on sc cz article 32 of constit bares it

Rajni

Topic- application vs petition

1.

- Applic u/s 391 of comp act

-394

2. Eg-

- Application to court for calling for meting

-Petition to court to sention d scheme

Rajni

Topic- pleading-

- d provisions of Pleading are in accordance with cpc 1908 read with HC rules of respective states

- Pleading are made to make facts knwn to d party

-In pleading

:facts to b pleade bt :evidence r nt requird to b annexd bt in writ petition&counter affidavit both r to b stated

->acc to order 6 of rule of cpc

1. Pleading shal contain material fact

2. It shal b divided in a manner ie nudbrd properly,paragraphed such tat it can b viewd conveniently

3. Dates, sum and numbrs shal b expresd in both words as wel as numbr

Rajni

Term

1. Counter affidavit

- An affidavit made in oppositon to already made

-In other words it is d applic filed by defendent in ans to claims set out by plantiff

- D rules of pleading aply to tis aswell

2. Reply

- D plantif ans to defendent set of or counter claim

3. Rejoiner

-order 8 Rule 9

-A written statement /reply made by plantif against d counter afidavit frm defendent is kn as

- If defendent brings new facts in writen statement tan d reply of those new facts should be filed through Rejoiner

-Courts permission is esential for filing rejoiner

4. Rule of adverse inference

- if court directs a party to produce a document which is necessary for deciding d case and if party failed to do so court can draw adverse inference against him

- It is also refrd as intentionaly hiding any document frm court

Rajni

What is a Portfolio ?
A portfolio refers to a collection of investment tools such as stocks, shares, mutual funds, bonds, cash and so on depending on the investor's income, budget and convenient time frame.

* What is Portfolio Management ?

-
The art of selecting the right investment policy for the individuals in terms of minimum risk and maximum return is called as portfolio management .

- Portfolio management refers to managing an individual's investments in the form of bonds, shares, cash, mutual funds etc so that he earns the maximum profits within the stipulated time frame.

-Portfolio management refers to managing money of an individual under the expert guidance of portfolio managers.
*Need for Portfolio Management
-Portfolio management presents the best investment plan to the individuals as per their income, budget, age and ability to undertake risks.

-Portfolio management minimizes the risks involved in investing and also increases the chance of making profits.

-Portfolio managers understand the client's financial needs and suggest the best and unique investment policy for them with minimum risks involved.

-Portfolio management enables the portfolio managers to provide customized investment solutions to clients as per their needs and

requirements.

Types of Portfolio Management

Portfolio Management is further of the following types:

Active Portfolio Management:

As the name suggests, in an active portfolio management service, the portfolio managers are actively involved in buying and selling of securities to ensure maximum profits to individuals.

2.Passive Portfolio Management: In a passive portfolio management, the portfolio manager deals with a fixed portfolio designed to match the current market scenario.

3.Discretionary Portfolio management services: In Discretionary portfolio management services, an individual authorizes a portfolio manager to take care of his financial needs on his behalf. The individual issues money to the portfolio manager who in turn takes care of all his investment needs, paper work, documentation, filing and so on. In discretionary portfolio management, the portfolio manager has full rights to take decisions on his client's behalf.

4.Non-Discretionary Portfolio management services: In non discretionary portfolio management services, the portfolio manager can merely advise the client what is good and bad for him but the client reserves full right to take his own decisions.

What is the capital adequacy requirement of a portfolio manager?

The portfolio manager is required to have a minimum networth of Rs. 2 crore.

Is there any registration fee to be paid by the portfolio managers?

Yes. Every portfolio manager is required to pay Rs. 10 lakhs as registration fees at the time of grant of certificate of registration by SEBI.

How much is the renewal fee to be
paid by the portfolio manager?
The portfolio manager is required to
pay Rs. 5 lakh as renewal fees to
SEBI.
zero wealth portfolio moneycontrol
zero wealth portfolio -
-It includes short selling and longtposition
It means

-Kapil borows aset and sels to rajni .
-He gets moey.

-Kapil repurc
-Kapil repurchases d same aset with profit price and earns profit

-Zero wealth port means apne pas portfolio to hai par uski wealth apne own nai karte
-Thus long position wil cme into picture wen
Kapil wil repurcharse aset and give bck to borower

-Thus

Borower gives aset to--->kapil--->sels to rajesh

Rajesh-->to kapil cz of repurch-->borower

Rajesg
2:29am, 11 Apr - Rajesh Lachhwani: Sub- fm

Topic- portfolio

What is a Portfolio ?
A portfolio refers to a collection of investment
tools such as stocks, shares, mutual funds,
bonds, cash and so on depending on the
investor's income, budget and convenient time
frame.

* What is Portfolio Management ?

-
The art of selecting the right investment policy

for the individuals in terms of minimum risk and maximum return is called as portfolio management .

- Portfolio management refers to managing an individual's investments in the form of bonds, shares, cash, mutual funds etc so that he earns the maximum profits within the stipulated time frame.

-Portfolio management refers to managing money of an individual under the expert guidance of portfolio managers.
*Need for Portfolio Management
-Portfolio management presents the best investment plan to the individuals as per their income, budget, age and ability to undertake risks.

-Portfolio management minimizes the risks involved in investing and also increases the chance of making profits.

-Portfolio managers understand the client's financial needs and suggest the best and unique investment policy for them with minimum risks involved.

-Portfolio management enables the portfolio managers to provide customized investment solutions to clients as per their needs and requirements.
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2:29am, 11 Apr - Rajesh Lachhwani: Sub- fm

Chaptr portfolio
Topic- technical analysis

-It is used as a conjunction with fundamental analysis and nt as its substitute

-It often happens tat a share having sound fundamentals refuse to rise in value& vice versa,so to study such behaviour of share values an alternative approach called technical analysis has been used by analysts

- Technical analysis assumes tat warket prices of securities r determined by demand supply equilibrium

-an analyst who is familiar with these patterns can predict d future behaviour of stock prices by noticing d formation of these patterns

-d shifts in this equilibrium give rise to certain patterns which have a tendency to repeat themselves over a period of time

-Thus it is a science of predicting the shape price movements frm past data about share price movements

-Such analysis ignores intengible items like
Investors attitude
, market sentiment,
Optimism, pessimism etc

-Technical analysts use two tools for analysis

1. Chart
:line chart
:bar chart
:point & figure chart

2.indicators
:advance -decline ratio
:market breadth index
:moving avg

*assumptions-

1.supply &demand r governed by both factors in rational and irrational

2.intengible items r ignord

3.shift in demand supply can b detectd in charts of market action

4.these trends change as a result of change in demand-supply equilibrhum

5. Market behave in random style

6. Chart patterns tend to repeat themselves and this repitation can b used forecast future price movements
2:30am, 11 Apr - Rajesh Lachhwani: Sub- fm

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2:32am, 11 Apr - Rajesh Lachhwani: Invst mang
unit 4
Topic- capm

->developed by
William F Sharpe,
John Linter

and
Jan Mossin

-> they established a linear relationdhip bet d required rate of return of security and its beta

-> beta is d nondicersifiable risk in portfolio

=>capm provides tat if adding a stock to a portfolio increses its standard deviation, the stock adds to the risk of portfolio.
this risk is undiversified risk tat cannot b eliminated

=>capm matlab
mere paass reliance,tata,birla,sony k shares pade hai aur usme me ek phaticher stock ko add karta hu jaise sonic comp k shares ab ye sonic shares ban jata hai mera beta jo ki non diversified hai

=> thus beta is a systematic risk of an asset relative of tae market portfolio

=> beta of 1 indicates an asset of avg risk,beta >1 ,the stock is riskier tan market,beta<1 ,market is risker

*formule of beta-
bata=nondiversified risk of asset or portfolio
_____
risk of market portfolio

* formula of capm-

Rs=Rf + beta(Rm-Rf)

where
Rs=expected rate on security
Rf=risk free return
Rm=return frm the market portfolio
B=beta

=>in capm the expected rate of return is equal to the required rate of return cz of the market is in equilibrium

=>risk less rate can b earned by investing in instrum like treasury bills

=>investors r risk awarse ie they expect premium over&above risk free rate to compansate them for investing on risky assets
thus

rate of return for investors=risk premium+sum of risk free rate where risk premium is calculated as product of beta&market risk
pto
2:32am, 11 Apr - Rajesh Lachhwani: Part 2
capm

* assumptions-
1. Investors r risk averse
2. Transactions cost r either absent or so low tat these can b ignored
3. Asset can b bought and sold in desired unit
4. Investor is limited by his wealth and price of assets only
5. Taxes do nt affect the choice of buying assets
6. Incestor will buy asset at on going price
rajesh
2:32am, 11 Apr - Rajesh Lachhwani: Sub -invst
topic-derivaties

*swaps-
=>swaps is a simultanous buying and selling of the security or obligation
=>apart frm int rate swaps, now a days mortgages and currencies r also swaped
=>swaption-
[1 mark term]
a derivative consisting of an option to enterinto an int rate swap or to cancel an existing swap on future is called swaption

*warrant-

-all option having maturity above 1 yr r called warrants
-these r generally traded over the counter

*options-
-on basis of party has option 1. Call 2. Put
-on basis of time
1. European option-
option can b exercised only on expiration date
2. American options-
option can b exercised on or b4 expiration date

: Derivat
Part 2
3. Option
-> both willing buyer and seller has to pay magin amt in call put

-=> 2 types

a) call option
- ri8,but nt an obligation to buy
- call option buyer will exercise option when price of comodity exceds exercise price
- call option buyer can have unlimtd gain and max loss upto margin amt

b) put option-
- ri8 bt nt an obliga to sell
- seller exer when price is lower tan exercise price
- seller can have max gain upto margin amt and can have max loss too

4. Swap-
-> swap is d interexchange of obligation like curency swap or intest rate swap

for eg- indian rs swap with american dollar is currency swap
and floating to fixed rate int rate or vice versa is int rate swap

2:32am, 11 Apr - Rajesh Lachhwani: Sub-Invst mang

topic- derivaties
part 1
=> derivaties r d contracts which derive their values frm an underlying asset ie frm 1 or more asset say shares,bonds etc

*types of contract-

1. Future contract-

-> future contract is a contract to buy or sell an underlying asset at a future date at a predetermined time and predetermined price

=> the future market is a zero sum game ie one partys profit is other parties loss
-> on future date settlement will b done in cash and nt by actual taking or giving delivery
=> there is no counter parety loss as it is regulated by stock exchange
-> quality of asset is good

v/s

2. Forward contract-

=> it is a contract for future except for shares and relating instrument

=>there is accual taking of delivery on future date in forward contract unlike future contract

=>there is a big risk of counter party loss

=> quality of asset may nt b good

2:35am, 11 Apr - Rajesh Lachhwani: Fm

Topic- Morkowitz Model
*introduction-
ΞModel is a theoretical framework for analysis of risk and return and their inter-relationship

Ξhis framework led to d concept of Efficient Portfolios

ΞHe generated a number of portfolios within a given amt of money or wealth and given preferences of investors for risk and return

*Explation-
Ξ1952
Ξtiz theory based on d presumtion tat investor behavior is mainly characterized by risk variation
And
Expected utility maximization

ΞAn efficient Portfolio is expected to yield
- d highest return for a given level of risk

Or
- d lowest return for a given level of returm

ΞTis model states tat d quality of portfolio wil b different than that of individual asset within it

ΞThus such porteolio's will have d characteristics of Diversification,
And Risk would b share

ΞD combined Risk of two asrets taken separtely is nt d same risk of two assets together

ΞThe model has co-relation of -1 ie
r= -1

For eg- two Securties of Tisco do nt have same risk as compared to 1 of tisco and 1 of Reliance

*conclusion
Ξthus Markowitz's
Theories emphasized d importance of
-portfolios,

-risk,
-correlations bet
securities and diversification
2:35am, 11 Apr - Rajesh Lachhwani: Definition of 'Random Walk Theory'
The theory that stock price changes have the same distribution and are independent of each other, so the past movement or trend of a stock price or market cannot be used to predict its future movement.
> In short, this is the idea that stocks take a random and unpredictable path. A follower of the random walk theory believes it's impossible to outperform the market without assuming additional risk.
Critics of the theory, however, contend that stocks do maintain price trends over time - in other words, that it is possible to outperform the market by carefully selecting entry and exit points for equity investments.
2 minutes ago
Rajesh Lachhwani
=> Applying the random walk theory to finance and stocks suggests that stock prices change randomly, making it impossible to predict stock prices. The random walk theory corresponds to the belief that markets are efficient , and that it is not possible to beat or predict the market because stock prices reflect all available information and the occurrence of new information is seemingly random as well.

The random walk theory is in direct opposition to technical analysis , which contends that a stock's future price can be forecasted based on historical information through observing chart patterns and technical indicators.
2:35am, 11 Apr - Rajesh Lachhwani: summery
1. The random walk theory states that market and securities prices are random and not influenced by past events. The idea is also referred to as the "weak form efficient-market hypothesis."
2. The random walk theory also states that all methods of predicting stock prices are futile in the long run.

3. The random walk theory also considers technical
analysis undependable
2:35am, 11 Apr - Rajesh Lachhwani: Fm

portfolio mang
topic- sharpe index model

formula can b rememberd as rabis to gadda prasad eeeeee ,remove s insert e

rabie

thus-
R= a + BI + e
where
R= expectd return on a security
a= alpha coefficient
B=beta coefficient
I= expectd raturn on index
E= erroe term with a mean of zero and a constant standard deviation
=>willium sharpe introduced a model in which return on security is correlated to an index of securities or index of economic indicator like gdp or prices comparision of nifty or nasdaq etc
2:35am, 11 Apr - Rajesh Lachhwani: Topic- capital structure
Keyur sir theory

1. 3 legs of finance r
->How to procure d fund

-It includes
:coc
:capita struc

-It is to b done in such a way tat cost is minimum

2. Invst decision

-It is about maximi of profit

3. Decision making

=>wen optimum cap struct
-It is when over al cost of cap is lower

=>cap struc includes
1. Requirement of fund ie cash outflow

2. Cash inflow

3. Net cash outflow

Jaha
Sales
-V/c
-Fc
-Int

Eat
+dep

[depreciation is added cz it is
:non cash expense
:it is to b add bck cz
We hve miused it frm fixd cost of tax benefits

4. Sensitivity analysis-

:d factor which is most sensitive is kn as SA
:Tat factor should b controld tat is sensitive
:eg- sales price is nt to b reducd ten other factors must b adjustd accordingly cz sp is constant ie sensitive

Pto
*techniques of cap budgeting-

1. Paybck method
- different project me se esa project jo project sabse jaldi amt recover karke de wo project me invst karenge

-Limitatin
:discounting factor is ignored

:time value of money is ignored

:cash inflow after paybck period is also ignord

2.discounting cash flow

- Ite paan discounting factor consider karna si

-Ite time value of money ignore kan karna si

-Par anya 1 lim ay
K ite bhi cash inflow aftr paybck period ignore kru ta

3. Npv

-Financial managr uses this method

-Both limi of dcf and pbp r coverd

-Formula

Present value of cash inflow
- Pres value of cash outflow

- npv wen positive ,ten project must b aceptd

-Thus project wil b aceptd wen
pv of cash inflnw> outflow

- when roi=coc then
Pv of cash inflw =outflow

4. Profitability index-

- Helps to knw ratio

-PI sugest %
-PI>1(Proj aceptd)
-Pi=1
-pi<1(proj ignore cz
CI is less tan co)

===>diff bet pi and npv

1. Npv se amt pata chalti hai aur
Pi se ratio

2.if we have scarcity of fund ten go with pi approach and wen we hve abendance of fund we wil use npv method

3.npv is viewd in terms of amt nt in terms of %

[jab scarcity hai to ratio k hisab se socha, aur pi ko acept kiya isse kehte hai capital rationing

-Thus rationing means rationaly sochna aur uske hisab se deci lena]

5. Irr

-Jab discounting factor dundna ho tab irr use hoga

-Irr is% or int rate where npv is zero

- Pv of c inflow = pv of c outflow

- Trial and erorr method wil b used

Eg.- if over al cost of capital ie ko=16%
Ab esa project chose karna hoga jisko chose karenge to c of cap 16% aye

Rajesh
2:35am, 11 Apr - Rajesh Lachhwani: Keyur sir introdu 2 2nd chapter capital structure-

1. Capital struct is nthing bt combi of debt,equity,preference and reserves ,surp and retain earning

2.through capital struc we can knw
-How much v r reliable on external sources of finance

And
-How much on internal sources

3. When compard to busines structure,
Busines struct hve wider scope tan cap struac

4.cap struc means
All long term liab while busines struct means
Capital struct+short term liab ie
All long term liab+short trm liab
5. [wat is optimal capital struc?]

For a ajusines for a busines is 1 which proposes a stability bet debt to equity

6. In other words
When overall cost of cap is lower,then comes optimal capital structure

7. Three capit struc theory
-> Net income approach:

-Degree of leverage remains constant
Irrespective of
Cost of debt and
Cost of equity is
-Thus
Ke. =ko
Kd= ko

->net operational approach

-Tis is impracticle in reality
-Cost of capital remains same irrespective of degree of leverage

->modigliani millar approach-
-He gave 3 propositions

-1st =
Total value of firm=
Expectd operating income

Disc rate in respect to risk clas

-2nd proposition-

Expected yeild on equity is
Ke= ko +premium

-3rd

Cut off rate of invst decision is nt affectd by d maner in which invst is managd

10.Format of sum

Ebit
- Int

Ebt
-Tax

Eat
-Pref divi

Earnings available to equity share holders
/ No of eq shares

Eps

11.Plan must b selectd when eps is manimum and mps is higher

Rajesh
2:36am, 11 Apr - Rajesh Lachhwani: 0-=> The efficient-market hypothesis (EMH) is a theory of investment that says that the stock market always takes into account all information that is relevant about a company when pricing a stock. Therefore, all stocks are priced fairly at all times, and it is impossible to buy an undervalued stock or sell an overvalued one. The theory goes on to assume that an investor cannot outperform the market over the long term, and that they only way to increase returns is to commensurately increase risk. This theory is sometimes referred to as financial market efficiency.

/0> Eugene Fama developed the efficient-market hypothesis in 1970. His study of finance and macroeconomics led him to assume a transparent market, in which all investors have access to all information about a company which could impact the stock price . The efficient-

market hypothesis applies to both growth stocks and value stocks.

> When a stock fluctuates in conflict with the efficient-market hypothesis, it is possible to profit from the difference in the price. This is known as arbitrage. Arbitrage only exists in inefficient markets.
2:44am, 11 Apr - Rajesh Lachhwani: Q 12 -

Sum of
-Uday
-Urvasi a finance managr
&
-Udays partner

Ans-

Wn- 1
-For uday
Sales =1 lakh * 500units
=5 cr

-For urvasi & partner

Sales
= 130000*450units
=585 lack

Wn-2

Variable cost

-Uday

1 lakh* 300units
=3cr

-Uday part and urvashi

13lack* 300units
= 390lakh

Wn 3-

Fixd cost
For partner

- 1200000+15%
=13800000

Wn 4

Int

-Uday

Sales / times
= 5cr /4times

=12500000 =capit struct

Equity is 70 % =
8750000
Debt is 30%=
3750000

Thus

Debt-
37500000*10%
=375000int

-part and urva

58500000/4.68=
12500000=cap struc

So
Equ-50% so
Debt-50%

Now debt

6250000* 11%(10+1) =
687500

Wn 5-
No of equi

Uday

8750000/100=875000

-For urvashi and part

12500000 ka 50%
= 6250000
/ 100
=
62500

Rajesh
2:52am, 11 Apr - Rajesh Lachhwani: Introduction to financial mang-

->fm consists of

1. How to procure fund

2. When to invst d fund

3. Dividend policy

-> profit tab hoga jab

Roi> coc

-> thus fm talks about

- Maximization of profit

-Minimization of cost

*div policy-

Div can b paid via

-Issuing bonus:

:Jab bonus issue karte hai to fund flow is nt effectd

:par future me jyada shares pe div dena padega cz of capitalization of profit

And

-Div

: even though reserves and surplus mojud ho div must b paid frm sufficient cash ie liquidity position

:workin capital ek bada issue hai pura paisa div tarike dediya aur bada exp samne aa jaye to, is liye working capital ka concept bi dyan rakhna padega esa na ho ki loan leke div deni gade

*sources of finanance-

1. Long term-

-It includs
Cost of capital ie ke
Cost of preft share ie kp
Cost ofdept ie kd

Sab ko mix kare to banta hai capital structure

Q- kaunsi chez me highest cost lagegi

Ans-ke me highest cost lagegi kyuki face value pe 10 pe 10 diya yani 100 % of face value

Cz of higher risk higher return

On other hand debt eq ratio is also to b seen ,it cnt b mre tan 2:1 or it would hve negative impresion

- >topic- invst

Invst malab esi jagah pe invst karna jaha profit ho

: cap budgeting is a part of d same ie where to invst d fund to get maxim profit via decision making

-fm is al about cash inflow and cash outflow

-Project must b aceptd wen

Pvci>pvco
Ie
Present value of cash inflow > present value of cash outflow

-Pura fm tika hai

Invst,risk ,return

Pto
2:52am, 11 Apr - Rajesh Lachhwani: Topic- time value of money formula

$$FV = PV(1+r)^{n}$$

And

$$PV = \frac{FV}{(1+r)^{n}}$$

Q- how to find out net cash inflow?

Ans-

Sales
- VC

Contribut
- FC(including dep)

Ebt
- Tax

PAT
+ dep

Net cash inflow

2:52am, 11 Apr - Rajesh Lachhwani: Q1. Mr x wants to invst wants to invst 50,000 today for next 5 yrs and he wil get rateof int of 10%. Find out how much he wil get at d end of 5th year

Ans-

$FV=PV(1+r)^{n}$

$= 50,000(1+0.10)^{5}$

=80525

Q2- Mr x wants 20lakh rs aftr 10yrs int rate is 10%

Find out how much we should invst today to get tat amt

Ans 2-

$PV=\frac{FV}{(1+r)^{n}}$

=77109.20

Rajesh
2:55am, 11 Apr - Rajesh Lachhwani: ab ie
All long term liab+short trm liab
5. [wat is optimal capital struc?]

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Eat
-Pref divi
2:57am, 11 Apr - Rajesh Lachhwani: Sub -fm

Topic- sd vs beta

1. . The
standard deviation of the portfolio is
shown along the X-axis for CML,
whereas, the Beta of security is shown
along the X-axis for SML.

2. Beta consid total risk ie sr and un r unlike sd

3. Beta measures portfo risk and sd individual risk

4. Beta shows acurate results comparitively
2:57am, 11 Apr - Rajesh Lachhwani: Diff bet sml and cml

1. The CML is a line that is used to show
the rates of return, which depends on
risk-free rates of return and levels of
risk for a specific portfolio. SML, which
is also called a Characteristic Line, is a
graphical representation of the market's
risk and return at a given time.

2. While standard deviation is the measure of risk in CML, Beta coefficient determines the risk factors of the SML.
3. While the Capital Market Line graphs define efficient portfolios, the Security Market Line graphs define both efficient and non-efficient portfolios.
4. The Capital Market Line is considered to be superior when measuring the risk factors.
5. Where the market portfolio and risk free assets are determined by the CML, all security factors are determined by the SML.
3:03am, 11 Apr - Rajesh Lachhwani: Keyur sir
Derivative -
-Future contract means
A contract for buying or seling at underlying aset(stock) at a speci price at a spec time(future dt)
- There r 3 types of fut contractrg
1. Curent month ie near month
2. Next month ie mid month
3. Next 2 next month ie far month
- Future contracts r requird to b setled (sqare up) on or b4 maturity ie last thusday of d month
- fut conts r always setld on cash basis and dmt by way of actc delivery
There r 3 margins
1. Initaial margin
2. Mainjainance margin
3. Marked to mark margin(day 2 day margin)
-While taking fut contr both parties hve to pay margin money(token or advance amt)
3:04am, 11 Apr - Rajesh Lachhwani: Factoring-
A financial intermediary that purchases receivables from a company.
- A factor is essentially a funding source that agrees to pay the company the value of the invoice less a discount for commission and fees. The factor advances most of the invoiced amount to the company immediately and the balance upon receipt of funds from the invoiced party.
3:04am, 11 Apr - Rajesh Lachhwani: The main types of factoring
1. Recourse factoring and non-recourse factoring.
In recourse factoring, the factoring company assumes the risk of late payment, but the seller retains the credit risk. Upon expiration of the

grace period and if a debtor doesn't pay, the supplier makes payment to the factoring company.
The seller's risk is reduced because each customer undergoes a professional verification beforehand of its ability to pay.
In non-recourse factoring, the factoring company continues to work with the buyer on its own in the event of late payment. In that case, the factoring company assumes the entire non-payment risk.
2. Disclosed factoring and undisclosed factoring.
In disclosed factoring the buyer is informed that a third party, the factoring company, is party to the transaction. The buyer makes payments to the factoring company, thereby fulfilling its obligations under the supply contract. With undisclosed factoring, the seller has the right not to inform the buyer that factoring services are being used for the supply contract. The seller may continue to receive payments from the buyer, forwarding them to the factoring company.
Usually, non-recourse factoring is disclosed; recourse factoring may be either disclosed or undisclosed.
3. Domestic factoring and international factoring.
Factoring is considered domestic if the seller and the buyer, as well as the factoring company, are based in the same country.
Factoring is called international if the seller and the buyer are residents of different nations.
3:04am, 11 Apr - Rajesh Lachhwani: How factoring works:
1. You deliver goods to your customer (debtor) on deferred payment terms.
2. We advance you up to 85% of the payment due.
3. Your customer (debtor) pays us for the delivered goods when the payment is due.
4. We pay you the difference between the payment due and the advance, subtracting the factoring company's fee.
3:05am, 11 Apr - Rajesh Lachhwani: Sub- fm

Topic- forex

1. Spot rate-

- Current rate

For eg-

61.80/61.85 £/$

Is d spot rate

Here 61.80 is buying price tat is representd by currency A

And

61.85 is seling price

Tat is repr as curency B

2. Spread-

- D diff bet d buying price and seling price,
In other words d dif bet d buy rate and sel rate

Eg-
61.82is buy
61.83is sel

Tan spread is
Point 1 paisa

- " SELLING RATE IS ALWAYS HIGHER TAN BUYING RATE "

3. Factors of determinents of forex-

A) bop[balance of payment]

-Jiska import jyada compard to export
So bop is low

- Tis is kn through
Current a/c and capital a/c deficit

-Jiscomp ka import jyada uski curency bi decline hoti hai
B) interest rate parity(irp)

- It is d most imp determinant

-Jis country ka int rate jyada us count k curency decline

Eg-
Usa ka loan int rate is
4/4.5
Compard to india which is 11/11.5 int rate

C) inflation rate
(purchasing power parity)

- Jis country me jyada inflati uska purchasing power reduce

- Inflation rate pushing int rate up

- Real=nominald wen no inflat is there

4. Direct quote-

For buying 1 foreign curency how much we hve to pay in indian curency is direct quote

5. Indirect quote-

For buying an indian curency how much we hve to pay in a foreign curency called indirect quote

For eg-

Direct quote= 62.10 £/$

Ten indirect quote=

1/direct quote

=1/62.10

= .0161

6. Premium or disc of currency b-

$$\% = \frac{F - S.}{S.} * \frac{100*12}{n}$$

7. Premium or disc of cur A -

$$\% = \frac{S - F.}{F} * \frac{100*12}{n}$$

Rajni
3:09am, 11 Apr - Rajesh Lachhwani: Fm-Terms

*Standard Deviation
-Standard Deviation (SD) measures the dispersion of a set of data from its mean, that is a measure of the average of the data.

-The higher the SD, the more is the data away from the mean and vice-versa.
-Simply put, this statistical measure represents the volatility or risk of an instrument.
-As the SD increases, so does the risk, which means that your investment has a chance to move either up or down in a much wider band than an instrument with a low SD.

-For
instance, if an equity fund has given
15% return on an average with an SD of
20 percentage points, its range of return
can vary from -5% to 35%.
-A high SD is not necessarily bad though,
given the risktaking capacity of an
individual.
3:09am, 11 Apr - Rajesh Lachhwani: - So if your
equity fund can consistently provide a
high Sharpe Ratio for long periods even
after having a high SD, it means that it
is rewarding you well for the additional
risk taken.
3:09am, 11 Apr - Rajesh Lachhwani: Sub -fm
Topic-* tracking error (TE)-

☐ A related measure of deviation in the
performance of especially indes funds
and exchange-traded funds (ETFs) is the
tracking error (TE).

☐ This measure can
single-handedly determine whether
your index fund or ETF has done its job
well or not.

☐ TE is the deviation between
the returns of an instrument and the
benchmark that it intends to replicate.
Index funds and ETFs necessarily report
a TE because of the expenses incurred
in tracking their benchmark.

☐ But their
efficiency in managing these expenses
is shown by the TE.

☐ The thumb rule is
that lower the TE, the better the fund is.
3:09am, 11 Apr - Rajesh Lachhwani: Sub- fm

Topic- reward-to-volatility ratio, / Treynor Ratio

☐ Named after Jack L Treynor, this ratio is similar to the Sharpe Ratio in that it also measures the excess returns provided by an instrument over a risk-free rate.
-But unlike Sharpe Ratio, which uses total risk (SD), Treynor Ratio uses market risk, represented by beta, in the denominator.
-Due to the use of beta in the calculation, this ratio is also known as reward-to-volatility ratio, since beta is the measurement of a security's sensitivity to market movements (represented by a benchmark, which could be the sensex or the nifty for equities).
-As with the Sharpe Ratio, the higher the Treynor Ratio, the better it is for you.
3:09am, 11 Apr - Rajesh Lachhwani: Information Ratio
Information Ratio (IR) is calculated by dividing the active return (returns of an instrument over a benchmark) by the volatility of those returns represented by TE. The IR can test the consistency of a fund manager as it determines whether he/she has beaten the benchmark by a large margin in a few months or by small margins every month. For a given level of risk taken, a higher active return will result in a higher IR, which in turn proves the consistency of a manager in delivering superior returns.
3:17am, 11 Apr - Rajesh Lachhwani: Sub- Fm-
Topic-
Assumptions of Modigliani and Miller Approach

-There are no taxes.

-Transaction cost for buying and selling securities as well as bankruptcy cost is nil.

-There is symmetry of information. This means that an investor will have access to same information that a corporate would and investors would behave rationally.

-The cost of borrowing is the same for investors as well as companies.

-Debt financing does not affect companies EBIT.

Rajni
3:35am, 11 Apr - Rajesh Lachhwani: Gn
11:13pm, 16 Apr - Rajesh Lachhwani: * sources of finance-

=>lond term sourses of finance-
- is an external sourse of finance

- long term includes

1. Loans
and
2. Shares

1. Loans
- includes
-asset securitisation

-bank loan
-debenture

-ecb

-deposit

-venture capital

- private equity

2. Shares

-euro issues

-bonus issue

-ri8 issue

- equity shares
a) ses
b) esop

-pref shares

ab tak ko suna hai chap dena
best of luck
the end

. Rajesh . Lachhwani
11:14pm, 16 Apr - Rajesh Lachhwani: sub- financial mang
part1

meaning-
->fm means procurement of funds and effective utilisations in bussiness which is concerned with
-invst decision
-financial decision
-dividend decision

->fm means applying general mang principles to financial resourses of enterprise

*scope/elements-

1. Invst decision-
- includes invst in fixed assets called as capital budegeting,cost of capital
- also includes inst in current asset called worhing capital decisions

2. Financial decisions-

->they relate to raising of finance from various redourses which will depend upon decision on

-tupes of sourses
-period of financing
-cost of financing
and
-returns thereby

3. Dividend decision-
=> the finance manager has to take decision with regarding to the np distribution
=>Np r generally divided into 2
-div for shareholders[here div and rate of it has to b decided]
- retain profit[amt of retained profit has to b finalized which will depend upon expansion and diversification of enterprise
]

pto
11:14pm, 16 Apr - Rajesh Lachhwani: dividend theory and policies-

=>the policy of a company used to decide how much it will pay out to shareholders in dividend and how much it will retain can b termed as div policy

=> div can b paid in cash or bonus shares

pto
11:14pm, 16 Apr - Rajesh Lachhwani: cost of capital-
- is extensively used in capital budgeting process to determine tat comp should proceed with further prejects or nt

-=>for invst
exprected return on cap> cost of cap then it is profitable

=>coc depends upon how finance is used.
it refers to cost of equity if business is financed solely through eq and it refers to cost of debt if busin is financed soleky through debt and also combination of both

[cost of capital matlab agar eq sh diye hai to uspe div bi dene padega
agar loan li hai to int dena padega]
11:14pm, 16 Apr - Rajesh Lachhwani: * cap structure-

=> capital structure is how a firm finances its overall operations by using diff sourses of finance

=>it is a mix of companies
long term debt,short term debt ang common eq

=>long term debt like bond issues or long term notes,

short term debt such as working capital requirements
,,

and stock in form of retaining profit or prefferd stock
11:14pm, 16 Apr - Rajesh Lachhwani: *working capital mang-

- is a short term concept

-it is a managerial a/cing strategy focusing on maintaining efficient levels of working capital ,currrent assets and curre liab

=> work cap mang ensures a comp has sufficient cash flow inorder to meet its short term debt obligations and operational exp

= 2 main aspects r-
1. Rati analysis
2. Mang of individual components of work capital
and short term[working capital]
12:15am, 17 Apr - Rajesh Lachhwani: topic- time value of money
-> time value of money is d important indegrfnt for financial management

=> the idea tat money available at present time is worth more tan d same amt in future due to its potential earnings

=> this core principle of financial money can earn int, any amt of money is worth mre sooner it is received

=> it is also called present discounted value

=> thus it is value of money with a given amt of int earned or inflation accured over a given period of time

for eg- 100rs invst for 1 yr earnings 5% = rs 105

-> 2 techniques
1. Compounding -
Conversion of pv into fv

2. Discounting-
Conversion of fv into pv

=> [compounding v/s discounting
Discounting achi method hai
- Invst ek hi baar hota hai and compounding bar bar hota hai

- Fv ko pv me lana hai to acha rehta hai]
Rajni
12:32am, 17 Apr - Rajesh Lachhwani: Fm theory.
Key words

1st and 2nd
1. THREE legs of finance are:
-How to procure d fund
-where to invst d fund
-dividend policy

2. When there is abendence of fund use NPV and when there is scarcity of fund use PI

3. Project should b selectd when
ROI > OR = COC

4. Financial distress= busines risk + financial risk

5. PI is also kn as benefit cost ratio

6. EVA=NOPAT - CAP EMPLOYD * COC

7. Walter -
Growth is ignored

Ra<ke 100%retain
Rc<ke 100% payout

8. Traditional approach considers how to procure d fund
Bt modern approach considers
-Invst decision
-Divid policy

9. Capital rationing
- is a decision making tool
- Use PI method

- limitd fund ,bt maximum utilis of fund i

10. Determination of divid policy

- Legal pt
Sec 205

-Tax
- Cash flow position

-corporation age
Etc

11. Determination of working capital

- Raw material requird
- Fg requird
-Cash utilizd
- Debt time
-Credit policy

12. Sensitivity-
apart frm sensitive factor
All other factors should remain constant

13. Gearing ratio=
Ebit/int

Jitna int kam utna acha

14. Dep provision in finance is an indirect cashflow as dep is add bck to tax and it was deductd for tax gain purpose

15. Need for capital invst is
- Expansion
-Diversification
-Change in plant
-Product improvement
-Obsolescence
Etc

Rajni
12:36am, 17 Apr - Rajesh Lachhwani: topic- Long term decision [capital budgeting]
=> capital budgeting refers to long term planning for proposed capital outlays and their financing

=> business ie firms ko long term activities me funds invest karne chiye , uske period ,cash flow aur earnings dyan me rakhte hue

* basic featurs-
1. Current funds are exchangd for future benefits
.2. There is an invst in long term activities

3. The future benefits will occur to the firm ovr sereies of yrs
->cap budgeting is a decision making
1. To use new machine or old
2. To replace it or repair it
3. to abandon ie to seize/to stop
(pata chala 1 to 3 yrs me to acha tha par 4 and 5 yr me to jcapital bi recover nai hua tan to stop such project]

=> thus formal process is acqisition and invst of capital

=> importance of cap budg-
1. Long term implimentions
2. Involvement of large amt of funds
3. Irreverdible decisions
4. Risk and uncertainity
5. Difficut to make
Topic- kinds of cap budg decision
.1. Accept reject decision
- if ROI>COC
Accept otherwise reject

2. Mutually exclusive decisions
->either or concept ie acceptance of 1 precludes d acceptance of other

3. Capital rationing decisions

- Use limitd fund to best invst alternative
- Use PI METHOD

Rajni
12:50am, 17 Apr - Rajesh Lachhwani: Topic wealth maximi vs profit

1. Wealth maximisation is viable tan profit maximiz and comp wil go for it

2. Wealth maximisat takes into a/c time value of monely unlike profit maximimzation

3. profit maximimzation is a vague concept and generaly for short term
bt wealth maximimzation is nt as it considers risk.,focus on long run picture

4. Profi Maxi may cause decrease in share price bt wealth maxi
seeks growth in sales and earnings

5. D advat of profit maxi is

- Profit acts as a reward for taking risk
- Ultimate object of busin is to earn profit
- profit defines d financial soundnes of an organisation

6. Disadv of wealth

-there is lack of direct relationship bet Financial decision and prices of shares

- There exist large stakeholders also so mearly increase in wealth maxi is nt enough

Rajni
12:52am, 17 Apr - Rajesh Lachhwani: Inshort
- Definition of 'Economic Value Added -
EVA'
A measure of a company's financial performance
based on the residual wealth calculated by
deducting cost of capital from its operating profit
(adjusted for taxes on a cash basis). (Also
referred to as "economic profit".)
The formula for calculatin
1:00am, 17 Apr - Rajesh Lachhwani: Topic- EVA

-> This measure was devised by Stern Stewart & Co.
Economic value added attempts to capture the
true economic profit of a compan

->Economic Value Added -
A measure of a company's financial performance
based on the residual wealth calculated by
deducting cost of capital from its operating profit
(adjusted for taxes on a cash basis). (Also
referred to as "economic profit".)
The formula for calculatin

EVA=NOPAT - CAP EMPLOYD * COC

-> eva ek modern technique hai jisme sharehold ko real profit jo comp earn krti hai wo pata chalta hai

->ye ek a/cting based concept hai isliye historical values use hota hai jo ki ek limitation hai

->thus it isimp concept as eva represents real profit as compard to bk profit which is available frm bks of a/c

Rajni
9:05am, 17 Apr - Rajesh Lachhwani: Topic-
What is cap rationing-

=> Capital rationing is a tool for decision making in which d best alternative is choosed with limited fund

-> profitability index method is used here
-> it wil b used wen a department is authorizd to make invst upto a limit

->a firm selecting cap rationing wil select d combination of invst project within d budget ceiling

-> capital rationing will result in acepting smal invst proposals rather tan acepting large 1's

-> in capital rationing ,
Capital expenditure cnt exceed d retain earning available for reinvst

[retain earning> capital expendit]

-> cap rationing ka dusra matlab ye hai k budget ceiling me next profitable invst hai jisme rate of return requird rate of return se jyada hai to wo select karenge yani rank asign kiya hai to wo select karenge
Eg- 1.28 and 1.30
Then select 1.30

Rajni
10:49pm, 18 Apr - Rajesh Lachhwani: Topic- internal rate of return method

- Also kn as trial and error method

- irr is d rate at which NPV is zero
ie
Pvci=pvco

- discounting factor is found out

- it is adoptd when d firm makes desion tat d project is requird to b done and so COC is found out basd on irr via aplying discounting factor

- Steps in irr

1. One factor is decided and pv is found out

2. Npv if comes +ve or -ve tan disc rate wil b recomputd to get NPV zero

* advantages-

1. It takes into consideration time value of money

2. This method is considerd sophisticated and mre reliable technique of evaluating capital invst proposals

3. Due to uniform ranking
,quick comgarision of relative efficency of diff project is posible

4. Cash benfit r taken into consideration so it is mre reliable

*disadvanta-

1. There may b mre tan 1 internal rate of return when a project has change in sign of cashflow

2. sometimes computation is cumbersome

3. It asumes tat incomes r reinvestd which stands corect only when irr is nearer to arr

Rajni
10:56pm, 18 Apr - Rajesh Lachhwani: 1st diff wealth vs profit maxim
2nd Diff
Topic- diff bet npv and pi

1. Npv se amt pata chalti hai aur
Pi se ratio

2.if we have scarcity of fund ten go with pi approach and wen we hve abendance of fund we wil use npv method

3. In npv
If amt is +ve tan project select
While
In pi amt in ratio and if
Pi>1 acept d project

Rajni
11:01pm, 18 Apr - Rajesh Lachhwani: Topic-diff

3rd diff

Npv vs IRR

1. Npv is determind in terms of amt
1. Irr in %

2. In npv cost of capital is already kn and tan project is selectd
2. In coc is found out for d already known project

3. Npv if +ve tan acept project

3. Rate of return > coc tan accept project

4. In npv only discounting factor is used

4. In irr, trial and error method is used along with disc factor

Rajni
11:11pm, 18 Apr - Rajesh Lachhwani: Topic- 4th diff

Horizontal vs vertical capital structure-

1. In Horizontal capital structure d firm has zero debt ie 100% equity

1. In vertical capital structure d base is formed by smal amt of equity sh capital

2. Such firms r also called unleavered firm

2. Such firms r called leavered firm

3. The absense of debt results in lack of financial leverage unlike in vertical capital structure

4. Probabilility of disturbance of such is very rare unlike in
vertical capital structure

5. No risk of hostile takeover in horizontal capital structure

Rajni
11:17pm, 18 Apr - Rajesh Lachhwani: Topic- 5th diff

Pyramid vs invertd pyramid capital structure

1. In pyramid debt is less and equity is mre

1. In invertd pyramid capital structure debt is mre and equity is less

2. Here cost of sh capita and retain earnings of firm is usualy lower tan d cost of debt

2. Here cost of debt is mre tan cost of capital earning

3. Tis structure is indicative of risk averse conservative firms

3. Tis structure is highly vulnerable to collapse

Rajni
11:33pm, 18 Apr - Rajesh Lachhwani: Topic- diff
-6th diff pg 30
Operating vs financial leverage

-7th pg 33

->8th diff
NI V/S NOI

1. In NI
Jitna debt create hoga
-Over all cost of capita ☐
- Eps ☐
-Mps ☐

1. In NOI
Jitna debt create hoga
-Over all cost of capital remains same
- Eps ☐
-Dps ☐

2. Capital structure change karne se eps me faraq paega

2. Capital structure change karne se ebit me koi faraq nai gadega

3. -Degree of leverage remains constant
Irrespective of
Cost of debt and
Cost of equity is

-Thus
Ke. =ko
Kd= ko

3.net operational approach;

-Tis is impracticle in reality
-Cost of capital remains same irrespective of degree of leverage

4.
*conclusion
Ni-

In tis method it is given tat even though v r changing our capital structure it will nt affect ebit which is correct cz procurement of fund wil nt affect sales,v/c andf/c

*noi-

In tis method it is sugestd tat due to change in capital struct it wil definately affect eps and nt ebit

Rajni
11:37pm, 18 Apr - Rajesh Lachhwani: 9th diff
Explicit vs implicit cost
1. Fund procure karne k liye jo pay kare wo explicit cost hota hai

1. Implicit cost is d rate of return associated with d best invst opportunity for firm

2. It is d actual cost

2. It is d opportunity cost

Rajni
11:45pm, 18 Apr - Rajesh Lachhwani: 10th diff

Factoring vs bills of exchange

1. Bills of exchange is governed sec 5 of indian contract act 1872

1. Factoring is nt governd by any such act

2. Bills of exchange can b rediscounted unlike Factoring

3. Bills of exchange is a promisory note

3. Factoring means party is selling his debtor

4. Bills of exchange has no such type
4. Factoring can b recourse and nonrecourse

5. In Bills of exchange comision is to b paid to d bank
And
5. In Factoring comision is to b paid to d factor

Rajni
12:23am, 19 Apr - Rajesh Lachhwani: 11th diff
Factoring vs forfaiting

1. Factoring means we r seling our debtors

1. Forfaiting means financing of receivables for international trade

2. Factoring can b recourse and can b non recourse

2. Forfaiting is on non recourse basis ie fuly bared by forfaitor in time of bed debt

3. In Factoring nt entire but finance bet 75-85% is made by factor to d party(seller) and d balance at d time of maturity

3. Forfeiter discounts d entire amt ie fv is brought into pv

4. Factoring is a short term financing deal

4. Forfaiting is made on differd basis ie credit basis

5. Here acknowledge is invoice copy
5. Here acknowledge is letter of credit

6. Factoring deal's depend on
-Credit decision and
- Non recourse type

6. Forfaiting deals depend on
-Unconditional
And
-irrevocable guarantee

Rajni
: 12th diff

Sub -fm

Topic- sd vs beta

1. . The
standard deviation of the portfolio is
shown along the X-axis for CML,
whereas, the Beta of security is shown
along the X-axis for SML.

2. Beta consid total risk ie systematic risk and unsystematic risk
2. SD considers unsystematic risk

3. Beta measures portfo risk and sd individual risk

4. Beta shows acurate results comparitively

5. Beta consides market risk ie nondiversifiable risk
5. Sd considers only security prises ie diversifiable risk

Rajni
5:29pm, 19 Apr - Rajesh Lachhwani: 13th diff
Systematic risk vs unsystematic risk

1. Systematic risk are non diversifiable risk and also kn as market risk

1. UnSystematic risk are diversifiable risk and also kn as specific risk

2. Systematic risk affect all companies
2. Unsystematic risk affects only a particular security

3. Systematic risk r beyond d control of mangment
3. UnSystematic risk r within d control of mang

4. Beta considers systematic risk bt sd doesnt

4. Beta as well as sd considers systematic risk

5. Eg of systematic risk-
- Taxation policy,
-inflation,

-int rates

5. Eg of unsystematic risk-
-Increase in competition.
-Industrial dispute,

-Change in mang

Rajni
: Invst mang
unit 3
part 3
portfolio mangment-

=>portfolio manger refers to managing efficiently the incestment in securities by professionals for both small investors and corporate investors

=> it reqiuires continous planning and review as it is nvr static

=> portfolio mang is adopted for
-safety of securities
-liquidity
-reasonable return
-minimum risk
and manaders achieve the same via
-advisory function
and
- research based fn

* risk and return-

=> risk means tat the return on invst would b less tan the expectd rate

=>risk is d combination of possibilities cz of which actual return differs

=> more deviation means more risk
=>the sqaue root of variance is standard deviation which is better analtical measure of risk

=> it is better to spresd out d risk or diversify the invst to minimise risk

Subject Invst Management
Part 3
Unit 4

Topic- CML
Ξ Capital Market line

ΞIt is a line used in CAPM to illustrate d rates of Return for efficient portfolios depending on
-Risk-free rate of return
And
- level of risk

Ξit is to b notes unline sml for individuak,cml is for a particular portfolio
Ξd cml is derived by Drawin a tangent line
From
-Intercept pt on efficient frontier
To
-the pt where d
Expectd return=Risk-free Rate return

ΞAs it considers inclusion of a risk-free asset in portfolio,so CML is considered superìor to efficient frontier

5:38pm, 19 Apr - Rajesh Lachhwani: Subject Invst Management
Part 2
Unit 4

Topic- SML

Ξsecurity Market line
Ξalso refered to as d "characteristic line"
Ξis a line tat graphs d
-Systematic,or maket
-risk versus return of d whole market certain time
And shows all Risky Marketable Securities

Ξd sml graphs d results frm CAPM formula

ΞOn Graph
X-axis =risk(beta)
And
Y-axis = Expectd return,
Sml thus determines MarketRisk Premium

Ξit is to b noted tat Individual

Securities r plotted on SML graph

Ξif d
security's risk
vs.
Expected return is plotted above SML,
It is undervalued
Cz d investor can accept a greater return for inherent risk

Ξif d
security's risk
vs.
Expected return is plotted above SML,
It is overvalued
cz d investor would b acceptin a less returm for amt of risk assumed

5:39pm, 19 Apr - Rajesh Lachhwani: random walk theory snap shot
1. The random walk theory states that market and
securities prices are random and not influenced
by past events. The idea is also referred to as
the "weak form efficient-market hypothesis."
2. The random walk theory also states that all
methods of predicting stock prices are futile in the
long run.
3. The random walk theory also considers technical
analysis undependable
5:47pm, 19 Apr - Rajesh Lachhwani: 14th diff
Q)Diff bet Invst vs. speculation
Ans-
1.Time Period-
->Investment is made for long term(ie. 2 yr or mre)
-> speculation is usaly for short run(ie. 3 months or less)

2. amount of Risk-->Lower-risk investments
->High-risk trades fall under the umbrella of speculation

3.Investors-
->Investment has genuine investors
-speculation is done by speculators

4. Before investment d investor takes into a/c d risk and return

4. In speculation investor is guided by rumor

5. Invst is passive strategy
5. Speculation is active strategy

6. Invst is buy and hold
6. Speculation is buy and trade

7. Taxation pt of view
- Invst pe capital gain
- Specul pe ifos

8. Invst considers conscious analysis
8. Speculation no considers conscious analysis

Rajni
5:52pm, 19 Apr - Rajesh Lachhwani: Q18 pg 111
Topic-Efficient Frontier

Ξa set of optimal portfolios tat offers
-maximum return
And
-d lowest(minimum) risk

Ξit is a concept introduced by harry Markowitz in 1952

Ξis curved rather tan linear

Ξit lies along with CML

Ξit is a key finding of concept of benefit of diversification

Ξ optimal portfolios tat comprise efficient frontier tend to hve a higher degree of diversification tat d sub-optimal 1's r typically less diversified

Rajni
6:03pm, 19 Apr - Rajesh Lachhwani: 15th diff
Diff bet sml and cml

1. The CML is a line that describes d relationship bet expectd rate of return and total risk for efficient portfolio

1. SML, which
is also call Characteristic Line, is a graphical representation tat shows d linear relationship bet expectd return and beta(systematic risk)

2. While standard deviation is the
measure of risk in CML,
2. Beta coefficient
determines the risk factors of the SML.

3. While the Capital Market Line graphs
define efficient portfolios,
3. the Security
Market Line graphs define both efficient
and non-efficient portfolios.

4. The Capital Market Line is considered
to be superior when measuring the risk
factors.
5. Where the market portfolio and risk
free assets are determined by the CML,
all security factors are determined by the
SML.

6. Thus
-Cml has applicability for efficient portfolio
-Sml has applicability for all sorts of
portfolio

Rajni
6:14pm, 19 Apr - Rajesh Lachhwani: 16th diff

Diff bet
Semi-strong form vs
Strong form vs weak form

1. Semi strong form includes all type of published information

1. Strong form includes all type of information tat r published information and unpublished information

1. Weak form only and only includes past published information , it is d extension of Random walk theory

2. In semi strong reaction is almost instantaneous

2. In strong market is nt only efficient bt perfect also

2. In weak form, d stock prices exhibit random behaviour

Rajni
6:25pm, 19 Apr - Rajesh Lachhwani: 17th diff
Efficient portfolio
Vs
Optimal portfolio

1. Efficient portfolio is d 1 tat provides us
Maximum return at minimum risk level

1. Optimal portfolio is tat efficient portfolio which suits d requirement of an individual investor

2. Cml graph defines efficient portfolio

2.optimal portfolios tat comprise efficient frontier tend to hve a higher degree of diversification tat d sub-optimal 1's r typically less diversified

3. efficient portfolio
reflects all short of posible combination as representd by cml
3. optimal portfolios is a subset selectd frm d combination by individual acc to individual's risk and return expectations

Rajni
6:38pm, 19 Apr - Rajesh Lachhwani: 18th diff
[derivaties

=> derivaties r d contrac which derive their values frm an underlying asset ie frm 1 or more asset say shares,bonds etc]

1. Future contract-

-> future contract is a contract to buy or sell an underlying asset at a future date at a predetermined time and predetermined price

=> the future market is a zero sum game ie one partys profit is other parties loss
=>there is no big risk of counter party loss cz of stock exchange

=> quality of asset is good ie
standarisation or
standaried form (in lot)
-> 3 parties bet seler,buyer and stock exchange

->through stock exchange

V/s

2. Forward contract-

=> it is a contract for future except for shares and relating instrument

=>there is accual taking of delivery on future date in forward contract unlike future contract

=>there is a big risk of counter party loss
size of contract

=> quality of asset may nt b good ie
non standarisation or
Non standari

-> 2 parties bilateral contract

-> otc

Rajni
6:59pm, 19 Apr - Rajesh Lachhwani: 19diff
Future vs option
Pt of similarity
-> both r traded on diferences and setlement wil b done in cash

1. In future parties may b same
1. In option party wil b same

2. In future no premium is paid by either party

2. both party wil pay margin amt to the stock exchange
-Option buyer wil pay premium
-Option seller wil pay margin to stock exchange

3. In future, both parties r under obligation to perform d contract

3. In option, only d option seller is under obligation to perform contract

4. In future there is no concept of
-Maximum loss
And
-Minimum profit

4. In option , there is concept of
-Maximum loss
And
-Minimum profit

5. In future there is no such type

5. In option there r 2 types call and put

6. In future d party can exercise option on predetermined dt and time bt obliged to perform b4 d date
6. in options d options r exercised at favorable stage but prior to expiry date bt it can squared up b4 expiry date

Rajni
7:17pm, 19 Apr - Rajesh Lachhwani: 20th diff

Index future
Vs
Stock future

1. A future contract in which underlying asset r index is called Index future
1. A stock future contract which underlying asset r stock is called Stock future

2. Eg of index future-
Nifty,bse,nasdaq
2. Eg of Stock future-
Security of a company say reliance,tata,infosys,tisco,rajesh exports etc

3. Index future no actual delivery is taken
3. In Stock future delivery is taken hence tey r standarizd contract bet d buyer and seller where seler is obligated to deliver the buyer specific asset at predetermind priceand specifid date

4. In index setlement wil b done in cash only

in cash only
4. In Stock future setlement may b or may nt b done in cash

5. Index future price=
Spot index +cost of carry
- Dividend
5. Stock future price
=
Spot price +cost of carry
- Dividend

21th diff index vs stock option

1. Tis is an option contract where option holder has d call or put option on index
1. Stock option is an option where d option holder has d ri8 bt nt an obligation to buy or sell the particular stock on or b4 a specifid date at
specifid price

Rajni
7:29pm, 19 Apr - Rajesh Lachhwani: 22nd diff
Call option vs put option

.call option
1. ri8,but nt an obligation to buy security

2. call option buyer will exercise option when
Market price>strike price

3. call option buyer can have unlimtd gain and max loss upto margin amt

4. Breakevent point=
Strike price + premium

5. Call option is taken when person is bullish in nature (pesimistic)
-call option buyer is bulish in nature
-call option seler is bearish in nature
* put option-

1. ri8 bt nt an obliga to sell

2. Seller exer when price is lower tan exercise price

3. seller can have max gain upto margin amt and can have max loss too

4. Breakevent point=
Strike price - premium

5. Put option is taken when person is bearish in nature (optimistic)

-Put option buyer is bearish in nature
-Put option seler is bulish in nature

Rajni
: 23rd diff
New ques)
Explain option strategy

Ans-
There r 3 option strategy
1. Strap
- 2 call and 1 put
- Bulish in nature
-Optimistic

2. Strip
- 1 call and 2 put
- Bearish in nature
-Pesimistic

3. Straddle
- When d market trend is nt knwn tan straddletis choosd

- Equal no of call and put
- Both bulish and bearish
-Hence optimistic and Pesimistic

Rajni
24th diff

Clearing mechanism
Vs settlement
Pg 136
Rajni
Net Asset Value (NAV)
Net Asset Value is the market value of the assets of the scheme minus its liabilities. The per unit NAV is the net asset value of the scheme divided by the number of units

outstanding on the Valuation Date. Thus, NAV of a mutual fund unit is nothing but the 'book value.'
2:23am, 11 Apr - Rajesh Lachhwani: *valuation- Random knowledge

- It is diff with diff perception

-Wat d statue says ,d same must b folowd

-Like for incometax valuat is npv.
And for fema rbi said dcf
Discountd cash flow

-3 tarike se valu hota hai

1. Npv

2. Pi
3. Mv

1. Net Asset Value (NAV)
Net Asset Value is the market value of the assets of the scheme minus its liabilities. The per unit NAV is the net asset value of the scheme divided by the number of units outstanding on the Valuation Date. Thus, NAV of a mutual fund unit is nothing but the 'book value.'

The total assets of ABC corporation is rs2,000,000 and its intangible asset is rs1,000,000 and its liabilities is rs 500,000. The calculation for net asset value of ABC corporation is the following:
Net asset value = total assets – intangible assets – liabilities = 2,000,000 – 1,000,000 – 500,000 = 500,000
The net asset value for ABC corporation is Rs 500,000.

2. Pi me busines valuation hoga

2 method ka valua krke avg jo ay wo select krenge

Pract sum-

Q6- pg 189

Ans-

Stateme showing valu of shares

Total profit = 12000
- Trans to reser =1200

= 10800
-Pref div = 800

10000

Nw-
% of earning =
10000/40000*100
=25%

As d normal rate of return is 15% bt com is earning 25%

Therefore value of 1 share = actual rate of retu/normal r of r * fv

= 25/50*1=1.67

Total value of sh-

12000*1.67

-Tis is capitalizat method
=20000
2:24am, 11 Apr - Rajesh Lachhwani: Sub- cri

Topic -esop/esos

-> acc to 2(37) of comp act 2013 “employees’ stock option” means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price
- Option is nt transferable bt shares r bt beyond lock in period
-It is regulatd by sebi (esos and esop) guidelines 1999

In which a compensation committee is constituted

-Suc
-Such comite must hve majority of indep directors(nw for d purpose of indep direc 2(47)defi is considrd as already 98 sec r aprovd
Ξgiven to wtd,officers or employes
Ξthere is 1 yr elabse for Granting
of option& vesting of option in which price wil b
pre-fixed
Ξit wil nt b given to
1. The employes if they receive 1%shares on total
issue if to b given than a seperate approval to b
taken
2. Nt given to 10% holding to any membr
3. Nt given to Promoter or promoter group
Diff bet esop or esos v/s esps
1. Esop given to wtd,officr,employe
While
Esps to officr,employe and all drctrs
2. Board decide lock in period While here 1yr of lock
in period except when issued at d time of issue of
ipo
2:24am, 11 Apr - Rajesh Lachhwani: SEBI GDR:
=> Global Depository Receipt is a Depository
Receipt created and issued to Foreign Company
which are physically lying with Domestic Custodian
in favour of overseas Depository against equity
share of Indian Company
=>It can be called as negotiable instrument
denominated in $,so d foreigner gets an opportunity
of invst in complying the requirements of RBI and
SEBI
=>it is traded in US or Europe or Both
=>It also creates Arbitrage opportunites for

investors
*Features
=> GDR's issuer should obtain prior permition of
1. Depart of Economic Affairs
2.Ministry of Finance
3.Govt. of India
4.RBI5.Stock Exchanges
=>GDR holder posses all rìghts as eq shareholders have except voting right
=> GDR's can be converted into shares on request made by investors(but after 45 days from the date of allotment)
=>Issue of GDR requires drawing of B/s & P&L A/c as per US-GAAP ,UK-GAAP
*ProcessIssuing company
=> Domestic Custodian
=>Overseas Dpository
=> Foreign investor
*New points:
=>GDR is traded on IOB ie International Order Book
=>There is no lock-in-period for GDR
=>GDR is consider as FDI hence GDR's issue is subject to FDI policy
=>GDR investors are also known as Dedicated Investors
=> GDR issue should not exceed sectorial cap
2:39am, 11 Apr - Rajesh Lachhwani: Sub-cri
Topic- amalgamation of banking companies-

-->amalgamation of banking companies is governed by banking regulation 1949 cz
Sec 44A (1) says nothwithstanding anything contained in any law for time being in force, koi bi comp amalgamate nai kr sagti

->d provisions of companies act r nt applicable here
(yaha pe hc nai jayenge rbi k pass jayenge)

-> acc to sec 2(9) of comp act 2013
and 2(5) of comp act 1956 ,banking companies has d same meaning as defind under banking regulation act1949

_->sec 5(1)(c) of bank regul 1949 banking comp has been defind

->sec 44A ofbanki regul 1949 provides procedure of amalgamat of banking companies

->some recent egs of amalgamation-

Yr. ->Transferor.-> Transfree

2001->bank of madura- > icici bank ltd

2007->sangli bank->icici bank ltd

2010->bank of rajasthan->icici bank ltd

*approval of scheme of amalgamation

1. Atleast 2/3rd ki concent chaiye for passing resolution irrespective wo proxy hai ya khud shareholder vote kare

2.ye mudda egm me discus hoga

3. Amalgamat ki scheme rakh di jayegi b4 bod and resolut pas hoga

*convening general meting-

.-sec 44(2) me do chez kahg sharehold ko notice di jayegi jisme time,place and object metion hoga

*approval of scheme of amalgamation

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2.ye mudda egm me discus hoga

3. Amalgamat ki scheme rakh di jayegi b4 bod and resolut pas hoga

*convening general meting-

.-sec 44(2) me do chez kahi gai hai sharehold ko notice di jayegi jisme time,place and object metion hoga
And dusri chez kahi gai hai k d notice of meeting must b publishd 1ce in a week for 3 consecutive weeks in newspaper , 1in local language and other in vurnacular language

-Notice shal b such tat salient features of scheme r containd in it
-sec 44(3)Ese shareholders jo scheme k against hai to wo writing me dissent k bare me presiding officer of meting ko denge,
Nw rbi wil pay for their value of shares which is soledy decided by rbi and cnt b further chalangd

-Sec 44(4) - if sharehod agree then submit scheme to rbi,and in rbi wil sanction it which becomes binding on banking companies

-Thus when rbi section u/s 44(4) ,it becomes conclusive evidece u/s 44(6c)

-Frm now
Sab liab of transferor comp becomes liab of transfree comp as per sec 44A(6)

Rajesh
2:43am, 11 Apr - Rajesh Lachhwani: Sebi- buyback
part 1
=>in exercise of the power conferred u/s 30of sebi read withsec77A(2)(f) of com act,d board has made amend sebi(bb of securi)regulation,1998 on 8/8/13
=>a company may buyback its shares or other specified securities from existing security holders through
1.Tender offer
2.Open market
->in open market company cant buyback shares or securit exceeding 15% of paid up cap and free reserves
=>past butback or aj k buyback me atlest 1 sall ka gap hona chaiye inother words 1 sal me 1 hi buyback ho sagta hai
=>company shall nt raise further capital for a period of 1 yr frm clousere of buyback except in discharge of its subsisting obligations
->buybck frm open market- atlest 50% of amt set aside shall b utilised for bb
eg-1 crore is set aside pto
2:43am, 11 Apr - Rajesh Lachhwani: Bb
Part 2

tan atlest 50% ie 50 lakh must b utilised for bb activity

=>bb shall b open nt later tan 7 working days and shall close witkin 6 months frm dt of public announcemnt

=>copy of pa shall b filed within 2 days

=>comp shall upload d information regarding shares broeght on website on daily basis as per regu 15(1a)

pto
2:43am, 11 Apr - Rajesh Lachhwani: Part 3 bb

=>buyback of physical shares is also notifd be sebi under reg 15 A as where a seprate window shall b created by stock exchange which will reman open during bb period.
in case of phisical bb verification idetity proff and adress need to b undertaken by broker

=>regu 15 B - b4 opening bb offer, compan shall create open escrow acc towards security and deposit 25% of bb amt of proposd bb.
in case failure penalty of max 2.5% of fund lying in escrow acc

=>16(3)- destroy bb shares wirhin 7 days in presense of statutory auditor and mb on or b4 15th day of secceding month

rajesh lachhwani
2:45am, 11 Apr - Rajesh Lachhwani: Cfr-

Pg 105
Q 20-
Kya amalgamation ki scheme withheld kar sagte hai on ground tat
K transferor comp ne object clause amend nai kiya and aur ku6 bi nai likha k comp amalgamate kr sagti hai

Ans-

-ku6 amand in object clause ki jarurat nai hai

-Act alows it

-Amalgamate sharehold k nunameous concernt k bad to hui hai

-Sec 9 of comp act is also nt violatd
Jo kehta hai k memor me hum esa ku6 nai likh sagte jo act me hi na bola ho

-frm case

Karnataka hc in
Hindhivac pvt ltd,2005

-Thus it is a power nt an object

Q21.

Merger k karan
Transfree company ka share cap bad gaya

To kya usko fee bharni padegi

Ans-

-No

-Kyuki b4 transfer transforor ne to bhar hi hai
To fir bade to douale ho jayega

-in other words stamp duty is already paid uski parchi hi iska sabut hai

-Case law:

Jaypee cement 2004 bombay hc

Q22-
Analysis

-Uwb urban areatki hai wo pata chalta hai frm deposit and no of branches

-Idbi use acquire karegi for
:expansion
:employes june mil jayenge

Ans 22.

1. Amalgamation means amalgamation pursuant to prov of comp act 1956

2.
For
Employe benefit,expansion

3.both ans
Yes and no
Depend how to manage hr

5.cogeneric horizontal merger

Q23-

Company pe fir darg tha jo transfre comp ko amalg hone k bad pata chala,ab unsecurd creditors magaj kha rahe hai

Ans 23-

1. Pheli bat wo unsecrd credit hai

-yer and no

-Matarial infor chupai gai hai to problem hoga

2.
Case law
- Manipal shobhagya
V/s
G n rama ram
(comp appeal 11 of 2005)

-Nbfc shal go to rbi

Nt to clb

Q31.
Govt sent notice to comp to pay stamp duty
Jisko ek financial controler ne opose kiya,
Kya comp ko pay karni hogi stamp duty

Ans-
-Yes
-Its cg
Nt kind of majak benchot

Q27-
Ek meeting thi
- 200 members the
-Total agregate shares 5 lakh
-75 membe holding 4 lakh shares vote yes
-Other said no

Ans-
D scheme would nt b apprvd cz
d cond ie
-majority vote

Is nt fulfild

- Even equality hota to bi scheme nai aprove hoti

Sirf majority hi dekhenge

Q29.
-Rani ltd was merging in minakshi

-Meting bi hui

-Maximum ne ha bi bola

-Hc me aproval mang ne k liye ye case gaya

-Ku6 members ne negotiat k liye gand adi ki

-Direct ne egm ki mang ko mana kr diya

Ans-

-Comp law ne haq diya hai tat
Sharehold can cal egm

-So tis is valid

-Director ki gand adi nai chalegi

Q32.

Kya partnership firm amalgam kr sagti hai comp k sath

Ans-
Ha,
Sec 582 kehta hai k unrdcognisd part r included in comp law so they can amalgamate

Rajni
2:56am, 11 Apr - Rajesh Lachhwani: Sub sfm

Unit 1
Topic- dcf

Definition of 'Discounted Cash Flow - DCF'

-A valuation method used to estimate the attractiveness of an investment opportunity.

-Discounted cash flow (DCF) analysis uses future free cash flow projections and discounts them (most often using the weighted average cost of capital) to arrive at a present value, which is used to evaluate the potential for investment.
-If the value arrived at through DCF analysis is higher than the current cost of the investment, the opportunity may be a good one.
2:56am, 11 Apr - Rajesh Lachhwani: - The idea behind this type of calculation is to help an investor choose stocks, bonds, and other securities that will provide the amount of return desired within a specified period of time

-Thus it is an analysis ,is a method of valuing a project , company, or asset using the concepts of the time value of money.

-All future cash flows are estimated and discounted to give their present values (PVs) â €” the sum of all future cash flows , both incoming and outgoing, is the net present value (NPV) , which is taken as the value or price of

the cash flows in question .

-Using DCF analysis
to compute the NPV takes as input cash flows
and a discount rate and gives as output a
price; the opposite process ” taking cash
flows and a price and inferring a discount rate,
is called the yield .

- Determine a discount rate to use :-This
can be estimated using the capital
asset pricing model (CAPM) formula:
risk-free rate + beta * (risk premium
for average risk investment).
2:57am, 11 Apr - Rajesh Lachhwani: What are the Advantages of
Mergers?
1. Tax benefit
Mergers result in a large tax benefit to the
companies.
A merged company gets tax benefits:
1. When a profit-making company takes over a
loss-making company.
2. When a company enjoys a subsidized rate of
taxation.
2.. Entry in global markets
Global market means a huge world-level market
in which any company can sell their goods and
services.
This market does not have any restrictions for
entrances.
Merger helps merged companies to get an entry
in the global market which encompasses various
regions.
Examples of mergers showing an entry in the
global market are as follows:
1. TATA Steel's acquisition of CORUS Steel
increased Tata's presence in the global
market.
2. MITTAL Steel's acquisition of ARCELOR Steel
increased Mittal's presence in the global
market.
3. Increase in market share

Merger aids in increasing the market share of the

merged company.
This rise in the market share is achieved by:
1. Providing an adequate supply of goods & services as needed by clients.
2. Entering into an agreement with clients for continuous supply of goods and services.
4. Increases goodwill
Merger helps the merged company to boost its goodwill in the market.
It creates goodwill by:
1. Increasing the confidence of the shareholders of the merged company.
2. Creating a good image of the merged company among the customers.
5.Synergistic benefits – Synergy occurs when the whole is greater than sum of its parts. For example, in terms of math it could be represented as “1+1=3” or as “2+2=5”. Within the context of mergers, synergy means the performance of firms after a merger (in certain areas and overall) will be better than the sum of their performances before the merger. For example, a larger merged company may be able to order larger quantities from suppliers and obtain greater discounts due to the size of the order.
In the context of mergers, there can be two types of synergy. The first type of synergy results in economies of scale, which refers to decreased costs. Another type of synergy results in increased revenues such as cross-selling .
2:57am, 11 Apr - Rajesh Lachhwani: Diversification – Diversification is an external growth strategy and sometimes serves as a motive for a merger. For example, if an organization operates in a volatile industry, it may decide to undertake a merger to hedge itself against fluctuations in its own market. Another example can be when an acquiring company pursues a target company which is located in different state or country. This is called a geographical diversification.
Related diversification seems to have a better track record. It refers to expanding in the current market or entering new markets and adding related new products and services to the product

or service line of the acquiring company. Diversification usually does not deliver value to the shareholders because they can diversify their portfolio on their own at much lower cost. Therefore, diversification on its own is unlikely to be sufficient motive for a merger.

2:58am, 11 Apr - Rajesh Lachhwani: Definition

The Companies Act, 1956

According to sec 2(46AA) sick company means a company which has:

(i) The accumulated losses in any financial year equal to 50% or more of its average net worth during four years immediately preceding such financial year.

or

(ii) Failed to repay its debts within any three consecutive quarters on demand made in writing for its repayment by a creditor or creditors of such company.

RBI's Definition

Sick company: It is a company(registered no less than 5yr's) which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.

Potentially sick company: If the accumulated losses of a company as at the end of any financial year have resulted in the erosion of 50% or more of its peak net worth during the immediately preceding 4finanicial year's.

Weak unit: A company which is potentially a sick unit and the bank reports such company to BIFR (Board of industrial & financial reconstruction) in terms of SICA(Sick Industrial Companies Act) it is a weak unit.

Symptoms of sickness

The sickness can be identified and detected with the help of analyzing the following situations:

1.Continuously cash losses and the trend likely to continue
in future.

2.Insufficient working capital to carry on daily operations.

3.Operating and cash conversation cycle too long.

4.Working under the situation of negative working

capital.
5.Low level of capital utilization.
6.High operation cost compared to sales revenue realization
7.Too much reliance on outside funds.(Financial risk)
3:01am, 11 Apr - Rajesh Lachhwani: Unit 3 part b
1. Sickness

2.Bifr wil b nw replacd by nclt ienational company law tribunal as constitutd u/s 408

3. INTRODUCTION Sick industries have far-reaching consequences on the economy of the nation. The following are the bad effects of Industrial Sickness-- 1.There is under utilization of capital assets. 2.The entrepreneurship level declines.. Increase in industrial sickness discourages entrepreneurship. 3.The investor confidence reaches a lower ebb. Thus, capital is not put to productive use. 4.Industrial sickness results in large scale unemployment and industrial unrest. 5.Profitability of banks and financial institutions gets affected since they don't get back their funds invested in projects that have gone sick..
4. DEFINITION OF SICKNESS The sick industrial companies (Special provisions) Act, 1985, as amended in 1993 defines – Sick Industrial Company as an industrial company (being a company registered for not less than five years) which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.
5. BOARD OF INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR) (BIFR) was established by the Central Government, under section 3 of the Sick Industrial Companies (Special provisions) Act, 1985 and it became fully operational in May, 1987. R ole of BIFR as envisaged in the SICA (Sick Industrial Companies Act) is: (a) Securing the timely detection of sick and potentially sick companies. (b) Speedy determination by a group

of experts of the various measures to be taken in respect of the sick company. (c) Expeditious enforcement of such measures.

6. Reporting to the BIFR To report the sickness to the BIFR within 60 days of finalisation of audited accounts, for the financial year at the end of which the company has become sick. The BIFR prescribes a different format for the report to be submitted by any interested parties regarding the sickness.For eg's – Banks , other financial institutions. When a company has been financed by a consortium of banks,it is the Lead Bank that should report to BIFR about the sickness under advice to other participating banks in the consortium .

7. Enquiry by the BIFR When a case is referred to the BIFR, it is verified by the Registrar of the BIFR as to whether the company is SICK. BIFR accepts the case and notifies a date for hearing the case. Co-ordination of connected agencies is achieved by BIFR. Invites the informant Sick Company to come to negotiation with the concerned financial institutions. After the Survey and hearing, the court summons the rehab to an operating agency.

8. Revival Package Once a company has been found sick, the BIFR may grant time to the sick company to enable it to make its networth positive and bring the company out of sickness, without any external financial assistance. The BIFR will direct the operating agency to prepare a suitable revival package for the restoration of the health of the company. Revival Package includes- additional financial assistance, postponement of recovery of loan already lent by banks, change in management, amalgamation, sale of redundant assets, lease of assets or any other suitable measure.

9. Need for revival/rehabilitation programme A sick company has already swallowed huge scarce resources. In order to utilize the assets and infrastructure already created for the project, the project is to be revived from sickness. Revival of a sick unit may be necessitated, because – 1. The project may be in a sector that is vital to the

economy . 2. Many ancillary units may be dependent on the unit that has gone sick. Unless the sick unit is revived, it will have a chain effect of all such dependent ancillary units becoming sick. 3. Banks and financial institutions would have locked up their money in sick ventures.
10. Causes of Sickness Internal Causes- Project formulation. Project implementation. Production. Marketing. Finance. General and personnel administration
11. External Causes Government's plans and actions. Failure of monsoon which affects agriculture and allied industries. Emergence of strong competitors etc
12. THANK YOU
Paper 5 unit 3 B

Definition
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The sickness can be identified and detected with
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3.Operating and cash conversation cycle too long.
4.Working under the situation of negative working
capital.
5.Low level of capital utilization.
6.High operation cost compared to sales revenue
realization
7.Too much reliance on outside funds.(Financial
risk)
3:01am, 11 Apr - Rajesh Lachhwani: Part b 30marks

Sub- cri
3:01am, 11 Apr - Rajesh Lachhwani: *intro-

- Bahot sari industrial companies sick hoti jarahi thi,jiske karan indian economy ko bahot farak pad raha tha in both economic and social

-Due to closure of industrial companies , it affectd economicly and socialy as on other hand there mas

:loss of production
:loss of employment,
:loss of revenue to cg and sg

-Thus SICA 1985ie Sick Industrial Companies (special provisions) Act 1985 was enactd

-A board and appellate authority was made respectively refferd as
BIFR ie Board for Industrial and Financial Reconstruction

And AAIFR ie
Appellate Authority for Industrial and Financial Reconstruction

-Ye act applic hai only to sick industries so companies involvd in trading,service or other activ r kept out of prieview

-Act ko modify kiya 1991 me on 28/12/91 to include govt industrian companies
Tis amendment is referd as Industrial Companies(special provisions) Amendment Act, 1991
3:01am, 11 Apr - Rajesh Lachhwani: *causes of sickness-
1. there is under utilization of capital asset

2. diversion and misapplication of funds

3. Change in cusnumer behaviour

4. Mang by director

5. Unable to tackle competitive forces

6. Lack of timely govt support

*d major reasons for indust sickness r div into 2 parts
As
1.general causes and
2. causes as per tiwari committee-

1. General causes
=> internal causes-
["php "]

-Tat can b controld

-Divided into 3 broad headings

1. Project related causes

- Wen there is under-estimation of project cost

-Delayed project implementation

2. Human resource relatd causes

-Poor quality mang
Like
:weak Board

:1 man rule
:poor functional controls
:unpland and inappropriaje mang

- Mang succession problems

-Poor control
:poor financial contrl
:poor marketing contrl
:poor mang contrl

-Mang succession problems

3. Performance relatd-

-underutilization of plant,machinery and other available resources

-Diversion of funds

-Inadequacy of working capital

-Diversion of funds

[b] external causes-

-Non cooperative govt policies

- Technological advancement

-Powerful competitors in market

-Shortage of inputs

-Recession /adverse economic conditions

-Delayd financial assistance
3:01am, 11 Apr - Rajesh Lachhwani: 2. Tiwari committee

- Tis was held underchairmanship of
Shri T . Tiwari in 1983
3:01am, 11 Apr - Rajesh Lachhwani: A) internal causes-

- Planning

:technical feasibility
:economic viability

-Implementation

:inadequate mobiliz of fund
:delays in licences/sanctions causing cost overruns

-production

:produc mang
:labour mang
:marketing mang
:financial mang

:administrathive mang

B)external causes
(me gif)
- market constraints
:like market saturation

-Extraneous factors

:war
:natural calamities

-Govt control/policies

:fiscal duties
:govt price control
:abrupt changes in govt policies

-Infrastructural bottlenecks
:transport bottlenecks
:chronic power storage

-Financial bottlenecks
:non availab of adequate finance
3:01am, 11 Apr - Rajesh Lachhwani: *symptoms of sickness ie indicators

3 indications

1. Financial indications
- Negative networth or
Negative working capital

-Adverse key financlal losses

-Inability to pay creditors due on due dates

-Entering into a scheme of arrangement with creditors for reduction of liab

2. Operating indications

-Loss of key mang
-Loss ofmajor market,franchise,license or principal supplier

-Shortages of imp supplies

3. Other indications-

-Changes in govt policy

-faling under d meaning of sickness under any statutory definition
3:01am, 11 Apr - Rajesh Lachhwani: *objectives-
D preamble of d act mean tat
Tis act is made in public interest, with special provisions with to knw abut sicknes of d company

*princi of SICA

1. To rehabilitate sick companies if it is in public int and wen rehabilitation was possible or to close them if it is impossible

2. To protect overall economy by stoping continuous drain of public and private resources

3. To protect employment as far as practicable
*d 4 objectives of sickness r given by sc
In case of
Namit. R. Kamani v. R. R . Kamani (1988)

1. Affording maximum protect to employment

2. Optimising use of funds and available product asest

3. Realisimjg amt due to banks,creditors ,institutions

4.providing efficient authority consisting of experts to avoid time consuming procedures
3:01am, 11 Apr - Rajesh Lachhwani: *why sica faild-

1. Sica faild as it could nt b sucesfuly implementd

2. D authority of winding up was with hc,hence
Aftr bifr d whole case was submited to
--->hc which was a lengthy process

(d overall experiance under SICA was nt satisfactory and hence those provi r nw mergd in comp act 1956)
3:01am, 11 Apr - Rajesh Lachhwani: -due to such failure nw d powers r to b transfrd to nclt ,as and wen new comp act wil b fuly applicable
*jab sica ki dusre act se babal ho to kaun jitega-
-Sec 32 of SICA has overriding efficacy over all other laws except
FERA ,and urban land ceiling act
3:01am, 11 Apr - Rajesh Lachhwani: Defi-
Sec 3(1) (o) ofsica and sec (46AA) comp act 1956
3:01am, 11 Apr - Rajesh Lachhwani: Thus sica kehta hai
1. Phele register karao bifr me uske 5 sal k baad hi sicknes me jayegi comp
2. Comp ki age is calculatd as per d certificate of incorporat issued by roc and nt d date on which company was grantd certif of comencement of busines

*procedure-

-Jab industries sick ho jaye to such industrial comp k bod as per sec 15 of sica----->bod within 60days frm d dat of finalization of duly auditd a/cs
3:01am, 11 Apr - Rajesh Lachhwani: Wil procd to bifr
-Agar cgor rbi or sg or pub financial insti or schduld bank says to a comp tat it has become sick shal go to bifr
-Agar bod khud hi bataye k wo sick comp hai to --tab se unhone ye opinion diya uske 60days mai--- make refference to brfi
Step 2-
Sec 16- inquiry into sick indus companies
3:01am, 11 Apr - Rajesh Lachhwani: -Bifr may inquire into d maters

-It may apoint operating agency for d same

-
-endevor effects of D inquiry by bifr b completd within 60days frm d sicknes applic to bifr

-Sub sec 4 ie 16(4) bifr k pass power hai1 or more special director to b apointd ,tis power is refrd as notwithstanding hence sica overules comp act 1956

-Such special director becomes live under bifr 's shelter only

-Here d maner of apoint,rotation,retirement,disquali is ignord
3:01am, 11 Apr - Rajesh Lachhwani: under sec 17 d inquiry wil cnclude either of 2
1. If company is found eligible to grow frm sicknes then reasonble eforts wil b made

Or

2. Bifr wil give mater to hc for winding up

(operating agency
Comp act -sec 31AA
It means as a group of expess consisting of special knowledge

Sica- 3(1)(i)
It can b pfi,state level insti,schduld bank or other as may b presc by bifr)
3:01am, 11 Apr - Rajesh Lachhwani: Jab networth bad sagti hai to depend upon d facts and circudstances time of 7to 10yrs can b given
3:01am, 11 Apr - Rajesh Lachhwani: Now networth means

Acc to 2 (57) of comp act 2013“net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;
3:01am, 11 Apr - Rajesh Lachhwani: *preparation saction of scheme for revival-

-agar board ne 17(3) k tahet operat agency rakha hai to ese oper agency 6 measures provide krne gadege as said in 18 sec like
:financial qgestruction of sick indus
:amalgama of sick indus with other and so on
3:01am, 11 Apr - Rajesh Lachhwani: -Sec 19:
Rehabilitation

:it may b provided for financial asistance by getting loans,advances,guarante frm cg or sg

-Such schemd must be. Regulatd ,and asent requird under 60days
3:01am, 11 Apr - Rajesh Lachhwani: -If rehabi is nt aprvd tan comp can go towards winding up

*sec 20winding up-

-Hc wil come in role

-Some decis-

1. Hc can correct bifr as said in case
Re. Anmol diary ltd(2002)

2. Hc wil take opinion of bifr during wind up 20(2) as said by hc in case
R. Ramarajau v. Union of india and others

3. Hc has no jurisdict when scheme of arrangment is pending with AAIFR
Tata motors ltd v
Pharmaceutical product of India ltd and anr (2008)

- Hc with operating agency may apoint any oficr as liquidator,he is given d same power as official liquidator of comp ac
3:01am, 11 Apr - Rajesh Lachhwani: D end
,,
3:01am, 11 Apr - Rajesh Lachhwani: -Sec 20 (4) bifr has power to sale d asset as it deems fit

*sec 22
No procedure of winding up shal b made without confirmity of bifr cz sec 22 is notwithstanding

*sec 22A

Direction against disposal of. Asset

-D disposal of aset must nt b in d int of company,share hold and creditors

-It must in acordance of hc
3:02am, 11 Apr - Rajesh Lachhwani: Jab networth bad sagti hai to depend upon d facts and circudstances time of 7to 10yrs can b given
3:02am, 11 Apr - Rajesh Lachhwani: Subject- cri

Part b

Winding up-
-Winding up is nt a 1st option,it is a last option
-Winding up of a company is puting an end to d life of d company

-Here d assets r colctd,
Debts r paid off and if any surplus left d same is distributd amomg members in acordance with its ri8's among d members

-it is a proces in which d mang is taken frm d hands of director and all assets r realzd by liquidator ,hence it has no assets and no liab ,so it is nw d formal step for it to b dissolvd

-D main purpose of winding up is realise d asset and pay of debts in acordance of law
3:02am, 11 Apr - Rajesh Lachhwani: - Winding up is nt puting end to d legal status of d company,it is dissolution tat puts end to it

-It is cz administration is transferd in hands of liquidator so company ceases to exist

-thus inbetwen winding up and disolut,d legal status of company continues and it can b sued in court of law
3:02am, 11 Apr - Rajesh Lachhwani: Kinds of voluntary winding up:-
1).Members voluntary winding up-requirement to
file declaration of solvency(form 4A)physicAl
form..every directors must sign..it should specify
-co has no dEbts,period nt exceeding 3 yr
- if it has co is elible
To pay its debts.

2).Creditors voluntary winding up-

No requirement
to file form 4A..meeting of members and
creditors,appointment of liquidator,if there is some
disPute between member n creditor dhen creditor
decisn wil prevail,notice by liquidator of his
appointment within 30 days,publish official gazette
n deliver registrdr 4 registratn a notice of his
appointment..
3:02am, 11 Apr - Rajesh Lachhwani: =>chapter 20 of companies act 2013 lays down winding up u/s 270to 365

-D new act has divided d chapter into 4 parts
3:02am, 11 Apr - Rajesh Lachhwani: - In new act in both tribunal and voluntary
Company liquida is apointd

-Bt official liquidat is nt requird to b apoint in voluntary bt cg may apoint it in tribunal
3:05am, 11 Apr - Rajesh Lachhwani: Cri
Part b-
Part 2

Topic- Winding up an Unregistered Company

-
According to the Companies Act, an unregistered company includes any partnership, association, or company consisting of more than seven persons at the time when petition for winding up is presented. But it will not cover the following:-

1. A company registered under the Companies Act, 1956 ;

2. A company registered under any previous company laws.

3. An illegal association formed against the provisions of the Act.

4. A railway company incorporated by an Act of Parliament or other Indian law or any Act of the British Parliament

* The provisions relating to winding up of a unregistered company:-

-Such a company can be wound up by the Tribunal but never voluntarily.

-Circumstances in which unregistered company may be wound up are as follows:-

1.If the company has been dissolved or has ceased to carry on business or is carrying on business only for the purpose of winding up its affairs.

2.If the company is unable to pay its debts.

3. If the Tribunal regards it as just and equitable to wind up the company.
3:05am, 11 Apr - Rajesh Lachhwani: Sub- cri
Part b
Winding up

Topic- methods for voluntary winding up

The Companies Act (Section 484) provides for two methods for voluntary winding up:-

Kinds of voluntary winding up:-
1).Members voluntary winding up-requirement to file declaration of solvency(form 4A)physicAl form..every directors must sign..it should specify
-co has no dEbts,period nt exceeding 3 yr
- if it has co is elible
To pay its debts.
- Shareholders must pass an ordinary or special resolution for winding up of the company.

2).Creditors voluntary winding up-

No requirement
to file form 4A..meeting of members and creditors,appointment of liquidator,if there is some disPute between member n creditor dhen creditor decisn wil prevail,notice by liquidator of his appointment within 30 days,publish official gazette n deliver registrdr 4 registratn a notice of his appointment..

- It is the creditors who get the right to appoint liquidator and hence, the winding up proceedings are dominated by the creditors.

-As soon as the affairs of the company are wound up, the liquidator shall call a final meeting of the company as well as that of the creditors through an advertisement in local newspapers as well as in the Official Gazette at least one month before the meeting and place the accounts before it.
Within one week of meeting, liquidator shall send to Registrar a copy of accounts and a return of resolutions.
3:06am, 11 Apr - Rajesh Lachhwani: Sub -cri

Part b

Msg 4

WHO CAN APPLY TO COURT, FOR WINDING UP PETITION? (SEC 439)

Following persons can apply to the court, for petition for winding up:

- o The company itself
- o The creditor
- o Any Contributory
- o Registrar
- O Any person authorised by central govt, in case of oppression or mismanagement (397)

3:06am, 11 Apr - Rajesh Lachhwani: WHAT ORDERS, THE COURT MAY PASS? (SEC 443)

The court may pass any one of the following orders on hearing the winding up petition.

i. Dismiss it, with or without costs
ii. Make any interim order, as it thinks fit, or
iii. Pass an order for winding up of the company with or without costs.

3:06am, 11 Apr - Rajesh Lachhwani: Consequences of court passing an order for winding up:

If the court is satisfied, that sufficient reasons exist in the petition for winding up, then it will pass a winding up order. Once the winding up order is passed, following consequences follow:

i. Court will send notice to an official liquidator, to take change of the company. He shall carry out the process of winding up, (sec. 444)
ii. The winding up order, shall be applicable on all the creditors and contributories, whether they have filed the winding up petition or not.
iii. The official liquidator is appointed by central Government (sec. 448)
iv. The company shall relevant particulars, relating to, assets, cash in hand, bank balance, liabilities, particulars of creditors etc, to the official liquidator. (sec. 454)
v. The official liquidator shall within six months, from the date of winding up order, submit a preliminary report to the court regarding :

- o Particulars of Capital
- o Cash and negotiable securities
- o Liabilities

o Movable and immovable properties
o Unpaid calls, and
o An opinion, whether further inquiry is
required or not (455)
The Central Govt. shall keep a cognizance over
the functioning of official liquidator, and may
require him to answer any inquiry. (463)
3:06am, 11 Apr - Rajesh Lachhwani: STAY ORDER:
Where, the court has passed a winding up order,
it may stay the proceedings of winding up , on an
application filed by official liquidator, or creditor
or any contributory. (466)
3:06am, 11 Apr - Rajesh Lachhwani: DISSOLUTION OF COMPANY (481)
Finally the court will order for dissolution of the
company, when:
o the affairs of the company are completely
wound up, or
o the official liquidator is unable to carry on
the winding up procedure for want of funds.
3:06am, 11 Apr - Rajesh Lachhwani: 5 mark term-

Wat is contributory

Section 428 in The Companies
Act, 1956
428. Definition of" contributory". The
term" contributory" means every person
liable to contribute to the assets of a
company in the event of its being wound
up, and includes the holder of any
shares which are fully paid up; and for
the purposes of all proceedings for
determining, and all proceedings prior
to the final determination of, the
persons who are to be deemed
contributories, includes any person
alleged to be a contributory.
3:06am, 11 Apr - Rajesh Lachhwani: - Jiska share fuly paid up ho wohi contributor khelayega
-All membrs r contributor bt vise versa is nt ri8

-Last 1 yr me jo past membrs hai unko bi contributor manenge
-Article contributory ka ri8 alter nai kr sagta kyuki ye statutory rit hai
3:06am, 11 Apr - Rajesh Lachhwani: *contrib petit tab file karega jab
1. Priv me 2 se kam,pub me 7 se kam memb ho jaye

Or

2.
-Jab shares usko orignaly alot kiye ho

-Uska nam 6 mahine tak ho regipijar me during 18 months b4 comencement

The object of such provis is to prevent a person by buyng a share or 2 to become contribu, to wreak d comp

3:06am, 11 Apr - Rajesh Lachhwani: *☐☐☐☐☐☐☐

Land mark case law-

1. Jab comp ne busi 1 yr k andar comence nai kiya aur uske pas koi evidence ya prob bi nai hai k wo comence kregi within a reasonable time court usko wind up me dal degi

2. Jab comencement of busi ka delay
- reasonable reason se ho

Or

- due to unavoidable causes se ho

And ye court me prove ho jaye to

No wind up

3. Recesion k wajase busines suspend hua,
To shareholders gone to---->court to wind up

.
Unke same 4/5th no of shar ne apeal ki k comp acha kr payegi.

So there was no wind up

4. company ka 1 part of busines susp hua beyond 1yr.

No wind up cz suspansion of bus should be of whole nt part

6. court in
ROC v Bihar wire
Said tat
- Mere suspe of busi is nt d ground for wind up.
A reason if is proper for noncomencement is enough for nt puting comp in wind up

-Other part is
Wishis of share holders must b considerd

7. Ek esi comp jo dusri comp me amalgamate karti hai par due to unforseen circustances comp cnt proced tan it cnt b orderd to wind up

8. Reduction of memb 7 in pub and 2 in private shal exclude past membrs

9. Ek esa credit jiska debt 500rs se jyaada ho 3 mahine jak argi kr sagta hai for wind up
Bt such amt must b debt nt a dispute.

Kyuki agar comp ne prove kr diya k petit comp par preser dal ta hai to comp jitegi and credit ko thulu milega

10. Jab lawfuly comp large amt nai gay kr sagti and simultanously contravents income tax too tan cg wil order for comp wingup
3:06am, 11 Apr - Rajesh Lachhwani: 11. Comp if unable to pay its debts shal b wound up
(bharwan bros. V motorola)

12. It is just and equita ground to wind up
- jab object is frudulant

-Deadlock in board and mang

-Comp becme insolvent bt crying its busi for benef of deb holder

- Mismang of board via cheat the banks

- When main objec is achievd

-Object k virudh activity ki,

13. There shal b no wind up in just and equi ground

-Jab comp curent posit pe loss kr rai hai, par profit bi kar sagti hai and major membr sath de

- Temporary suspen of busin

-Recesion

-Deadlock in mang

-If just and equi grount exist at d time of petition bt Does nt at d time of hearing

14. [D. Ashohan v S.T . Reddiar and sons]

-Winding up is nt d 1st option..it is d last

-Temorary dificulty cnt b groume for liquida of comp when it is a path of revival

15. Two comp cnt b wound up by same order
3:06am, 11 Apr - Rajesh Lachhwani: 16. Ek unregistrd part is unregistrd comp tan it must b wind up

.
Sec 11 comp r ilegal asosiat and they cnt b said to b unregistd comp as tey r nt coming under tis preview. So tey cnt b wind up
3:06am, 11 Apr - Rajesh Lachhwani: 17. (official liquidator v. P. R Mehta)

-Comp wind up me ja rai thi

- tab Liquidat ne kaha direc ne stament submit nai kiya

-P r meha was md said he already resisnd and such thingwas nt kn to him

- court ne kaha

: if a gerson was nt a direc at tat time
Or
:person could nt file stat and prove with reaso reason tan

So comp wound up and tat direc won

3:06am, 11 Apr - Rajesh Lachhwani: 18. Court under sec 10has d pover to make deci as sec 10is jurisdic of court

19. If sec 454 (5) is violatd tan d person cnt b held guilty til it is provd

D end
3:06am, 11 Apr - Rajesh Lachhwani: Sub- cri

Part b

Topic -cross border insolvency

- a company is said to b insolvent wen its liab exceds its assets

- there r 2 types of insolvency

1. Individual insolvency

- Tis d insolvency status of an individual

-It is governd by 2 acts

: the presidency- towns insolvency act 1909 and the provincial insolvency act 1920

2. Corporate insolvency-

-Indian company insolvency is contained in

: Comp act1956(through winding up)
And
:sica 1985

- Cross border insolvency arises wen a non resident is either a debtor, or creditor or a countributory

- in d yr 1999
Govt sat uped d high level comite headed by justice v.b.eradi to recomend changes
With d winding up proces, tey recomended
: winding up power shal b vested in hc
: all posib shal b tried to rehabilate and revive

-

Even Dr. J. J . Irani expert comite recomend to set up a new comp law for speedy and effective proces

- *need for model law

->d expansion of trade and investment gave rise to cros border insolvency and even national insolvency laws failed to comply with d trend and also failed to deal with cross border nature

- Tis gave path for evolution of UNCITRAL Model law on Cross-border Insolvency in 1997
3:06am, 11 Apr - Rajesh Lachhwani: - It was estab in may 1997
3:06am, 11 Apr - Rajesh Lachhwani: * purpose-
D purpose is to promote object of model law

Cg t pf

1. Cooperation bet courts and competant authority involvd in cross border invst

2. Greter legal certainity for trade and invst

3. To protect d int of creditorstand other intered parties including debtors

4. Protection and maximizat of value of debtors assets and

5. Faciliating financialy troubled busines thereby protect invst and preserving employment
3:08am, 11 Apr - Rajesh Lachhwani: Revision

Part 1
Whole winding up:
=> modes of winding up
1. Compulsory winding up:
*as per sec 433 a court may order company to windup as prescribd undr sec 433 (a) to (h)

a) special resolution
b)statutory report(form 22 filing, 1 mahine k baad 6 mahine k andar. Only public company)
c) non-commencement within a yr
d) mebrs reduced(sec 12 priv min 2 pub min 7, bt mebrs reducd and bussiness extents 6 months)
e)unable to pay its debts (a creditor can file a petition for the respective amt of 1 lakh or moqe if he does nt get such resp amt on due date which extends to 3 weeks)
f) just and equitable
g) default in fillin(23 ac for b/s and 23 aca for p/l)

h) acted against int of integrity and sovereignity

* commencement of compul winding up
=> when d comp proceeds its vinding up as per the event or tenure as per sec 441 then it can do so by passing ordinary resolu in bod

* why winding up is nt compul
=> winding up is
Part 2:
not the 1st option bt its d last option
=> all d elements of public policy wil b taken into consideration while doing so
=> a comp being wound up compulsorily will have advese effect bcz
~ there r numerous advantages like
country gets tax,
improve gdp,provides employment,& other services
*petition for compul winding up
=> as per sec 439 if a company mismanaged, financially unsound or carring an illegal operation then any person can apply to d court for winding up
it can b
_: 1.company
2. Creditor
=>1lakh or more and 3 week criteria
=> such petition shal b declared invalid if d same is actd such as time barrd debt
3.contributory.. .
6. Cg
=> d sole and absolute power of compul is with cg
=>sec 237 provides d ri8 to cg to get investigation and if default is found it wil proceed to dissolve of a company
=>a comp wil b comp wound up aftr cg empowers such orders to do so

2. Voluntary winding up
sec
Part 3:
bod meeting for declaration of winding up
stating along with form 4a
that the comp has no debts 2 pay or if it has it wil clear d same within 3 years
=> d violation of any law under tiz act by directr is liable for 6 months imprisonment or 50,000rs or both

b)creditors v w up:
=> 2 seprate meting one of memb and other creditor
=> d liquidator if of 2 is diff person then d nominee appointd by creditor will b declard as a liquidator
=> on d appoint of a liquidat all power wil cme to an end

3. Supervison of court
=> w up subjet to superv of court is diff frm winding up by court
=> here d court only supervise d wind up proceduce
=> resolu for wind up is passd by membr in general meeting
=>it is only for some specific reasons that court may supervise the wind up proceeding
=> d court may or can put some special terms & conditions also. Bt liberty is grantd to creditors
Part 4

=> d court may appoint liquid if it wants or remove any such although
~ rajesh lachhwani
3:13am, 11 Apr - Rajesh Lachhwani: Difference Between Amalgamation And Absorption
Following are the main differences between amalgamation and absorption:
1. Liquidation
Two or more companies are liquidated in the process of amalgamation. One or more companies are liquidated in absorption.
2. Formation
In amalgamation, a new company is formed to take over the business of vendor companies. In absorption, no new company is formed, only purchasing or absorbing company take over the business of liquidated company.
3. Size
There is no such matter of size of amalgamating companies. Generally, size of purchasing company is greater than that of vendor company in absorption.
3:13am, 11 Apr - Rajesh Lachhwani: Meaning And Features Of Amalgamation
Meaning Of Amalgamation
When two or more companies carrying on similar business go into liquidation and a new company is formed to take over their business, it is called amalgamation. In other words, amalgamation refers to the formation of a new company by taking over the business of two or more existing companies doing similar type of business. In amalgamation, two or more companies are liquidated and a new company is formed to take over the business of liquidating companies. The companies which go into liquidation are called

vendor or amalgamating companies where as the new company which is formed to take over the business of liquidating companies is called purchasing or amalgamated or transferee company. The main aim of amalgamation is to minimize the possibility of cut-throat competition and to secure the advantages of large scale production.

Features Of Amalgamation

* Two or more existing companies are liquidated.
* A new company is formed to take over the business of liquidating companies.
* The nature of business of existing companies is similar.
* Liquidating companies are called vendor companies and the new company is called purchasing company.
* Generally, purchase consideration is discharged by the issue of equity shares of purchasing company.

3:13am, 11 Apr - Rajesh Lachhwani: Types of mergers

☐ Horizontal Merger Results in the consolidation of firms that are direct rivals- i.e. sell substitutable products within overlapping geographical markets Increase mkt power Increase eff gain (economies of scale, rationalization)

thus

Horizontal Merger is

A merger occurring between companies in the same industry.

Horizontal merger is a business consolidation that occurs between firms who operate in the same space, often as competitors offering the same good or service.

Horizontal mergers are common in industries with fewer firms, as competition tends to be higher and the synergies and potential gains in market share are much greater for merging firms in such an industry.

:Example
A merger between Coca-Cola and the Pepsi beverage division, for example, would be horizontal in nature.
 The goal of a horizontal merger is to create a new, larger organization with more market share. Because the merging companies' business operations may be very similar, there may be opportunities to join certain operations, such as manufacturing, and reduce costs.

☐ Vertical mergers

Two firms participate at difft stages of production or value chain cos do not own operations in major segment of value chain
Forward integration

 -> Vertical Merger
A merger between two companies producing different goods or services for one specific finished product.
 A vertical merger occurs when two or more firms, operating at different levels within an industry's supply chain, merge operations.
Most often the logic behind the merger is to increase synergies created by merging firms that would be more efficient operating as one.
Example
A vertical merger joins two companies that may not compete with each other, but exist in the same supply chain.
An automobile company joining with a parts supplier would be an example of a vertical merger.
Such a deal would allow the automobile division to obtain better pricing on parts and have better control over the manufacturing process.
The parts division, in turn,

would be guaranteed a steady stream of
business.
Synergy, the idea that the value and performance
of two companies combined will be greater than
the sum of the separate individual parts is one of
the reasons companies merger.

3:13am, 11 Apr - Rajesh Lachhwani: ☐ -> Co-Generic Merger

Co-generic merger is a kind in which two or more
companies in association are some way or the
other related to the production processes,
business markets, or basic required technologies.
It includes the extension of the product line or
acquiring components that are all the way
required in the daily operations.
This kind offers
great opportunities to businesses as it opens a
hue gateway to diversify around a common set of
resources and strategic requirements.

 - Conglomerate merger Consolidated firms may
sell related products, .

 share marketing &
distribution channels & production processes, or
they may be wholly unrelated

Conglomerate
merger is merger between firms that are involved in
totally unrelated business activities.
There are two
types of conglomerate mergers: pure and mixed.
Pure conglomerate mergers involve firms with
nothing in common, while mixed conglomerate
mergers involve firms that are looking for product
extensions or market extensions.

Example
A leading manufacturer of athletic shoes, merges
with a soft drink firm. The resulting company is
faced with the same competition in each of its
two markets after the merger as the individual
firms were before the merger. One example of a

conglomerate merger was the merger between the
Walt Disney Company and the American
Broadcasting Company

3:13am, 11 Apr - Rajesh Lachhwani: ☐ -> Product Extension Mergers

A product extension merger takes place between
two business organizations that deal in products
that are related to each other and operate in the
same market.
 The product extension merger
allows the merging companies to group together
their products and get access to a bigger set of
consumers.
This ensures that they earn higher
profits.

3:13am, 11 Apr - Rajesh Lachhwani: ☐ -> Market Extension Mergers

A market extension merger takes place between
two companies that deal in the same products
but in separate markets.The main purpose of the
market extension merger is to make sure that the
merging companies can get access to a bigger
market and that ensures a bigger client base.
3:13am, 11 Apr - Rajesh Lachhwani: Unit 4-

Wat is merger-

",Mer"ger matlab sab comp mer jati hai aur last me 1 comp jo rajni ki hai jise koi mar
Nai sagta sirf wo rehti hai

Merger is no where defind in comp act 1956

 CHAPTER XV
Of Comp act 2013 lays down
COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS
[u /s 230to 240]

 thus

 merger can b defined as d
-Fusion
Or
-Absorption of 1 comp by another

 in a merger
☐ r the ☐ existing companies merge its identity into another existing company

 or1 or mre comp may form a new comp and merge its identities into a new comp by transferring their assets and liabilities to new company

 For d purpose of comp act 1956 , the term 'Merger' and 'Amalgamation' r synonymous
3:13am, 11 Apr - Rajesh Lachhwani: Ⓜainly /broadly there r 2 types-

1. Cogeneric merger

 horizontal merger

 vertical merger

forward merger
backward merger

2. Conglomerate merger-

- Bet unrelatd business

3. Other merger-

 cash merger
 ek esa merger jisme certain shareholders ko cash diya jata hai for their shares and Other sharehol receive shares in continuing enterprise

Defacto merger
 "In fact "in legal terms is defined as
De facto

 ye merger hota hai as an statutory merger. Bt dikhaya jata hai as an acquisit of assets

thus can b said

De fact being a transaction tat has an economic effect of a statutory merger bt is cast in d form of an acquisition of assets

 Downstream merger-

 parent comp ka merger into its subsidary is called downstream merger

Parent comp merges

□

Subsidary

 Up stream Merger-

 d merger of subsidary comp into its parent comp is called an upstream merger

Parent company

□

Subsidary merges

 Short-form Merger

 a special type of merger purmitd under numbr of statutes which provide special comp rules for d merger

  a merger of a subsidary comp into pardant jaha parent comp owns substantially all of d shares of subsidary

 time consuming bt less expensive, short form merger is generally may b adopted of a resolution of merger by d parent comp and includes filing of documents with prescribed authority under d statue

 here mailing of d copy of a plan is done and snd to sharehold of subsidary
3:13am, 11 Apr - Rajesh Lachhwani: triangular merger

  amalgamat of 2 comp

Jaha ek disappearing comp hogi usko merge karenge into subsidary of surviving comp
  nw d shareholders of disappeaing comp receive shares of surviving comp
3:13am, 11 Apr - Rajesh Lachhwani: Reverse Merger-

 Analysis of concept of reverse merger is given in
Gujarat High Court judgement in Bihari Mills Ltd(1985)

yaha financialy weak comp financialy healthy comp ko uthati hai

 here financialy weak and financialy healthy means d status of 2 company comparision bet d two

 eg- tata ne corus ko uthaya tha

 yaha
For eg tata ka loss hua and it merges healthy company into it so ab healthy comp k profits se loses set of karenge kyuki ab wo merge ho gai to uska pan num band apna chalu uska prof apna profit,usme se loss set of karo,unabsorbd depr bi minus karenge

 Thus there is no need to comply with sec 72A of income tax act,1961

3:13am, 11 Apr - Rajesh Lachhwani: -> Co-Generic Merger

Co-generic merger is a kind in which two or more companies in association are some way or the other related to the production processes, business markets, or basic required technologies.
It includes the extension of the product line or acquiring components that are all the way required in the daily operations.
This kind offers great opportunities to businesses as it opens a hue gateway to diversify around a common set of resources and strategic requirements.

 - Conglomerate merger Consolidated firms may sell related products, .

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Conglomerate merger is merger between firms that are involved in totally unrelated business activities.
There are two

types of conglomerate mergers: pure and mixed. Pure conglomerate mergers involve firms with nothing in common, while mixed conglomerate mergers involve firms that are looking for product extensions or market extensions.

Example
A leading manufacturer of athletic shoes, merges with a soft drink firm. The resulting company is faced with the same competition in each of its two markets after the merger as the individual firms were before the merger. One example of a conglomerate merger was the merger between the Walt Disney Company and the American Broadcasting Company
3:13am, 11 Apr - Rajesh Lachhwani: Types of mergers

☐ Horizontal Merger Results in the consolidation of firms that are direct rivals- i.e. sell substitutable products within overlapping geographical markets Increase mkt power Increase eff gain (economies of scale, rationalization)
thus
Horizontal Merger is
A merger occurring between companies in the same industry.
Horizontal merger is a business consolidation that occurs between firms who operate in the same space, often as competitors offering the same good or service.
Horizontal
mergers are common in industries with fewer firms, as competition tends to be higher and the synergies and potential gains in market share are much greater for merging firms in such an industry.

:Example
A merger between Coca-Cola and the Pepsi beverage division, for example, would be horizontal in nature.
 The goal of a horizontal

merger is to create a new, larger organization with more market share. Because the merging companies' business operations may be very similar, there may be opportunities to join certain operations, such as manufacturing, and reduce costs.

☐ Vertical mergers

Two firms participate at difft stages of production or value chain cos do not own operations in major segment of value chain
Forward integration

 -> Vertical Merger
A merger between two companies producing different goods or services for one specific finished product.
 A vertical merger occurs when two or more firms, operating at different levels within an industry's supply chain, merge operations.
Most often the logic behind the merger is to increase synergies created by merging firms that would be more efficient operating as one.
Example
A vertical merger joins two companies that may not compete with each other, but exist in the same supply chain.
An automobile company joining with a parts supplier would be an example of a vertical merger.
Such a deal would allow the automobile division to obtain better pricing on parts and have better control over the manufacturing process.
The parts division, in turn, would be guaranteed a steady stream of business.
Synergy, the idea that the value and performance of two companies combined will be greater than the sum of the separate individual parts is one of

the reasons companies merger.
3:14am, 11 Apr - Rajesh Lachhwani: Unit 4

Topic -

premium buybck

*introduction-

-Buyback of shares is also kn as share repurchase

-sec 68 of comp act 2013 lays down Power of company to purchase its own securities.

=>in exercise of the power conferred u/s 30of sebi. 1992,d board has made amend sebi(bb of securi)regulation,1998 on 8/8/13
=>a company may buyback its shares or other specified securities from existing security holders through
1.Tender offer
2.Open market
=>past butback or aj k buyback me atlest 1 sall ka gap hona chaiye inother words 1 sal me 1 hi buyback ho sagta hai
=>company shall nt raise further capital for a period of 1 yr frm clousere of buyback except in discharge of its subsisting obligations
*explaination -

- Shareholders may b presented with alternative 1 ie tender offer by a company to submit or tender a portion

-Such tender offer will stipulate both d numbr of shares d comp is luking to repurchase and price comp is wiling to pay

-This price is quoted mre tan market price so cald market premium

-similary in open market d indivi quote there price,and if comp acepts it wil pay them d said amt
- ek bat yad rakhna agar comp hi buybck market share price jitna ya use kam me degi to kaun ayega, sharehold to tab ayenge jab unka fayda hoga

-Comp price premium pe isliye bi rakhegi kyuki wo sochti hai k uske shares undervalued hai

-For eg-

D market price of shares of Babita ltd is rs 150 and d comp believes tat d price of their share should b at rs 250 based on Fundamental& technical analysis

Therefore comp buys bck share at 250 frm d market thus incresing d market value frm 150to 250rs

Rajni

3:14am, 11 Apr - Rajesh Lachhwani: Unit 4

Topic - share repurchase

*introduction-

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Sebi- buyback

part 1

=>in exercise of the power conferred u/s 30of sebi read withsec77A(2)(f) of com act,d board has made amend sebi(bb of securi)regulation,1998 on 8/8/13

=>a company may buyback its shares or other specified securities from existing security holders through

1.Tender offer

2.Open market

->in open market company cant buyback shares or securit exceeding 15% of paid up cap and free reserves

->buybck frm open market- atlest 50% of amt set aside shall b utilised for bb

eg-1 crore is set aside pto

Bb
Part 2

tan atlest 50% ie 50 lakh must b utilised for bb activity

=>bb shall b open nt later tan 7 working days and shall close witkin 6 months frm dt of public announcemnt

=>copy of pa shall b filed within 2 days

=>comp shall upload d information regarding shares broeght on website on daily basis as per regu 15(1a)

pto
Part 3 bb

=>buyback of physical shares is also notifd be sebi under reg 15 A as where a seprate window shall b created by stock exchange which will reman open during bb period.
in case of phisical bb verification idetity proff and adress need to b undertaken by broker

=>regu 15 B - b4 opening bb offer, compan shall create open escrow acc towards security and deposit 25% of bb amt of proposd bb.
in case failure penalty of max 2.5% of fund lying in escrow acc

=>16(3)- destroy bb shares wirhin 7 days in presense of statutory auditor and mb on or b4 15th day of secceding month

rajesh lachhwani
3:15am, 11 Apr - Rajesh Lachhwani: New concept (nt there in bk)
Reverse acquisition-
- Reverse acquisition takes place wen a private entity which wants to become public entity bt does nt want to register its equity shares

- Ind AS 103 deals with tis unlike AS 14 which is silent on treatment of reverse acquisitions

- Here d private entity approaches a public entity ie d one which is listed, to acquire its private entity equity int in exchange for d equity int of public entity

- In reverse acquis ,d entity issuing equity int is legaly d acquirer bt for a/c purpose is considerd acquiree
- Reverse acqui is d part of busines combination
(in other words busines combination scope includes reverse acquisit)

3:15am, 11 Apr - Rajesh Lachhwani: Sub-cri
Topic-
Cross-Border Merger vs
Cross-Border Acquisition;

->Cross-Border Merger & Acquisition activity has become a major strategic tool for corporate growth, especially for multinational corporations.
Although similar in nature, a cross-border merger differs from a Cross-Border Acquisitions.

=>A cross-border merger is a transaction in which two firms with their home operations in different countries agree to an integration of the companies on a relatively equal basis. Driving the decision on blend operations on an equal basis is the fact that the two companies have capabilities that, when combined, are expected to create competitive advantage that will contribute to success in the global marketplace.

=>A cross-border acquisition is a transaction in which an expanding firm buys either a controlling interest or all of an existing company in a foreign country. Often, the acquired firm becomes a business unit within the acquiring firm's portfolio of businesses.
3:16am, 11 Apr - Rajesh Lachhwani: Cri

Topic- contributory

Ξ sec 428 defines contributory

Ξ jab comp k pass excess asset bachi ho to comp inko contributors me baat deti hai in propotionate to there holding

Ξ comp prepares 2 list
List 1 states d present members as contributory

Ξlist2 states all other ie past membrs,trustes,deb holdr etc

Ξ acc to sec 426 , ek insan jiska nam register me last 12 month b4 winding up then he is d past membr and also considrd contributory

Ξ nam hone se ku6 nai hota if he wants to file a petition his name must b present for atleast 6 months b4 18 months of wind up
Ξ in other words last 12 month me , 6 month me he must hold d shares

Section 428 in The Companies
Act, 1956
428. Definition of" contributory". The
term" contributory" means every person
liable to contribute to the assets of a
company in the event of its being wound
up, and includes the holder of any
shares which are fully paid up; and for
the purposes of all proceedings for
determining, and all proceedings prior
to the final determination of, the
persons who are to be deemed
contributories, includes any person
alleged to be a contributory.
- Jiska share fuly paid up ho wohi contributor khelayega
-All membrs r contributor bt vise versa is nt ri8

-Last 1 yr me jo past membrs hai unko bi contributor manenge
-Article contributory ka ri8 alter nai kr sagta kyuki ye statutory rit hai
*contrib petit tab file karega jab
1. Priv me 2 se kam,pub me 7 se kam memb ho jaye

Or

2.
-Jab shares usko orignaly alot kiye ho

-Uska nam 6 mahine tak ho regipijar me during 18 months b4 comencement

The object of such provis is to prevent a person by buyng a share or 2 to become contribu, to wreak d comp

*case law on contributory
3:16am, 11 Apr - Rajesh Lachhwani: Re. Gattapardo ltd(1966)
Fact of the case-

Ξ a transfer of share with stamp duty had been executed in June 1967

Ξ bt d comp faild to register it at tat time and d same was registrd in oct 1968 ie aftr 1yr 4months

Ξd comencement of wind up was initiated on dec 1968

Ξ d person was held to b contribu u/s 426 bt was nt eligible to file a petition bt would hve been eligible wen d comp had registrd her shares on d same dt of stamp execution ie on june 1969

*Q involvd

Ξ is d person eligible to apply for such petition when d mistake was made frm comp sideg?

* decision/judgement-

Ξ it was held tat
In reference to d case
Re. Petent Steam Engines Co. (1878)
If d comp on court has faild to allot shares d petitioner wil wil nt d company

Rajni
3:16am, 11 Apr - Rajesh Lachhwani: Contributory continue-

Ξ a petition of winding up of a comp can b presentd by a contributory notwithstanding d fact tat he may b holder of fuly paid up shares or d comp does nt hve no assets at all

Ξ other imp pt to b noted tat ek insolvent shareholder jiska nam register of membr as holder of shares ho may present petition as a contributory after consulting with official assignee or receiver

Ξ official assignee or receiver himself cnt go for petition as he is nt a contributory

-> Thus d petit can b filed by

Insolvent shareholdr with consult of
Receiver or official assignee. ✔

Receiver or official assignee himself ✖

A legal represent of a deseasd shareholder ✔

Rajni
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Rajni
3:25am, 11 Apr - Rajesh Lachhwani: Sub- cri
Topic- SARFAESI Act

Part1

->With an aim to provide a structured platform to the Banking sector for managing its mounting NPA stocks and keep pace with international financial institutions, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act

was put in place to allow banks and FIs to take possession of securities and sell them.

-> The SARFAESI Act has been largely perceived as facilitating asset recovery and reconstruction.

-> SARFAESI applies only to loans above Rs.10 lakhs.

-> E.g.
-if Mr.ajay had taken business-loan,
SBI would have asked him to sign away his factory/machinary/vehicles/land etc. specific items as mortgage.
-Hence SBI can attach only ^those assets.
But SBI cannot take away Paraajay's personal home-furniture, expensive wrist-watch or his son's bicycle in the name of SARFAESI.
-Similarly, Agricultural land is exempted from SARFAESI attachment.

-> The Act provides three alternative methods for recovery of NPAs, namely:

1. Securitisation:-

-> It means issue of security by raising of receipts or funds by SCs/ARCs.
-> A securitisation company or reconstruction company may raise funds from the QIBs by forming schemes for acquiring financial assets.
->The SC/ARC shall keep and maintain separate and distinct accounts in respect of each such scheme for every financial asset acquired, out of investments made by a QIB and ensure that realisations of such financial asset is held and applied towards redemption of investments and payment of returns assured on such investments under the relevant scheme.

2. Asset Reconstruction: The SCs/ARCs for the purpose of asset reconstruction should provide for any one or more of the following measures:
• the proper management of the business of the borrower, by change in, or take over of, the management of the business of the borrower
• the sale or lease of a part or whole of the business of the borrower
• rescheduling of payment of debts payable by the borrower
• enforcement of security interest in accordance with the provisions of this Act
• settlement of dues payable by the borrower
• taking possession of secured assets in accordance with the provisions of this Act.

3. Exemption from registration of security receipt: The Act also provides, notwithstanding anything contained in the Registration Act, 1908, for enforcement of security without Court intervention: (a) any security receipt issued by the SC or ARC, as the case may be, under section 7 of the Act, and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder of the security receipt to an undivided interest afforded by a registered instrument; or (b) any transfer of security receipts, shall not require compulsory registration.

Rajesh
Part 2
Topic- NPA
->sec 2(1)(o)
->Bank gives loan to a person.
->Person fails to make regular payments.
Bank gives him notice to correct his behavior.
->But he doesn't.
Bank declares that loan as Non-Performing Asset (NPA) (=Bad Loan)
Currently Indian banks have NPAs worth more than Rs. 1 lakh crores.

-> In other words d foll is NPA

-Interest or principal (or instalment) is overdue for a period of 180 days or more from the date of acquisition or the due date as per contract between the borrower and the originator, whichever is later;
-interest or principal (or instalment) is overdue for a period of 180 days or more from the date fixed for receipt thereof in the plan formulated for realisation of the assets
-interest or principal (or instalment) is overdue on expiry of the planning period, where no plan is formulated for realisation of the
any other receivable, if it is overdue for a period of 180 days or more in the books of the SC or ARC.
-Provided that the Board of Directors of a SC or ARC may, on default by the borrower, classify an asset as a NPA even earlier than the period mentioned
Part 3-
Debt recovery departments

->Prior to 90s, banks had very hard time recovering bad loans.
->Because often, borrowers (loan takers) would file frivolous cases in civil courts, then … taarikh pe taarikh, taarikh pe taarikh….. proceeding would go on for years.
->So 1993, Government established Debt Recovery Tribunals to deal with NPA matters.
Now borrower cannot approach civil court, they've to goto special Debt Recovery Tribunal (DRT).
->This led to some relief, but then DRTs clogged down by truckload of cases. (Even now, more than 60,000 cases pending with DRTs)
->In 2002, Government came up with new Act, named "SARFAESI Act".
Part 4

Topic-Bank power -
Bank have following powers under SARFAESI Act
1. Take possession of Mr.Paraajay's assets without requiring court order. (Commericial or residential, fixed or moving assets.)
2. Auction / Sale them.
3. Change the administration/ Management of those assets.
4. If Mr.Paraajay had sold away the mortgaged asset to third party Mr.X, bank can order Mr.X to surrender that Asset.
5. If Mr.X owes money to Mr.Paraajay, he can be ordered to pay money.
3:25am, 11 Apr - Rajesh Lachhwani: Part 5

Appeal structure
->The borrower (loan taker) has following options:
1.Get a stay order from Debt Recoverty tribunal (DRT) against the auction/sale of his properties. (He cannot file case in Civil courts.)
2.Fight the case in DRT.
3.If unhappy with DRT verdict, he can appeal to Debt Recovery Appellate Tribunal (DRAT).
4.But before filing appeal with DRAT, he'll have to deposit 50% of his pending loan money.
Part 6

Topic- bank power to auction

->First SBI contacts the experts, gets valuation of Mr.Paraajay's assets.
->Expert says "those assets are worth Rs.50 crores according to present market value of land/ building/ machinary whatever."
->Then SBI will give advertisement in newspapers "we are auctioning xyz land/ machinary/building. Minimum bidding amount is Rs.50 crores. Whoever wishes to bid, send us application along with Rs.50,000 as deposit, and neded documents certificates, duly a Gazetted

officer."

->Problem: sometimes, bidders donot take interest in buying such properties, factories etc.
To fix this problem, Amendment bill of 2011, makes a new provision: if noone else comes to bid in the auction, Bank itself can buy that property.

[Suppose SBI attached a warehouse of Mr.Paraajay.
If the land was in good urban area, SBI could open a new branch office there (or housing for its employees).
But if plot/factory/house is in some remote area= useless for SBI's personal business.
Under the Banking regulation Act, a bank cannot keep such immovable property beyond 7 years, (max 12 years with RBI's permission).
So ultimately SBI will have to auction it to someone. What if they don't get better price? Critiques of the bill say, this is not clarified in the bill.]
Part 7

What is ARC?
->Asset reconstruction company (ARC). They buy NPA (Bad loans) from Banks and try to extract maximum money out of it=profit.
->They've to register with Reserve Bank of India.
->Examples:
1. ARCIL (India's first and largest asset reconstruction company (ARC))
2. Reliance Asset Reconstruction Company Limited by Anil Ambani

->In our example, SBI has NPA worth Rs.40 crores.
ARC will buy the NPA file from SBI at a lower rate say 35 crores. (well, SBI is

making loss, yes, but something is better than nothing.)
Besides, banks have hundreads of bad loan cases, they donot have time or manpower to pursue individual case, sometimes no bidders are interested in auction.
- All the
filework and donkey labour, In such cases, it's better for bank to transfer NPA to ARC.
But that doesn't mean ARC will give 35 crores to the SBI from its own pocket!
Then how will the Asset reconstruction company (ARC) arrange for the money?=
via Security Reciepts.

Part 8 SR

What are Security
Reciepts (SR)?

->In above example, ARC needs Rs.35 crores to buy a Non performing asset from SBI.

->So ARC will issue "security reciepts (SR)" worth Rs.35 crores.
Only Qualified Institutional buyers

->(QIB) can
buy these security reciepts (SR).

->SR are not "bonds", they donot carry fixed interest rate.

->ARC will promise to pay money on SR, when it gets money the bad loan.

->Although, ARC usually promise 9% profit on "security reciepts (SR)".
So, three possible situations:
1. Qualified institutional buyers (QIB) buy those security reciepts (SR). So Rs.35 cr cash goes from QIB -> ARC -> SBI.
2. SBI itself recieves SR worth Rs.35 crores for free. (that means ARC will gradually pay

the money to SBI).
3. combination of both: QIBs buy SR worth 30 crores + SBI recieves free SR worth 5 crores.
Part 9
Revision

Anyways, back to the topic, let's recap:
1. SBI had NPA. First solution: auction the property. Did not work out.
2. Second solution: sell it to ARC.
So, ARC purchased the NPA worth Rs.40 crores (at Rs.35 crores).
ARC's aim= extract maximum money out of this investment. But how?
1. Auction the assets fully or partially. (sell the machinary now, rent the building and wait for land prices to go up for two years and then sell it.)
2. Sell the property in combination with other NPA properties of other defaulters. (similar to "buy one large pizza and get 20% discount on any medium sized pizzas").
3. Restructure the EMIs of Mr.Paraajay. E.g. instead of 1 lakh per month, give us 75,000 per month.
4. Change the Management of that asset, appoint its own directors/officers.
5. Order Mr.Paraajay to outsource or lease his business to a another company.
^SARFAESI act empowers ARC to do such things. The amendment Bill adds a new power to the ARC.
Part 10 amendment

Topic- ARC New Power:
convert Debt into equity

-> The new Amendment in SARFAESI, empowers ARC to convert debt into equity.(fully or partially).

-> This leads to two situations:
1. If company starts making more profit in

future, ARC will receive more share from that profit. (because more profit=more dividend to shareholders.)
2. If price of company's shares go up in the sharemarket, ARC can sell those shares to third party and make decent profit.
Part 11

Anti-arguments:
Debt to
Equity conversion
->Critiques says this "debt to equity"provision will be abused.
->This provision is made to help bad corporates. How so?

Well consider following:
(A) Bank's loss
-SBI gave Rs.40 crores loan to Mr.Parajaay
-He refuses to pay loan=bad loan/NPA.
-Then SBI sells this bad loan file to an ARC company @Rs.35 crores.
-Hence, SBI's loss is 40-35=5 crores.
(actually more than 5 crores, if we count the possible interest rate that he would have paid, if he had not defaulted.
-And loss
figure will be different if he had paid a few installments earlier. Anyways, let's keep the loss at 5 crore for the moment.)
(B) ARC's profit
Now ARC owns the NPA assets. (their investment Rs 35 crores)
Paraajay offers Rs.37 crores and ask ARC to sell the assets to his relative, friend or proxy.
-Hence, ARC's profit is 37-35=Rs.2 crores.
And yet Mr.Parajaay successfully saved Rs.3 crores (because originally he had to pay Rs.40 crores to SBI, but he walked away by paying just Rs.37 crores!)
-Few years back, CVC had held a meeting with Bank chairmans and CBI officers. They alleged ^this type of mischief going on, in

many loan default cases.
-Now under the new provision: if ARC converts its debt into equity (shares), then what will happen?
1. It is very unlikely that Parajaay's company will start making huge profits (otherwise it wouldn't be in bad loan problem in the first place!)
2. It is very unlikely that share-price of Parajaay's company will go up in sharemarket. (because it has negative publicity due to NPA).
Hence it is very unlikely that ARC will make huge profit out of this "Equity".
Then Mr.Parajaay can simply offer them a way out : "sell those shares to me, in my friend,relative,driver or peon's name @Rs.37 crores."
And ARC would agree, because 37-35=Rs.2 crores profit!
Part 12
Concept of
Central Registry

->Previously, borrowers used to forged property documents and get loans from multiple banks by giving them duplicate property documents as security.
->So when borrower refuses to pay up loan, many banks would make claim for the same property!
->To fix this problem, Reserve Bank of India (RBI) setup Central Registry in 2011, under SARFAESI.
->This central registry has details of all properties against which loans have been taken.
->Any person or bank can inspect records of this registry to make sure the mortgaged property is genuine.
Official name: Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

Part 12

Misc.Amendments

1. In public interest, Union Government can issue notification that xyz provision of SARFAESI act may not apply or may apply with modifications to a class or classes of banks or financial institutions. Suppose many textile exporters have taken loans from banks but due to global recession they are not receiving payments and hence unable to repay loans. In that case, Government can order notification that "SARFAESI will apply to all loans except those given for textile-export business."
2. Earlier a borrower could approach Debt Recovery tribunal (DRT) to get stay order against bank/ARC. New amendment says DRT cannot grant any stay order unless both parties (Borrower vs. lender bank) are heard. This will ensure the process of law is not misused by unscrupulous borrowers to get stay orders just to delay money-recovery.
3. Bill proposes to enable banks and financial institutions to enter into settlement or compromise with the borrower. It also seeks to empower the Debts Recovery Tribunal to pass an order acknowledging any such settlement or compromise.

Other amendments-

1. Bank can buy for the NPA property if there are no other bidders.
multi-state co-operative banks can also take actions under SARFAESI.
2. Borrower can't get stay orders from DRT easily.
Can make

settlement /
compromise
with Bank/ARC.
3. Asset
reconstruction
companies (ARC)
can convert their
debt into equity (fully
or partially)
4. Government
can prohibit or
modify SARFAESI's
applicability in public
interest.
-Apart from this amendment, Government has also increased foreign investment limit in ARCs from 49 to 74%.

Part 13 (last part)
Committees
SARFAESI was based on recommendation of these two Committees
1. Committee on Banking Sector Reforms (Narasimham Committee II), 1998
2. Restructuring of weak Public Sector Banks - Verma Committee
The latest amendment (Debt to Equity), is based on recommendations of Alok Nigam Panel on ARCs, made by Finance Ministry.

Subject- sm
Chapter 8
Topic- internal control system
2:01am, 11 Apr - Rajesh Lachhwani: Part 1
=> Internal control means the whole system of control
Established by
- Financial
Or
- Management
Established inorder to secure as far as possible
:the accuracy

And reliab of comp's record

And
To
: safeguard,regulate and control all other activities

=> internal control is about achievement of objectives
in the following categories:
a. Reliability of financial reporting,
b. Effectiveness and efficiency of operations, and
c. Compliance with applicable laws and regulations.

=>
*extra point

[Types of Internal Controls:
1. Detective: Designed to detect errors or
irregularities that may have occurred.
2. Corrective: Designed to correct errors or
irregularities that have been detected.
3. Preventive: Designed to keep errors or
irregularities from occurring in the first place.]

Rajesh
2:01am, 11 Apr - Rajesh Lachhwani: Part 2

=> internal control is an imp and effective tool of mang to achieve organisational objectives effectively

=> d mang aims at optimum use of resources through internal control

=> d system of internal control is defined by
Spicer and Pegler, d defi has folowing implications
A) controls r established over financial and non-financial areas

B) d mechanism of controls may b in form of internal check
Or internal audit

Rajesh
2:01am, 11 Apr - Rajesh Lachhwani: Part 3
Clasification of internal control-

1. A/cting control/
Financial control

And

2. Administrative control

1. A/cting control

=> it comprise the plan of organisation and all methods and procedures that r concerned mainly with and relate to ,
:d safeguarding of assets
And
:d reliability of financial information

=> for eg-
Maintaining inventories

=> d scope of internal control is much wider tan of a/cting control

=>internal checks,internal audit,quantitative controls,budgetary control etc r d part of a/cting control

=> while
A/cting control itself,
Operational control
, policy planing/review,reporting etc r d part of internal control
2:01am, 11 Apr - Rajesh Lachhwani: => d internal control relating to a/cting system aims at ensuring

1. D transactions r in accordance to mang authorisation

2. D access to assets is permitted in acordance tn mang authorisation

3.. D transac r promply recorded in an appropriate manner

4. D assets r reviewd and verified at resonable intervals
2:01am, 11 Apr - Rajesh Lachhwani: -* 2. Administrative conrol

- control falling under operational control can also b administrative control

-Eg-
Recording of visits by a salesman,quality control,work standards etc

- it has an indirect relationship with financial records and auditors

rajesh
2:01am, 11 Apr - Rajesh Lachhwani: Part 4-
Limitation of ics

include:
1. Judgment: The effectiveness of controls will be limited by decisions made with human judgment under pressures to conduct business based on the information at hand.
2. Breakdowns: Even well designed internal controls can break down. Employees sometimes misunderstand instructions or simply make mistakes. Errors may also result from new technology and the complexity of computerized information systems.
3. Management Override: High level personnel may be able to override prescribed policies and procedures for personal gain or advantage. This should not be confused with management intervention, which represents management actions to depart from prescribed policies and procedures for legitimate purposes.
4. Collusion: Control systems can be circumvented by employee collusion. Individuals acting collectively can alter financial data or other management information in a manner that cannot be identified by control systems.

5. Other

- Maniplations by mang
- Controls directed at anticipated types of transac
- human error due to carelessness, distraction etc
Rajesh
2:01am, 11 Apr - Rajesh Lachhwani: Part 5
objectives of ic

1. The objective is to ensure that duties are assigned to individuals in a manner that ensures that no one individual can control both the recording function and the procedures relative to processing the transaction.

2. To ensure accountability for assets

3. To present or detect errors and frauds

4. To ensure policies laid down r adhered to

5. To ensure confidence of reliability to users of information

6. To ensure tat transact r executed in acordance with mang general or specific authorization

7. Error handling - The objective is to ensure that errors detected at any stage of processing receive prompt corrective action and are reported to the appropriate level of management.

8.to ensure tat erors corectd by timely action through feedbck information

9. Completeness - The objective is to ensure that no valid transactions have been omitted from the accounting records.

" A well designed process with appropriate internal controls should meet most, if not all of these control objectives."

Part 6

Characteristics of effective ic
[daru bc c]
1. There should b proper
DELEGATION of authority, responsibility and duties within d organisation

2. Appropriate monitoring system should exist

3. Responsibilities r assigned acording to individuals having requisite competence and qualification

4. Under controling should b continuous proces

5. Building of facilities like cross checking and reconciliation of data

6. Control system should b flexible and adjustable to changing situational needs and control measures should b static bt dynamic

7. Controls should nt b duplicating and repeating to avoid extra costs in their applications

rajesh
2:01am, 11 Apr - Rajesh Lachhwani: Part 7
Techniques of ic

1. Internal check
2. Internal audit
(diff in pic)
[internal auditor apointd as per sec 138 of comp act 2013]
2:01am, 11 Apr - Rajesh Lachhwani: 3. Flow chart

4. Ic questionnaire

5. Inter firm and intra firm comparisions
2:01am, 11 Apr - Rajesh Lachhwani: Sub- sm
Part b
Topic- cultural alliances

-in a global eonomy with along with shifting labour markets,D managers selectd should b trained to become experts in extra complications causd by cultural dissimilarities,cz it is coverd undr concept of cultural alliances

-such alliance must b understod cz differences in culures hve clear implications nt only for negotiation of alliance bt also for joint formulation of future busines strategis
-For beterment of such alliances,
'key skill' of managers must have ability to work in
:ambiguous,
:unfamiliar,
:cross functional
&
:trans cultural relationships

-D key obstacles to sucess of cros ..r -
,remebr as-
ca's'

1. Coping with increasd complexity-

- Koi bi individual ya group ko esa tajurba nai hota k wo combined entity ban kr kam kare

-Already jo organisations jinki mastery hai cross-functioning thinking may find it challenging to manage crors organisa ripple effects

2. Aligning differing orientations-

- organisat k terms vary ho sagte hai

Jaise
:Focal length ie short term v/s long term[ek partner ka short term goal dusre partner k long term goal ko a]ffect kr sagta hai
,
: philosophical emphasis ie strategic v/s operational[yaha decision making me conflict ho sagta hai
Cz strategicthinkers have clear picture for long run and operat thinkers try to improve current position]

&
:integration of goal

3. Cultural integration-

-Company niswarth bhavna se[without any negative preconceptions] ek sath kam krne ka nirnay leti hai par different cultures have variations which may create misunderstanding bet them

-For eg-
Ek joint venture me
Ek taraf tha major consumer products manufacturer and dusri taraf tha smal innovative drug developer

Drug developer young,active,fast,.informal,non hierarchical fashion ka tha
Unlike manufacturer

-Dono me jung rehti thi to aggresively prove their contribut to parent company tiz conflict is cultural integration

Rajni
2:02am, 11 Apr - Rajesh Lachhwani: Dhruti mam-

Sub- sm

Topic- funct implementation

1. Financial policies-

- It generaly relatd with d acquisitin and alocation of financial resourses ,
-It is imp for business to manage busines finance inorder to smothern d rest of d funct activities
-therefore it is necesary to decide capital alocation into busines activities

-Financial implemen
include checking ur capital structure
+ checking d market value of firm and simultaneously balancing d debt equity ratio if it is nt balanced tan there r chances tat new implement of strategy is difficult

2. Human resource and union resource policy

- HR is considerd to b most crucial fn in busines organisation

-Managing people in d organisation includes taking care of fol aspects

A)job analysis-

This includes
-> job discription
[includes
-respon/roles of job
- Skills /knwoledge/Trait]
And
-> job specifications
[includes
-Qualific
-Experiance
-Educational background
- Social status
- Age requirement
- Gender specification
- Requirement salary
-etc]
B)Stafing plan-
It includes identif of curent and future job vacances

- Death posibilities
- Retirements
-Turn over posiajilities
- Leave possibilities

C) payroll budget
Payroll matlab yaha pe salary k sath lagte sab advantages milega

- Recruitment
- Training
- pay roll benefits
- exit policy

D) union relation

Yaha protect of employe ki baat ki hai

Union k sath acha relation rakhneka
- >yaha agar
-negtiation ✖
-bagaining ✖
Nai ho raha to problem hoga

Rajni
3. Product strategy

Pg 77 spiral
4. Research and develop mang

- Research include
2 basis analysis

I) sintific research
(experimental research)

II) comercial research

-Etither comp can go for scientific amdalysis of product or customer demands or cust preferencis
-On other
Comp may go for commerial research which is based on rease abut economic and social devel of d organisation
2:06am, 11 Apr - Rajesh Lachhwani: Sub- sm
Topic- tqm

-> total quality management
(TQM) describes a management approach to

long–term success through customer
satisfaction.

=>in other words Total Quality Management (TQM) is a people-focused management system that aims at continual increase in customer satisfaction at continually lower real cost

->it is an integral part of high-level strategy which works horizontally across functions and departments

* The Primary Elements of TQM-

Rembr head pt as
Arpit "cs

1) A sustained management commitment to quality: -The commitment to implement has to start at the top, and the organization's senior management has to be firm in its commitment to quality

2.R-
Root cause corrective action:
- identifying the root causes of problems, and by implementing corrective actions that address problems at the root cause level

3. P-
Process-centered .
- A fundamental part of TQM is
a focus on process thinking.
- A process is a series
of steps that take inputs from suppliers (internal
or external) and transforms them into outputs
that are delivered to customers (again, either
internal or external).
-The steps required to carry
out the process are defined, and performance
measures are continuously monitored in order to
detect unexpected variation.

4. Integrated system.-
it is an integral part of high-level strategy which works horizontally across functions and departments

5. Total employee involvement .
- All employees
participate in working toward common goals.

-Total employee commitment can only be obtained after fear has been driven from the workplace, when empowerment has occurred, and management has provided the proper environment.

-High-performance work systems
integrate continuous improvement efforts with normal business operations.

-Self-managed work
teams are one form of empowerment.

6. Customer-focused .
-The customer ultimately
determines the level of quality.
-No matter what an
organization does to foster quality improvement—training employees, integrating quality into the design process, upgrading computers or software, or buying new measuring tools—the customer determines whether the efforts were worthwhile.

7. Strategic and systematic approach.
-A critical part
of the management of quality is the strategic and systematic approach to achieving an organization's vision, mission, and goals.
-This
process, called strategic planning or strategic management, includes the formulation of a strategic plan that integrates quality as a core component.
8. Fact-based decision making. In order to know how well an organization is performing, data on performance measures are necessary. TQM requires that an organization continually collect and analyze data in order to improve decision making accuracy, achieve consensus, and allow

prediction based on past history.
*conclusion of tqm-

-TQM processes are divided into four sequential categories:
plan, do, check, and act (the PDCA cycle).
1.In the planning phase, people define the problem to be addressed, collect relevant data, and ascertain the problem's root cause;
2. in the doing phase, people develop and implement a solution, and decide upon a measurement to gauge its effectiveness;

3.in the checking phase, people confirm the results through before-and-after data comparison;

4. in the acting phase, people document their results, inform others about process changes, and make recommendations for the problem to be addressed in the next PDCA cycle.
eight key elements:
1. Ethics
2. Integrity
3. Trust
4. Training
5. Teamwork
6. Leadership
7. Recognition
8. Communication
Thus As a current focus of e-business , TQM is based on quality management from the customer's point of view.

D end
Unique pt-
Edraw max is helpful for the drawing of Total Quality Management diagrams on PCs.
Thus

-TQM is a customer focused approach

,gIt is company wide strategy and involves everyone in the organization
Aims at satisfying the customer or delighting them
Provides best quality product and satisfy them in a cost effective manner
Fundamental changes in basic beliefs and practices
Prevention of defects is the way and the target is zero defects
Total quality management is methodical
Provides meaningful measures of performance that guide the self-improvement efforts of everyone involved
Rembr diag as 6c's-
Like I made
COMMITMENT
to my mother
Tat I wil marry in sindhi
CULTURE
And will take care of her
CONTINUSOLY
If there is
COOPERATION
frm her side,and go into my dukan handle
COUSTOMER
and kepp
CONTROL
of my busines and house exp
2:06am, 11 Apr - Rajesh Lachhwani: Strengths

A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include:

patents strong brand names good reputation among customers cost advantages from proprietary know-how exclusive access to high grade natural resources favorable access to distribution networks

Weaknesses

The absence of certain strengths may be viewed as a weakness. For example, each of the following may be considered weaknesses:

lack of patent protection a weak brand name poor reputation among customers high cost structure lack of access to the best natural resources lack of access to key distribution channels

In some cases, a weakness may be the flip side of a strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be a considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

Opportunities

The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include:

an unfulfilled customer need arrival of new technologies loosening of regulations removal of international trade barriers

Threats

Changes in the external environmental also may present threats to the firm. Some examples of such threats include:

shifts in consumer tastes away from the firm's products emergence of substitute products new regulations increased trade barriers
2:06am, 11 Apr - Rajesh Lachhwani: [adopt of uncitral on cros bord insol was on 30may1997]
2:06am, 11 Apr - Rajesh Lachhwani: Sub-
Wto
Part 1
Topic- NAFTA
[North American Free Trade Agreement]

-> On January 1, 1994, the North American Free Trade Agreement between the United States, Canada, and Mexico (NAFTA) entered into force.

-> It superseded the Canada–United States Free Trade Agreement between the U.S. and Canada.

-> NAFTA has two supplements: the North American Agreement on Environmental Cooperation (NAAEC) and the North American Agreement on Labor Cooperation (NAALC).

-> Membership;-
-Canada
-Mexico
-United States

-> Administration
centers;-
- Ottawa, Canada
-Mexico City, Mexico
-Washington, D.C. ,
United States

-> The goal of NAFTA was to eliminate barriers to trade and investment between the U.S., Canada and Mexico.

-> The implementation of
NAFTA on January 1, 1994 brought the immediate elimination of tariffs on more than one-half of Mexico's exports to the U.S. and more than one-third of U.S. exports to Mexico

->thus NAFTA covers Canada, the U.S. and Mexico making it the world’s largest free trade area (in terms of GDP).

-> NAFTA was signed by President George H.W. Bush, Mexican President Salinas, and Canadian Prime Minister Brian Mulroney in 1992.

*Nafta effect-

-> NAFTA has eliminated trade barriers, increased investment opportunities, and established procedures for resolution of trade disputes.
-> Most
important, it has increased the competitiveness of the three countries involved on the global marketplace.
->This has become especially
important with the launch of the European Union and the economic growth of China and other emerging market countries. In 2007, the EU replaced the U.S. as the world's largest economy.

*Benefits of NAFTA?:
How does NAFTA benefit trade?
- First, it
eliminates tariffs . This reduces inflation by
decreasing the costs of imports.
-Second, NAFTA
creates agreements on international rights for
business investors. This reduces the cost of
trade, which spurs investment and growth
especially for small businesses .
- Third, NAFTA
provides the ability for firms in member countries
to bid on government contracts.
-Fourth, NAFTA
also protects intellectual properties.
* Why Was NAFTA Formed?:
->Article 102 of the NAFTA agreement outlines its
purpose:

- Promote conditions of fair competition.

-Increase investment opportunities.

-Provide protection and enforcement of
intellectual property rights.

-Create procedures for the resolution of trade
disputes.

- Grant the signatories Most Favored Nation
status.

- Establish a framework for further trilateral,
regional and multilateral cooperation to expand
NAFTA's benefits.
* Disadvantages of NAFTA:

1. First and
foremost, is that NAFTA made it possible for
many U.S. manufacturers to move jobs to lower-
cost Mexico. The manufacturers that remained
lowered wages to compete in those industries.

2. The second disadvantage was that many of

Mexico's farmers were put out of business by U.S.-subsidized farm products. NAFTA provisions for Mexican labor and environmental protection were not strong enough to prevent those workers from being exploited.

Rajesh
2:06am, 11 Apr - Rajesh Lachhwani: Sub- wto
Part 2

Topic- SAPTA

-> South Asian Free Trade Area

-> The SAFTA Agreement was signed on 6 January 2004 during Twelfth SAARC Summit held in Islamabad, Pakistan. The Agreement entered into force on 1 January 2006, and the Trade

-> It created a free trade area of 1.6 billion people in Bangladesh , Bhutan , India , Maldives , Nepal , Pakistan and Sri Lanka

-> was signed on 11 April 1993 and entered into force on 7 December 1995, with the desire of the Member States of SAARC (India , Pakistan , Nepal, Sri Lanka , Bangladesh , Bhutan and the Maldives) to promote and sustain mutual trade and economic cooperation within the SAARC region through the exchange of concessions.

-> The objective of the agreement is to promote competition in the area and to provide equitable benefits to the countries involved. It aims to benefit the people of the country by bringing transparency and integrity among the nations.
->SAFTA was also formed in order to increase the level of trade and economic cooperation among the SAARC nations by reducing the tariff and barriers and also to provide special preference to the Least Developed Countries (LDCs)among the SAARC

nations.

-> The exports under SAFTA have been witnessing considerable upward trend since the launching of the Trade Liberalisation Programme (TLP).

-> As of 20 September 2013 , the total f.o.b. value of exports by Member States under SAFTA has reached about US$ 3 billion since launching of SAFTA Trade Liberalisation Programme (i.e. July 2006).

=>meetings-
1. MEETINGS OF SAFTA COMMITTEE OF EXPERTS

Last meeting was at
Kathmandu, ... 2014

2. MEETINGS OF SAFTA MINISTERIAL COUNCIL

Eighth Meeting of the SAFTA
Ministerial Council
Kathmandu, Nepal, ..
2014

Rajesh
2:06am, 11 Apr - Rajesh Lachhwani: Wto
Part 3
Topic-ftz

-> A free trade zone (FTZ) , also called foreign-trade zone , formerly free port , is an area within which goods may be landed, handled, manufactured or reconfigured, and reexported without the intervention of the customs authorities.

-> Free Trade Zones are also known as Special Economic Zones in some countries. Special Economic Zones (SEZs) have been established in many countries as testing grounds for the implementation of liberal market economy principles.
2:06am, 11 Apr - Rajesh Lachhwani: Wto

Part 4
Topic-SAARC

-> The South Asian Association for Regional Cooperation (SAARC) is an economic and geopolitical cooperation among eight member nations that are primarily located in South Asia continent.

->members-
Bangladesh , Bhutan , India, Maldives , Nepal, Pakistan , and Sri Lanka
And finaly
Afghanistan was the first to have been accessed in the physical enlargement of the SAARC in 2007.

-> Its secretariat is headquartered in Kathmandu , Nepal

-> The SAARC policies aim to promote welfare economics, collective self-reliance among the countries of South Asia, and to accelerate socio-cultural development in the region.

-> The idea of regional political and economical cooperation in South Asia was first coined in 1980 and the first summit held in Dhaka on 8 December in 1985
2:06am, 11 Apr - Rajesh Lachhwani: -> Objectives of SAARC-

1. to promote the welfare of the people of South Asia and to improve their quality of life;

2.to accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realise their full potential

3. to strengthen co-operation with other developing countries;

4.to strengthen co-operation among

themselves in international forums on matters of common interest; and

5.to co-operate with international and regional organisations with similar aims and purposes.

6.to maintain peace in the region
2:06am, 11 Apr - Rajesh Lachhwani: Principles-

1. Cooperation for mutual benefit

2. Respect for sovereignty, territorial integrity, political equality and independence of all members states

3. Non-interference in the internal matters is one of its objectives

4. All decisions to be taken unanimously on the basis of consensus and need a quorum of all eight members
2:06am, 11 Apr - Rajesh Lachhwani: Updates-

-> The 45th□Session of the SAARC Programming Committee was held on 17 February 2014 in the Bandos Island Resort, the Maldives.

->
2:06am, 11 Apr - Rajesh Lachhwani: Rajni
2:06am, 11 Apr - Rajesh Lachhwani: Part 5
Sapta

-> SAARC Preferential Trading Arrangement (SAPTA)

-> Four rounds of trade negotiations have been concluded under SAPTA covering over 5000 commodities.
-> Each Round contributed to an incremental trend in the product coverage and the deepening of tariff concessions over previous Rounds.

-> Given the consensus within SAARC, the Agreement on

SAPTA was signed on 11 April 1993 and entered into force on 7 December 1995 well in advance of the date stipulated by the Colombo Summit.
->The
Agreement reflected the desire of the Member States to promote and sustain mutual trade and economic cooperation within the SAARC region through the exchange of concessions.

-> The basic principles underlying SAPTA are:

[o nri]

a. overall reciprocity and mutuality of advantages so as to benefit equitably all Contracting States, taking into account their respective level of economic and industrial development, the pattern of their external trade, and trade and tariff policies and systems;
b. negotiation of tariff reform step by step, improved and extended in successive stages through periodic reviews;
c. recognition of the special needs of the Least Developed Contracting States and agreement on concrete preferential measures in their favour; and
d. inclusion of all products, manufactures and commodities in their raw, semi-processed and processed forms.
Rajesh
2:06am, 11 Apr - Rajesh Lachhwani: Part 6
Topic-
Wto SETTLING DISPUTES-
*introduc-

->Dispute settlement is the central pillar of the multilateral trading system, and the WTO's unique contribution to the stability of the global economy.

->Without a means of settling disputes, the rules-based system would be less effective because the rules could not be enforced.

->WTO's procedure underscores the rule of law, and it makes the trading system more secure and predictable.

->The system is based on clearly-defined rules, with timetables for completing a case.

-> the point is not to pass judgement. The priority is to settle disputes, through consultations if possible.
2:06am, 11 Apr - Rajesh Lachhwani: * How long to settle a dispute-

->Total = 1 year (without appeal)

-> Total = 1y 3m (with appeal)
2:06am, 11 Apr - Rajesh Lachhwani: *procedure-

->Settling disputes is the responsibility of the Dispute Settlement Body (the General Council in another guise), which consists of all WTO members.

Pto
2:06am, 11 Apr - Rajesh Lachhwani: It is to b noted tat countries can settle their dispute themselves at any stage

1st stage-

->b4 taking d case into consideration ek mauka diya jata hai dono country ko
[ek jispe case hua hai and 2nd jo case krta hai

,jo case krta hai usko complaining company khete hai]
K agar apas me dispute solve ho sake to thik

-> agar apas me dispute solve krne me wto director general ki madad ki jarurat pade to as a mediator he can play such role

->if party dnt mant to go for setlement tan d procedings wil b startd
Ie frm d complain made upto 60days k andar consultations ko bula dena hai

-> consultations apointment ,and other requird maaner is laid down in article 4
2:06am, 11 Apr - Rajesh Lachhwani: ->agar consultations se ye case solve nai hua to wo panel apoint krke unko frwd kr denge

2nd stage-
-> consultants wil apoint panel
-> panel establishment is laid down in article 6
-> 45 days k andar panel apoint ho jayegi
->ye penal final report 6 month k andar de degi
->if counsultants fail to apoint panel tan complaining country wil b askd to apoint d same
->if any dispute in apointment of panel tan consultants decision to apoint d same wil previl and

-> panel is d helping hand
[□□] □□
To DSB ie dispute setlement body to make
Ruling and recomendations

->panel ka max tenure 6 month tak ka hai so vo 6 month k andar ek report taiyar karegi bt in case of urgency like mater in dispute for perisable goods tan 3 month k andar report taiyar hogi
2:06am, 11 Apr - Rajesh Lachhwani: -> penal me do meting hogi of parties (article 12)
And 1 of 3rd party
(article 10)

*b4 1st hearing
-
Yani penal me 1st meting ho usse phele hi dono country jo vivadh ya madhbed ya dispute me hai likhit me case k facts likh denge
For being heard at d hearing
2:06am, 11 Apr - Rajesh Lachhwani: *1st hearing-

->complaining country makes there case 1st

And if d case solvd tan ok or c/f to 2nd meting

*2nd panel meeting-

->ye meeting ko Rebuttals bi kaha jata hai

->d countries involvd submit written Rebuttals and presents oral argument at panel 2nd meeting

*experts

-> jab ati bhayankar argument samne ay jaise
- Scientific
Or

-Technical matters
Tan panel wil consult experts to guide them and when experts r involvd d said report is termd as Advisory Report
2:06am, 11 Apr - Rajesh Lachhwani: -> experts is laid down in Article 14 appendix 4
2:06am, 11 Apr - Rajesh Lachhwani: * 1st draft-

-> panel nw as per d best facts kn to them prepares d draft report which may or may nt include experts advice as d case may b

-> such 1st draft wil b given to both countries for their comments giving them 2 weeks for d same to comment

-> tis draft does nt include
Findings and conclusions
2:06am, 11 Apr - Rajesh Lachhwani: *interim report(art 15.2)-
-> panel nw wil give interim report ,including findings and conclusions to 2 sides and given 1 week for review

*review-

->d period given of 1 week cnt exced 2 week
->during such time
Panel may hold additional meetings if time permit
[additional meeting bulane ka vipray ye hai k ho sake ab case solve ho jaye b4 final report]
2:06am, 11 Apr - Rajesh Lachhwani: *final report-

-> final report is submitd to parties to dispute
[art 12.8]
->tis report cnt exced 6 months frm d panel constitutd

->d same report is circulatd to wto members within 3 weeks aftr d same submitd to parties

[art 12.9]

->final report me kaha k wto agrement,ya rule regulat bhang hua hai to ab wo penalty sunayegi

* report becomes ruling

-> implementation is laid down in article 12.3

-> d ruling may b recomendatory
And such wil become ruling within 60days

-> bt it may hapen countries appeal it

->sometimes both country does apeal
2:06am, 11 Apr - Rajesh Lachhwani: *appeal-

-> appeal is to b done in appeal report

->time period is 60 to 90 days to submit it to DSB

-> Appeal can only b made when it is based on law such as legal intdmrpretation

-> nw DSP wil nw adopt report and give final reply within 30days
Tis wil b finl and no further appeal implied

->Dsb wil b consisting of 7permenant membrs and 3 members wil participate ie each appeal is heard by 3 membrs

(membrs of appelate body has 4 yrs tenure)

->appelate body must b
- Individual
-Recognisd knowledge in field of law
-Knowledge of international law
- Nt afliatd with any govt ie must b independent
2:06am, 11 Apr - Rajesh Lachhwani: *decision-
2:06am, 11 Apr - Rajesh Lachhwani: Agar ye sabit ho gaya k country ne ku6 galat kiya hai to use kaha jayega

-Penalty bhar,and/or
-panel report ki recomendat ko folow kare
-Apnatintention bataye at DSB meeting
Within 30days

-> ab compalaing country may ask for compensation bt if aftr 20days no satisfactory compensation tan ask DSB to impose trade sanctions against other side

->nw DSB. Monitor such ruling and implementat any o/s case remaining on agenda until issue is resolvd
The end
2:06am, 11 Apr - Rajesh Lachhwani: Sm- performance evaluation process
-After implementing a strategy in busines organisation,it is imp to check wheter d implementation proces is acording to d objectives and plans

Inorder to find out actual perform it is imp for busines organisations to check where d organisation was suposd to b, tis ques can b answrd by evaluating strategic plans and programes and ten comp idententifies actual target and object to achieve

->aftr tis d comp should get d ans of where tey r in present for tis performance evaluation or performan measurement can b used

->fol is d proces of performance evaluation

1. Benchmarking
- It is very much imp for d organisation to knw its competititive positions ,for tis purpose comparision with market competi is requird
-Inorder to compare internal organisat espects
With competition,evry comp must identify perf indeqators awmd tan set a standard with which tat performance wil b compard ,tis proces is kn as

2. Actual measurement of performance

- The standard performance or d banchmark performance wil b judged and compard with d actual performance of organisation

And for tis purpose various evaluation techniques wil b used generaly tis techniques focus on financial analysis bt it is also imp to cover non eminancial aspects of busines activities
2:06am, 11 Apr - Rajesh Lachhwani: 3. Analysing variance-

- Aftr identifying d benchmark and evaluating actual perfor in 3rd step step is to identify d diferences bet standard and actual perform tis diferences r cald variance,if theretis any short fal in performance tan tat gap need to b identifid and reasons behind tat gap should b listd out inorder to ovrcome d diff and achieve original performance level
2:06am, 11 Apr - Rajesh Lachhwani: 4. Taking corrective action:-/

Finally if any gap bet d standa and actual perfor tan taking corective steps to evaluate d gap identify d reasons for d gap and taking requird action to fil d performance is imp

-filing d gap means keen
Orientation of managers cz unless d gap is filled no organisation will be able to achieve actual standard of performance and fulfill desire objective

Rajni
2:06am, 11 Apr - Rajesh Lachhwani: Growth vector matrix-
2:06am, 11 Apr - Rajesh Lachhwani: 1.concentration strategy-

-only dive is excluded

2:06am, 11 Apr - Rajesh Lachhwani: -. Ansoff has give a matrix analysis to identify concentration strategic option fol is d diagram showing d ansoff matrix(see up).

1. New product
Same market

-Wen a comp tries to expand there bus through new product develop they have to adopt it by incresing d product line

-Product line is d changers of featu,charac,colours or changes in model of same product
2:06am, 11 Apr - Rajesh Lachhwani: Pt 3-

3. Same produ new market

-Expansion is also posible by serching new market posibilities

-Tis strategy is kn as market develop strategy

-Here new market posibi r searchd either through market segmentation or by developing busines
In totaly new regional area
2:06am, 11 Apr - Rajesh Lachhwani: 3. Same produ new market

-Expansion is also posible by serching new market posibilities

-Tis strategy is kn as market develop strategy

-Here new market posibi r searchd either through mahwrket segment or by
In totaly new regional area

4. New prod new market-
-Tis situat is a part of major expansion for any busine ,here serch new market posibil with introducing totaly new products is kn as diversification

-Tis is nt a part of concentration strategy
2:06am, 11 Apr - Rajesh Lachhwani: Sub- sm
Chapter 3
business portfolio
->A business portfolio is defined as a

collection of Strategic Business Units, commonly called SBUs, that make up a firm or a corporation.
-> The optimal business portfolio (a dream for all organizations) is the combination of multiple SBUs such that it helps to exploit the most attractive industries or markets, keeping in mind the competitive strength and weaknesses of the parent corporation or the firm.
-> A SBU can either be an entire company or a division of a large firm, that formulates its own strategy and has separate objectives from the parent organization.
->The major objectives of a portfolio analysis of SBUs is to achieve the following:
Analyze its current SBU portfolio to
-decide which SBUs must receive more or less investment
-Develop growth strategies for adding new SBUs
-Decide which SBUs must no longer be retained by the parent organization

->For the same, BCG Matrix was first proposed by the Boston Consulting Group. Due to the simplicity of the model, it had its own set of limitations, which was further addressed by the GE-McKinsey matrix.
Nw read bcg matrix and ge matrix
Rajni
2:06am, 11 Apr - Rajesh Lachhwani: Sub- SM

Topic-Product Life Cycle'

=> Definition: Product life cycle (PLC) is the cycle through which every product goes through from introduction to withdrawal or eventual demise.

=> stages are:

1. Introduction:

->When the product is brought into
the market.
-> In this stage, there's heavy marketing
activity, product promotion and the product is put
into limited outlets in a few channels for
distribution.
-> Sales take off slowly in this stage.
->The need is to create awareness, not profits.

2. The second stage is growth .
-> In this stage, sales
take off,
->the market knows of the product;
->other
companies are attracted,
->profits begin to come in
and market shares stabilize.

3. The third stage is maturity,
->here sales grow at
slowing rates and finally stabilize.
->In this stage,
products get differentiated, price wars and sales
promotion become common and a few weaker
players exit.

4. The fourth stage is decline.
->Here, sales drop, as
consumers may have changed, the product is no
longer relevant or useful.
->Price wars continue,
several products are withdrawn and cost control
becomes the way out for most products in this
stage.

* Significance of PLC:
->PLC analysis, if done
properly, can alert a company as to the health of
the product in relation to the market it serves.
->PLC also forces a continuous scan of the market
and allows the company to take corrective action
faster.

But the process is rarely easy.

Rajni
2:06am, 11 Apr - Rajesh Lachhwani: *limitation of plc

1. Different products have different
properties so their life cycle also vary.

2. Actual Identification of d stage of product is dificult

3. It is difficult to
foresee transitions in PLC stages since the key
indicator are sales, which are always calculated
with some lag.

4. However, even if products would go through every
stage of the PLC, not all products/services spend
the same length of time at each stage.

5. PLC model is inefficient when dealing
with Brands or Services.

6. Marketing strategy may have biasness in decision

7.Curve itself is dependent so it cnt b relied upon

Rajni
2:06am, 11 Apr - Rajesh Lachhwani: Sum- SM
Topic- gap analysis
(chapter 2)

*meaning-

-> The process through which a company
compares its actual performance to its expected
performance to determine whether it is meeting
expectations and using its resources effectively.
->Gap analysis seeks to answer the questions
"where are we?" (current state) and "where do we
want to be?" (target state).
-> Sometimes it is referred as
need-gap analysis, need analysis or
need assessment.

*SWOT VS GAP

1.SWOT analysis evaluates a company against its peers, while GAP analysis is internal evaluation to identify performance deficiencies.
2.SWOT analysis is done for long term planning while GAP analysis is often done to reach short term goals.
3.SWOT analysis is often a comprehensive study evaluating many aspects and many competitors. GAP analysis can be very simple targeted towards fine tuning one process.

4. A SWOT analysis presents current external and internal business information that describes the company's current position

While
A gap analysis
presents the company's current position, future standard, and the steps between intended to lead the company from "point A to point B."

5. SWOT analysis evaluates all aspects of a business, including finance, operations, marketing, and human resources, a gap analysis is primarily focused on marketing, which includes price, product, promotion, and distribution.

6. A SWOT
analysis is used to develop strategy, while a gap analysis involves tactical planning.

Rajni
2:06am, 11 Apr - Rajesh Lachhwani: Short revision-

*SWOT VS GAP

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while GAP analysis is often done to reach short
term goals.

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while a gap analysis involves tactical
planning.

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4. SWOT analysis evaluates all
aspects of a business
gap analysis is primarily
focused on marketing

Rajesh LACHHWANI
2:06am, 11 Apr - Rajesh Lachhwani: Sub- sm

Topic- proces of GAP

->Gap analysis
helps the company in determining the steps that
need to be taken to reach the desired objective
from the current state. The process of gap
analysis is as follows.
2:06am, 11 Apr - Rajesh Lachhwani: Step 1) Finding the gaps – The very first and
most important step in the process of Gap
analysis is finding the gaps.
-There may be many
types of gaps.

-There can be gaps in
:market

segmentation
[
herein a market segment which
was targeted has not shown interest, or another
market segment exists which may give even
better business.]

: competition

[The competitive landscape might
be changing and there may be a gap in the
companies perceived competition and the actual
competition that exists in the market.]

: profit expectations

[There may
be a gap in profit expectations and actual profit
realization. Due to unseen cost factors, profit
realization may be much lesser than the
forecasted value which shows that a gap exists
which needs to be covered.]

- Thus, finding the
gaps and finding the right gaps is most important
in Gap analysis.

Step 2) Narrowing down on key variables
– One
you have found the gap, you have to narrow down
on the key variables.

- If the gap is in market
segmentation, then what is the market segment
which you would like to target. This new market
segment is the key variable.
- Similarly, what are
the factors causing the downfall of profit, and
what is the key variable responsible for profits.
-The key variable in pricing may be raw material
cost or transportation cost.
-Thus these variables
need to be upgraded to meet the optimum result.

-In summary, any variable which is stopping the company from achieving its actual potential, needs to be narrowed on and the further work needs to be carried out after taking this variable in consideration.

Step 3) Implementing a strategy to cover the gap – Once gap analysis is complete and the gaps are known, various strategies can be implemented to ensure that the gaps are covered. There are three different strategies which can be implemented in case of gap analysis.

Pto
2:06am, 11 Apr - Rajesh Lachhwani: 1. Customer focused strategy –
-Gaps may be at customer end and a customer may expect better service, loyalty programs and other intangibles from the company.
-Thus a strategy for gap analysis may be customer focused and may involve actions which improve the customer experience for the company.

2.Operations focused strategy –
-Gaps may be in operations, costing, pricing and manufacturing.
-Thus an operations focused strategy in gap analysis will look to cover the gaps in operations to meet the companies optimum potential.

3.Product focused strategy –
- A gap may exist in the product design or the product execution.
-A customer might expect better features, design or alternatives of the product.
-Thus a product focused strategy in gap analysis will cover the gap on the product end and ensure that the existing

products are revised or new products are launched to meet the potential of the company.

These 3 steps complete the process of Gap analysis.

*advantage of Gap analysis is that
-the company finds out that gaps present in the organization, and covers the gaps to meet customer expectations as well to reach the potential of the organization.
* disadvantage of
gap analysis is that the current strategy may need to be changed to meet the gap. In fact, a complete re organization might be necessary if the gap is very big.

Rajesh
2:06am, 11 Apr - Rajesh Lachhwani: Subject- sm
Topic-
Value Chain Analysis
-It is a useful tool
for working out how you can create the greatest possible value for your customers.

-> Definition: A value chain is the whole series of activities that create and build value at every step.

->here every step means different phases of production to itstdelivery to final consumers

-> Michael Porter developed this concept in his 1980 book 'Competitive Advantage'.

-> Porter defines the value chain as made of 1.primary activities and
2. support activities.
1. Primary activities:
primary activities r those that are directly concerned with creating and delivering a product
it involves

-inbound logistics (getting the material in for
adding value by processing it)
-operations (which
are all the processes within the manufacturing),

-outbound (which involves distribution to the
points of sale),
-marketing and sales (which go
sell it, brand it and promote it) and
- service (which
maintains the functionality of the product, post
sales).

2. Support Activities ,
-Those they are not
directly involved in production, may increase
effectiveness or efficiency

-involves

a) firm infrastructure, like
MIS which allows managers to monitor the
environment well

b)Human Resource, which
develops the skills needed to steer the company
well

C)procurement to buy/ source goods at the
right price, which increasingly takes importance
because of difficult economic conditions and

D)technology, which could give the firm speed,
accuracy and quality.
Rajni
2:06am, 11 Apr - Rajesh Lachhwani: Sub- sm
Part 2
Topic- jv

What is a Joint Venture?
->When two or more persons join together to carry
out a specific business venture and share the
profits on an agreed basis it is called a 'joint

venture'.
->Each one of them who join as a party to the joint venture is called 'Co-Venturer'.
->No firm name is normally used for the joint venture business because its duration is limited to a short period.
-> During this period, the co-ventures are free to carry on their own business as usual, unless agreed otherwise. ->The business relationship amongst the co-venturer comes to an end as soon as the venture is completed.
->Thus, a joint venture is some kind of a temporary partnership between tow or more persons who have agreed to jointly carry out specific venture.

-> For example, A and B agreed to construct a college building for which they pooled their resources and skill. A proveded Rs. 6 lakh and B Rs. 4 lakh as capital. They completed the building and shared the profits in the ration of their contributions to capital. In this example, joining hands by A and B to construct a building is a joint venture. A and B are co-ventures. They will share the profits in the ration of 6 and 6 (same as the ratio of their capitals).
Rajni
2:17am, 11 Apr - Rajesh Lachhwani: mrunal.org/2012/05/wto-doha-made-easy.html
2:39am, 11 Apr - Rajesh Lachhwani: Paper 5 strategic managment

Part b-

Topic- strategic alliance

- > In order to compete in global market,every company is required to work in cooperation with others

->alliances r used to
:enter new market
:access new technology
And
:achieve economics of scale faster&cheaper than any other acquisition method

->acc to an executive "with alliances we can do mre for less"

*strategic alliance-

- it is an arrangement or agreement in form of cooperative strategy in which 2 or more firms combine inorder to achieve certain commercial objective

-It is neither a partnership nor company has legal powers to control or oblige d other

-it is commitment by 2 companies in which firms combine there
/ \

Resources & capacities
to create competitive advantage

-> thus it is an excellent vehicle for 2 companies to work together profitably

->3 charac-
1. Do ya jyada firms ekjute hoke set goal ko badava denge
2. Partner firm ko alliance ka fayda milega wo dusri firm k control over performance of assigned task par dyan dega

3. Partnership firm 1 ya jyada key strategic areas mae contribute karegy
Eg- technology,production & soforth
->it may mainly take 3 forms-
1. Joint ventures

-it is mre like partnership
-It is formed to complet a single goal or a series of goals in busines project

2.equity strategic alliances
-Yaha firms newly created venture ke shares kharid ti hai

3. Non-equity strat alliances-

-Yaha firms k bich contractual relaionship hota hai

[1 mark que-aliance q liya jata hai
Ans- to share risk and to get less costly compliances unlitke complex merger,amalgama etc]
2:45am, 11 Apr - Rajesh Lachhwani: Types of strategies
D1.Corporate level

-Busines

-Portfolio
-Industry situations
<broad level decisions >

2. Busines level

-Product&services relatd
-Market share relatd

3. Funct level

-Produc
-Marke
-Finance
-Hr etc

Rajni
1.Corpora level strat ki agar hum baat kare
To wo hai
-Expansion
Eg- dove ne deo,bodyspray,shampo
Reliance,tata

-Retrenchment

Ya to busin bech le ya combine ho jaye

-Stable
Means maintaing option ie b stable

-Combination

Eg- 1 expand kiya 1 band kiya
,upar k 3no chejo ko bi dyan de

2.busines level
- Cost effective
Eg- parle g,machis

-Differentiate

For eg- fairen lovely new best ever fair lovely

-Focus

Get maxi prof

3.functional level

Talks about procurement

Rajesh
2:53am, 11 Apr - Rajesh Lachhwani: Paper 5 strategic managment

Part b-

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2:53am, 11 Apr - Rajesh Lachhwani: Sub- sm

Topic-types of strategies

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D1.Corporate level

-Busines
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<broad level decisions >

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For eg- fairen lovely new best ever fair lovely

-Focus

Get maxi prof

3.functional level

Talks about procurement

Rajesh
2:57am, 11 Apr - Rajesh Lachhwani: Sub- sm

Topic- generic strate
Busi level strateg r creatd to compete within same industry

There r 2 types-

1. Competitive-

Tat means battle against ur competitors

Micheal porter has given 3 diff strateg which r also kn as generic strategies

1. Cost ledership

-Produc and marketing goods at lover cost without ignoring quality

-It is useful to gain large market share

-Companies do
:ti8 cost control
:exces to cheap raw material
:aces to beter technology to maintain quality
Comp do tis things for being cost effective
Eg-parle,godrej etc

2. Differentiat strategy

-Creating a product which is perceivd as unique product in market as compard to competitive products

-It is in terms of design, techno,cus service,brand image, feature of produ etc

-Custo wil pay higher prices for a diferentiatd product

Eg-bmw,mercedis,i phone etc

3. Focus

-Focusing should b on a particular buyer group
For eg products for busi class, products for school goars etc

-segment of product line for eg- horlicks like junior horlics,woman horlicks
-Geographic market
For eg-lays flavours for india and us
2. Comgetitive and cooperative strate

-also kn asStrateg bus alliance

-Tis means a cooperat agrement bet organisations to gain maximum advantage of prevailing market
. It is useful in rapidly changing industry like pharma sutikles,air lines.,electro,final services etc

Rajni
3:04am, 11 Apr - Rajesh Lachhwani: Sub- sm

Strateg planing-
-it refers to d proces of deciding on objectives of an organisation,need for changes in tis objectives, resourses to use for achievement of such objectives and policies and rules to implement such proceses

- Tis means straegic planing is a broder termilology to understand where a busines is and how wil it move further to achieve some desird outcmes
-Strate planing in business may focus on foll areas

1. Plant growth rate in sales,
2. Decis abut merger and aquici
3. Decis abut products and market segments

- Considering these options v may say tat strag planing is a top level activity which focuses on long term target and provides bases for fntionl level plan and implmentation
2. Operational planing-

-It is funct level planing which help busines supervisors to plan day to day work of busin

-it focuses on most effective use of resourc for implem of strategic plans to achieve desird object

-Tis means operat planing is a midel or lower mang activity which include policies,procedures,methods,and rules at work situation

It is such which wil reduce les direcion at supervisory level
- v may say tat sp focuses on external envir consider while op focuses on internal resourses and other functions
- Tectical plans hve shorter time frames and narrow scope tan strat plans . D areas covered in tis include
1. Monthly or quarterly sales growth

2.
Improving coust segmentation

3. Reducing wastage

Or

4. Monthly target of employe training

tectical decis r short term and implementa orientd tis planing is formulatd at middel or supervisory level

-it aplies to al activities and directly targets d implementat of funct strategies
3:10am, 11 Apr - Rajesh Lachhwani: SM

Strategic d.m process
1.identyfy your obj.
2.identyfy solution available
3.judging available alternatives
4 choosing best option
5.implements

TYPES OF D.M PROCESS

1.individual d.m
2.group d.m
3.organisational g.m
4.global world decision.
3:18am, 11 Apr - Rajesh Lachhwani: 3. Produc strategy-
Production is d basic requirement of every profit making organi

-concerd with transformation of various raw material into finished products
- Produ strategy includes
Checking out existing product capacity, checking out prob of changes in product capacity, inventory control and r Dhruti mam-

Sub- sm

Topic- funct implementation

1. Financial policies-

- It generaly relatd with d acquisitin and alocation of financial resourses ,
-It is imp for business to manage busines finance inorder to smothern d rest of d funct activities
-therefore it is necesary to decide capital alocation into busines activities

-Financial implemen
include checking ur capital structure
+ checking d market value of firm and simultaneously balancing d debt equity ratio if it is nt balanced tan there r chances tat new implement of strategy is difficult

2. Human resource and union resource policy

- HR is considerd to b most crucial fn in busines organisation

-Managing people in d organisation includes taking care of fol aspects

A)job analysis-

This includes
-> job discription
[includes
-respon/roles of job
- Skills /knwoledge/Trait]
And
-> job specifications
[includes
-Qualific
-Experiance
-Educational background
- Social status
- Age requirement
- Gender specification
- Requirement salary
-etc]
B)Stafing plan-
It includes identif of curent and future job vacances

- Death posibilities
- Retirements
-Turn over posiajilities
- Leave possibilities

C) payroll budget
Payroll matlab yaha pe salary k sath lagte sab advantages milega

- Recruitment
- Training
- pay roll benefits

- exit policy

D) union relation

Yaha protect of employe ki baat ki hai

Union k sath acha relation rakhneka
- >yaha agar
-negtiation ✖
-bagaining ✖
Nai ho raha to problem hoga

Rajni eorder posibilities
-Sourses of raw material
And
-Quality control for product proceses
3:18am, 11 Apr - Rajesh Lachhwani: B)Stafing plan-
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And
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3:18am, 11 Apr - Rajesh Lachhwani: 3. Product strategy

Pg 77 spiral
3:18am, 11 Apr - Rajesh Lachhwani: 4. Research and develop mang

- Research include
2 basis analysis

I) sintific research
(experimental research)

II) comercial research

-Etither comp can go for scientific amdalysis of product or customer demands or cust preferencis
-On other
Comp may go for commerial research which is based on rease abut economic and social devel of d organisation
3:18am, 11 Apr - Rajesh Lachhwani: Dhruti mam conti-

Marketing strategy-

Marketing policy provides d guidelines for busines decisions and helps d busines to understand d patern of sale of a product in a market
-Mf basicaly work 2 earn profit frm gaining d customer satisfaction
Thus tis fn takes care about various factors which r directly or indirec relatd with satisfying custo needs and wants and also considering d requirement of busines profits
Foll r dif areas where marke fn works

1. Pricing

-tis fn includes basic concept of price determination ie penetrating pricing ,

[Ek hi market me gusne ka try karo is penetration]

, skeming pricin.,
Product life cycle and
Incentives such as disc, or credits given to d customer on purchase of product

2. Distribution

-Deciding d distribu chanel is very imp for efective sales of busines product
-This decision involves
: identifying d place of product seling

:identifying d level of chanels for distribut

:deciding upon d extent of integration ie forward or bckward

:deciding about d market coverage and d type of chanel for distribut

:d extent of control over distributors

3. Promot of d product
-D decisioms talk about comunic product to ur customers

- 4 types of commu methods

:personal selling
:sales promotion
:maas advertisement
:public relation

RAJESH LACHHWANI
3:18am, 11 Apr - Rajesh Lachhwani: 4. New product devel
-It is d duty of a market depart to satisfy d customers needs and wants that is why develop of new products acc to market demand is also d part of fn level strategies
-Tis includes
Identify cust needs by consum survey
,developing new produc,
Introducing it intest market
,intro d produ in expectd consumer market

Rajni
3:29am, 11 Apr - Rajesh Lachhwani: Sub- sm

Topic- foreign collobration

=> Foreign collaboration is such an alliance of domestic (native) and abroad (non-native) entities like individuals, firms, companies, organizations, governments, etc., that come together with an intention to finalize a contract on some tasks or jobs or projects.
-> Foreign collaboration is a mutual co-operation between one or more resident and non-resident entities.
-> Only two or more resident (native) entities cannot make a foreign collaboration possible. For its formation and as per above definitions, it is mandatory that one or more non-resident (foreign) entities must always collaborate with one or more resident (domestic) entities.

->eg- Tata DOCOMO is a technical foreign collaboration between Tata Teleservices from India and NTT Docomo, Inc. from Japan.
*types

-> In India there are basically two forms of foreign collaboration. The collaboration may be either financial collaboration or it may be technical. In case of financial collaboration the approving authority is the Reserve Bank of India and in the case of technical collaboration the approving authority is department of Industrial Development in the Ministry of Industry, Government of India.

Rajni
3:29am, 11 Apr - Rajesh Lachhwani: Sub- sm
Part b
Foreign colobrat
Part 2

topic- automatic route
And approval route

1. Automatic route-

- Cg approval ✖
-Rbi approval ✔
- Applic to rbi
-It is feeless
-rbi approve it in 2 weeks

-*limits

->amt payable to non native country upto
Dollar 2 milion tan coverd under automatic route

->in case of royalty-

[-.royalty r tax free
-. For use of trademark/brand name

1% of domestic sale
And
2% of export without techn transfe is permitd]

=> payment kab tak karna hai

7yrs frm start of produc
Or

10yrs frm dt of agreement
W.e.earlier

2. Approval route

- Financial colobration tan approval of rbi

-Techno colobration tan department of industrial development

-Provide foll information

: whether provision of fin/techno in same feild

:details of same

:justification of proposal

Propasal requires company licence
For
Pharma,hazar product,alcohol,industrial explosure,
And matter nt covered under automatic route

Rajni
3:29am, 11 Apr - Rajesh Lachhwani: Sub- sm
Part b
Part 3 foreign colobrat
Topic- restrictive clause

=>non govt measures used by company to strenthen its position

=>when it is void
1.after expiry of patent,(royalty) nw available for public domain and restrictive clause on it is void

2. Payment of high royalty

3. Making noncompetitive clause
Like
- comp cnt enter into agrement with competitor with same technol

- nt to acquire competitors technology

-Nt to sale any product to competitors

3. Exclusive sale

4. Tie-in-agreement

=> other situat when restrictive clause is void

-when transforer company puts restrict on transferee

->for R AND D

(indian party should b careful for r and d clause)
->on feild

(Particlar prodct is field ko hi bechna hai)

->on volume

(jo bi apne becha uska volume limitd hoga)

->on teritory
(jo bi manufac hua wo sirf gujrat,marastra,goa me hi ho)

->on export

(restric on export next part)

Rajni
3:29am, 11 Apr - Rajesh Lachhwani: Sub- sm
Part b
Part 3 foreign colobrat
Topic- restrictive clause

=>non govt measures used by company to strenthen its position

=>when it is void
1.after expiry of patent,(royalty) nw available for public domain and restrictive clause on it is void

2. Payment of high royalty/patent
-tree comp nt alowd to use local employe due to unavaila of staff
-Heavy social cost
-Put discriminatory condit in emplownent

3. Making noncompetitive clause
Like
- comp cnt enter into agrement with competitor with same technol

- nt to acquire competitors technology

-Nt to sale any product to competitors

3. Exclusive sale

4. Tie-in-agreement

=> other situat when restrictive clause is void

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->on volume

(jo bi apne becha uska volume limitd hoga)

->on teritory
(jo bi manufac hua wo sirf gujrat,marastra,goa me hi ho)

->on export

restrictive clause on export put by transferor comp

*Meaning-

->Prohibit transferee to export
-Totally
Or
-Certain areas

->other restr in absense of above situation can b Requires prior permis for export

*kinds

1. Direct restriction

2. Total(indirect restict)

- Bechna hai becho par humko pu6 k becho

-Bechna hai becho par hamare supliers agent through hi becho

-Bechna hai becho par export ki price hum decide karenge

*impact

- Dependence on MNC for marketing

-capacity under utilization

-Actual and potential capacity of exporter decreses

Rajni
3:29am, 11 Apr - Rajesh Lachhwani: Part 4
Topic- 2 way fungibility

-> Sebi allows two-way fungibility of
IDRs

-> on FRI, MAR 01 2013.

Capital market regulator Securities
and Exchange Board of India, or Sebi, on
Friday notified detailed guidelines allowing so-
called two-way fungibility of Indian depository
receipts, or IDRs.
Investors in Indian Depository Receipts (IDR) now have three options to exit.
.SEBI's guidelines on wo-way fungibility for future and existing IDR issuers
provides investors an option to convert IDRs into shares, or sell them in the
foreign market where the shares are listed and receive the sale proceeds or both.

-> With this, SEBI has allowed continuous two-way-fungibility of IDRs to investors after one year of listing. Two-way-fungibility refers to the conversion of shares into IDRs and vice versa by the holder of an IDR.

Rajni
3:31am, 11 Apr - Rajesh Lachhwani: Sub- sm part partt 4

Topic- fdi outside India

-> investment made by Person resident of india through
-. Subscription of security
- Grant of loan or issue of security
->in other words
Direct investment outside India means investments, either under the Automatic Route or the Approval Route, by way of contribution to the capital or subscription to the Memorandum of Association of a foreign entity, signifying a long-term interest in the overseas entity (setting up / acquiring a Joint Venture (JV) or a Wholly Owned Subsidiary (WOS).

->also kn as overseas direct invst is governed by the guidelines which have been notified by the Reserve Bank of India vide Notification No. FEMA 120/RB-2004 dated July 7, 2004 , as amended from time to time, which can be accessed at the Reserve Bank's website http://www.rbi.org.in/

->indian party cnt invest in
1. Real estate[Regulation 2(p) of the Notification]
and
2. Banking
[However, Indian banks operating in India can set up JVs/WOSs abroad provided they obtain clearance under the Banking Regulation Act, 1949, from the Department of Banking Operations and Development (DBOD), CO, RBI.]

* limit-

-The indian party can invst upto
100%(now 400%)
Of its networth in JV/WOS

-d above limit is nt aplicable in case where invst is made
:Proceds frm
Adr/Gdr

: invst through
EEFC A/C or RFC A/C

Pto
3:31am, 11 Apr - Rajesh Lachhwani: * ELIGIBLE INVESTORS

=>Indian company incorpo under comp act 1956
Or under act of parliament

=>registerd partnership firm

=>Trust/societies

-Trust must b registerd under Trust act
While society under society act

-trust/soci must b in existence in 3yrs

- They can invest in
Educ,hospital,manufact

-There is no 1 to 1 correlation requird

- Trust must b registd under trust act and trust deed must enable it to invest outside india

-societ must b registd under societies act and memorandum or its bye laws must enable to make invst outside india

-> trust ka trustee and society me members ki meeting bulake foreign invst karna hai uski manjuri lenge

->trust/society must submit kyc document which acts as identification

-> trust/society pe koi investigation nai hona chaiye ,jaise cbi inquiry or enforcement direct k upar pe inquiry

Pto
Rajni
3:31am, 11 Apr - Rajesh Lachhwani: Topic- certain condit in
Fdi outside india
-> indian party shal nt b in defaulter list or under export default list if there it cnt invst outside india

->invst in nepal and bhutan only to b done in indian rs

->invst should only b through one
Authorised dealer
(sec 10 of fema)

->there shal be no open ended guarantee given ie me indian kisi nri ki gaurante le sagta hu par upto specific limit bata ke unlimitd guarantee nai le sagte yani continuing gaurantee is nt given bt given on condit by specifying amt

-> loan nri wali comp ko dena hai, to us indian party ka eq sh holding hona chaiye

-> in case of swap of shares yani indian comp k shares exchange honge with foreign company
Exchange ratio wil b decided basd on value of dcf
And invst ki amt
5 dollar milion se kam hai to CA DWARA valuat krvayenge and usse jyada jo Merchant banker

->invst by partnership firm only if tat country law permits

->indian party charge create kr sagti hai only aftr aproval of Rbi

=>AMENDMENT

W.e.f 5/8/2013
FEMA noti no. 263
Ek indian resident upto 75000usd dollar remit kr sagta hai under LRS ie LIBERALISED REMITTANCE SCHEME

Pto
3:31am, 11 Apr - Rajesh Lachhwani: Topic-methods of funding

-withrawal frm foreign exchange
-Capitalisation of export
- Swap of shares
-Proceeds frm adr/gdr
-Amt held in eefc

Topic- Capitalisation of export

->indian party apna paisa bahar se hi capitalize kr sagti hai yani bharat me lay vagar usko kharch kr sagti hai

->like pjying royalty,export dues

->unutilizd Capitalized dues beyond 6 month/15month , to rbi ki permition lene padegi

->indian ki software comp 25%tak ka eq shares le sagti hai via Capitalisation of export dues without entering into jv agrement
Pto
Rajni
3:31am, 11 Apr - Rajesh Lachhwani: Topic- invst by india in financial sector

- Indian comp ka ghar ka dhanda finance ka hona chaiye and financial authority se registerd hona chaiye

-Last 3 yrs ka track record sound yani profit earning hona chaiye

-koi jaat ka prohibij nai hona chaiye to operate in capital market

-Agar main dhanda finance ka na ho par side ka dhanda ho bt wo profit stage pe ho to invst kr sagte ho

Rajni
3:31am, 11 Apr - Rajesh Lachhwani: Topic- invst by mf and vcf outside india

- Mf Must b registd under seci(mf)regul 1996 and vcf(nw alternate invst scheme2012) must b registd with sebi

-mf can invst upto dollar 7 milion while vcf upto dollar 500million
Bt vcf can invst only in
Foreign venture capital fund
And
Foreign venture capital fund undertaking

-Mf can invst in
:adr/gdr
:idr
:foreign trust /society
:deposit with bank
:money mark inst

:ipo/fpo of foreign comp

- Vcf can invest in other activ aftr aproval of rbi

Fdi out india over
3:32am, 11 Apr - Rajesh Lachhwani: Sub- sm part 5
Topic- fdi in india

Part 1

Meaning-
-Invst made by NRI into equity capital of indian comp

-fdi hve longlasting interest unlike FII

*eligibility

- individual
-Foreign comp
-FII

Can acess fdi in india

-> individual and foreign comp can invst on non repartiation basis matlab paisa desh se bahar leke jana hai to rbi ki permis chaiye

-> invst agar nepal,bhutan dwara ay jo wo bikhari log paisa bahar le ja sagte hai
Ie tey invst on repartiation basis

-> pakitan and bangladesh on non- repartiation basis only ,so prior permit of rbi

-> invst made in india via AD ONLYM

1. Indian comp
Then on non- repartiation basis

2. Trust
- Invst can b made by foreigner in v.c.f trust

3. P'ship firm

- NRI
-Person origin of india

Ie both can invest

-with prior aprioval of rbi

-On non- repartiation basis

-If to be repartiation tan rbi approval

Pto
3:32am, 11 Apr - Rajesh Lachhwani: *instrument in which fdi can b made-

-> eq share
-> debent and pref
Only fully paid up and compulsory convertible
->fccb
->adr/gdr

->jab se invst mile tab issue krdeneka instrument within 180days me

-> and intimate rbi within 30days frm d invst receivd

-> at wat price?
Fema says go to sebi valuat listed comp

Rajni
Pto
3:32am, 11 Apr - Rajesh Lachhwani: Topic-fii/pndrtfolio invst scheme

-> FII can invest in portfolio invs scheme

->fii listed comp me hi invst kr sagta hai lady hui to kr sagti hai

-> invst stock broker dwara hi hoga

-> invst repartiation basis pe hoga

->individual comp me wo 10% tak hi invst kr sagta hai and agregate cnt exceed 24%
->10%ki limit nai badha sagte bt 24%vali badha sagte hai

-> agar 24% ko increase krna hai to sectorial cap tak badha sagte hai by pasing special resolu form 23

Eg- fdi say in 1 comp is alowd upto 49% so 24% to 49% by fii suaject to SR
-> adr/gdr count nai hoga in invst by fii

-> note tat-
-10% me adr/gdr count hoga
-24% me adr/gdr count nai hoga

Rajni
Pto
3:32am, 11 Apr - Rajesh Lachhwani: Topic-issue and transferof instrument

*issue of instrument'
-> issue of instrument within 180days frm receipt of invst
-If nt isued within 180days refund amt
->pricing-

As per sebi norjs

* transfer of instrument

1. When nri--->to nri

Transfer security/gift/sale

Then it is allowd

2. Nri--->pri

Transfer security as gift

Aya kya gift so kayki permit

3. Nri--->pri

Sale security

Aya kya security ,gaya desh k bahar paisa

To

- obtain rbi approval

- transact Taxable in india so deduct tds
U/s 194 of incometax act 1961
-obtain clearence certificate u/s 230A of incometax act 1961

- Remitance through AD Only
And
-Only through st exchange

4. Pri-->nri
Sales/gift

Gaya kya desh k bahar gift/sale
To dekhne ka

- Bank ya financ ka share nai tranfer kr sagte

-but kr sagte hai aftr aproval of rbi

- transf can b done through pivate placement

* condit of transfer

-Remittance through AD-Category-I bank only
(matlab authorisd dealer ka rank hai jo bankne diya hai)

- submit kyc documents

- And file form
FC-TRS within 60days

Pto
3:32am, 11 Apr - Rajesh Lachhwani: Topic- transac where rbi perm is necesary

1. When covrd under approval route

2. Jab instrument bank,financial instit ,nbfc,ya financial sector ka ho

3. Jab transfer trigger pt se upar ho
Ie tr tat covered under sebi(takeover)regulat 2011

4. Transfer at price below or high of pricing norms

5. Gift
- Close relathive ko hi milna chaiye
- It cnt excee 5% of paid up capit of indian comp
-Tw amt of gift cnt exceed dollar 25000 in a calander yr

If above condi nt mat permit of rbi jo b taken for gift

Rajni
3:32am, 11 Apr - Rajesh Lachhwani: Topic- *remittance and repartriation

1. Remittance

Nri wala yaha sale kare to
-Rbi permit
-AD cat I bank only
-Tax clear certifi u/s 230A of income tax act

2. Repartiation

- Nri wale ka bank a/c yaha pe shares k liye ho wo int wo repartiate nai kr sagta

-Bt dividend and int kr sagta hai

Through
-Ad only
-covrd Curent a/c trans u/s 5 of fema

Fdi in india over
3:35am, 11 Apr - Rajesh Lachhwani: Gn
3:29pm, 15 Apr - Rajesh Lachhwani: Part A

Topic- McKinsey 7s model
->McKinsey 7s model was developed in 1980s by
McKinsey consultants
#> Mckinsey developd
7 key internal
elements: ie 7-S framework managment model namely

strategy, structure, systems, shared
values, style, staff and skills,

-> tis framework is made in a
-Holistic
And
-Effective way

to achieve objectives which r associatd with change in organisation which is faced during implementing strategy

-> The key point of the model is that all the seven
areas are interconnected and a change in one
area requires change in the rest of a firm for it to
function effectively.

-> the framework is segregatd into 2 part ie
- Hard 'S'
: 3 'S' across d top of model r determined as Hard 'S'

- Soft 'S'
: 4 'S' bottom of model r less tengible and sometimes neglected

* hard 'S'
1. Strategy

- Strategy is a plan developed by a firm to achieve objectives

- a sound strategy is the one that's clearly
articulated, is long-term, helps to achieve
:competitive advantage and
:is reinforced by strong
vision, mission and values.

- short-term strategy is usually a poor choice for a company but if its aligned with other 6 elements,
then it may provide strong results.

2. Structure

- Structure represents the way business divisions
and units are organized

-It includes the
information of who is accountable to whom.

-> In other words, structure is the organizational chart
of the firm.
-> It is also one of the most visible and
easy to change elements of the framework.

3. System

- Last 's' of hard 's' , system is d managment tool for planning,decision making , the processes and procedures of the
company, which reveal business' daily activities
and how decisions are made

->it includes all rules&regulations , proceduures both formal and informal

-> change in strategy is implementd through change in system
3:42pm, 15 Apr - Rajesh Lachhwani: * Soft 'S'

4. Style

-> style change with d change in hard 'S' ie
-Stretegy
-Structure
And
- System

-> Style represents the way the company is
managed by top-level managers, how they
interact, what actions do they take and their
symbolic value.

->In other words, it is the
management style of company's leaders.

5. Staff

->concept of HR

-> Staff element is concerned with what type and
how many employees an organization will need
and how they will be recruited, trained, motivated
and rewarded.

6. Skills
->Skills are the abilities that firm's employees
perform very well.
->it includes and means
-Organization

And
-Individual capacities

->They also include capabilities
and competences

->tey r developd over d period of time and so termd as an ability or proficiency in performaing a particular task

7. Shared Values-
-> also representd as super -orienate goals

-> Shared Values are at the core of McKinsey 7s
model.
->They are the norms and standards that
guide employee behavior and company actions
and thus, are the foundation of every
organization.
3:43pm, 15 Apr - Rajesh Lachhwani: *Advantages/ The most common uses of the framework are:

1. To facilitate organizational change.

2. To help implement new strategy.

3. To identify how each area may change in a
future.

4. To facilitate the merger of organizations.

Rajesh
3:45pm, 15 Apr - Rajesh Lachhwani: IMG-20140415-WA0021.jpg (file attached)
3:45pm, 15 Apr - Rajesh Lachhwani: IMG-20140415-WA0022.jpg (file attached)
4:23pm, 15 Apr - Rajesh Lachhwani: Part A

Topic- Balanced Scorecard approach

-> It was
originated by Drs. Robert Kaplan (Harvard
Business School) and David Norton

-> The balanced scorecard acting as management system and nt only as measurement system is a strategic

planning and management system that is
used extensively in business and industry,
government, and nonprofit organizations
worldwide

-> used to
1. align business activities to the
vision and strategy of the organization,

2. improve internal and external
communications,
and
3. monitor organization
performance against strategic goals.

*4 Perspectives of Balanced Scorecard

1. The Learning & Growth Perspective

-> tis Perspective talks abut how will we sustain our ability to change and improve?

-> perspective includes employee training
and corporate cultural attitudes related to
both
- individual and
-corporate self-
improvement.

-> Kaplan and Norton emphasize that
'learning' is more than 'training

->having mentors and tutors
within the organization,
Learning & Growth Perspective wil consitute knowledge based organisation

2. The Business Process Perspective

->d ques is wat business processes must we excel at?

-> This perspective refers to internal business
processes.

-> Metrics based on this

perspective have to be carefully designed by d 1 who is familiar not
by outside consultants.

-> 2 kinds
A) mission orientd
- Here unique problemes r tackled

- here the managers to know
how well their business is running, and
whether its products and services conform
to customer requirements (the mission)

B) support processes

-Mre repetitive in nature

-easier to measure and benchmark using generic metrics

3. The Customer Perspective

->d ques is how should v appear to our customers?

-> Recent management philosophy has shown
an increasing realization of the importance
of customer focus and customer
satisfaction in any business. These are
leading indicators: if customers are not
satisfied, they will eventually find other
suppliers that will meet their needs.

-> In developing metrics for satisfaction,
customers should be analyzed in terms of
kinds of customers and the kinds of
processes for which we are providing a
product or service to those customer
groups.

4. The Financial Perspective

->ques is how should we appear to our shareholders?

->the availaib of timely financial data is d key role managers hve to play

-^ implementation of a corporate database, it
is hoped that more of the processing can
be centralized and automated

Rajesh
4:47pm, 15 Apr - Rajesh Lachhwani: Topic- "Strategic
Audit".

-> "Strategic
Audit".is a checklist of ques which makes an acces towards systematic analysis

->strategic audit can b broken down into an additional series of sub-ques

->meaning-
An important part of business strategy is
concerned with ensuring that the resources and
competencies are understood and evaluated - a
process that is often known as a "Strategic
Audit"

1. Review of corporate governance

2. Value Chain Analysis

3. Core Competence Analysis

4. Performance Analysis

5. Portfolio Analysis

6. SWOT
And
7. Resource Audit:

Rajni
4:54pm, 15 Apr - Rajesh Lachhwani: Part A
Topic- write a note on

->Performance Analysis
The resource audit, value chain analysis and core
competence analysis help to define the strategic
capabilities of a business. After completing such
analysis, questions that can be asked that
evaluate the overall performance of the business.

->These questions include:
- How have the resources deployed in the business changed over time; this is "historical analysis "
- How do the resources and capabilities of the business compare with others in the industry - "industry norm analysis"
- How do the resources and capabilities of the business compare with "best-in-class" - wherever that is to be found- "benchmarking"
- How has the financial performance of the business changed over time and how does it compare with key competitors and the industry as a whole? - "ratio analysis"

Rajni
: Topic- note on responsi acounting

-Responsibility accounting is an underlying concept of accounting performance measurement systems.
-The basic idea is that large diversified organizations are difficult, if not impossible to manage as a single segment, thus they must be decentralized or separated into manageable parts.

-These parts, or segments are referred to as responsibility centers that include: 1) revenue centers, 2) cost centers, 3) profit centers and 4) investment centers.
12:54am, 17 Apr - Rajesh Lachhwani: An underlying concept of responsibility accounting is referred to as controllability. C
12:54am, 17 Apr - Rajesh Lachhwani: Responsibility accounting is a system of dividing an organization into similar units, each of which is to be assigned particular responsibilities. These units may be in the form of divisions, segments, departments, branches, product lines and so on. Each department is comprised of individuals who are responsible for particular

tasks or managerial functions. The managers of various departments should ensure that the people in their department are doing well to achieve the goal. Responsibility accounting refers to the various concepts and tools used by managerial accountants to measure the performance of people and departments in order to ensure that the achievement of the goals set by the top management.
Responsibility accounting, therefore, represents a method of measuring the performances of various divisions of an organization. The test to identify the division is that the operating performance is separately identifiable and measurable in some way that is of practical significance to the management. Responsibility accounting collects and reports planned and actual accounting information about the inputs and outputs of responsibility centers.: -it is a part of resp acounting
-It includs
Crpi
Ie cost centre
Jaha
-Only cost is relevant factor
-Here managr is concrnd with only costs
-So only input is considrd
-Output is co
Considrd nt input
Revenue-
Concrd with sale nt sp
-output is concird
Profit-
Both input and output r consid
Invst-
Brodeqg term
Incltdus
All
Prof,revenue and cost

Sub- tax
topic- company and types under ITA 1961

=>term company has wider meaning tan d 1 defined in companies act 1956 itself

=> sec 2(17) defines company as
- any indian company
or
-any body corporate incorporated outside india
or
-any institution,associates,body corporate incorporated outside or in india
[for d purpose of income tax act 1961 institut,associates,vody corporate r deemed to b company]

=>as said about wider scope for tax purpose
illegal entities, sec 25 comp without profit motive and companies limited by guarantee r termed as companies
=> indian company is defined u/s 2(26)
=> it is to b noted tat
-when company is formed in india
or
- when management and control of company is in india ten such company is termed as indian company
*types-
2 types
1. Domestic company [sec2(22A)]

2. Foreign company[sec2(23A)]

1. Domestic comp- further categorised as a)widely held company ie company in which public is substansially interested
[pub company]
b)cosely held company ie comp in which pub is nt subst interes.
[private comp]
[substan inter is defined u/s 2(18) of same act jisme logo ka shares 20ya 20% se jyada ka stake hota hai]

*imp conclusion-
- all indian comp r domestic comp while all domestic comp r nt necessirly indian companies
-all non indian comp r nt necessrily foreign companies
- a foreign company may b treated as domestic company under income tax act if it has made arrangments for declaration and payment of dividend in india which is payable out of domestic income
rajesh
Sub- tax

unit 1

- tax planning is an honest and ri8ful approach to attainment of maximum benefits of taxation lawa within their framework

object of tax planning-

1. Reduction of tax liability
- with proper updation of tax and availing deductions available,planning can b done
-thus a tax payer can derive by arranging affairs in accordance with requirement of law

2. Minimisation of litigation
-the litigation is minimised when tax payer has a planning under d heads of provision
-thus unnecessaey litigation is avoided through proper planning in absence of which van lead at times stetch assesse upto high /superme court levels

3. Productive invst-
-investing into various schemes makes an assesse relieve as he is relievd from initial burnt of taxation and has made arrangments for earnings so made for further earnings

4. Healthy growth of economy-

-with growth and prosperity of its citizans economy grow on hand to hand

5.economic stability-

-a smooth tax flow frm tax payer to administratior eithout recriminations is ensured which results in economic stability
- tax pkans has to b flexible to correct and give retrospevtive effects at favourable healty plans

Tax
topic- tax planings for amalg and demarger
unit 3

=> ek esi company jo loss kar rahi hai gets merged with esi comp jo profit kar rahi ho for tax reduction

=>ek esi comp jiska shares quoted nai hai recognised stock excahange me aur wo us comp k sath amalgamate kar rahi hai jiska shares already recognised stock exchange me quoted hai ,tab shareskolders ko apni wealth tax liab tax purpose k liye kam ayega

=>ek esi comp jo invst karti hai immovable property me ,agar invst kare esi area me jake industry me jo urban area located hai aur usko amalgamate kare to urban land ceiling act k tahet unko tax me benefit hoga

=> ek losss makng comp profit making k sath amalganmate ho gai to profit making comp uske losses ko cary forward karke chukayega hence kam tax bharna padega

=>taking benefit of sec 72 A jaha unabsorbed losses and unobserved depr allowd hota hai caries forward and set off karne me

[1 mark term-
wat is reverse merger
jab profit making comp merge kare sick comp me]
2:37am, 11 Apr - Rajesh Lachhwani: Sory reversemerger matlab loss making comp profit wali ko kharidle
2:50am, 11 Apr - Rajesh Lachhwani: Tax
topic- tax planings for amalg and demarger
unit 3

=> ek esi company jo loss kar rahi hai gets merged with esi comp jo profit kar rahi ho for tax reduction

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=>taking benefit of sec 72 A jaha unabsorbed losses and unobserved depr allowd hota hai caries forward and set off karne me

[1 mark term-
wat is reverse merger
jab profit making comp merge kare sick comp me]
2:50am, 11 Apr - Rajesh Lachhwani: Subject tax-
Mat
Ξminimum altenative Tax
Ξsec 115JB
ΞCompanies r given alternatives
1.cash as per normal procedure

2..cash as per sec 115JB
W.e.h

Ξfor sec 115JB rate is
18.5% of book profit

Ξfor normal format
is comutaion of tax as per normal procedure

Tax on stcg- 15%
Tax on Ltcg- 20%
Tax on other income-30%

Total tax

Ξque1) The total income of Anna ltd for py 2013-14 is 6Lakh which includes
Stcg- 1L
Ltcg- 2L
Calculate tax pay by Anna ltd for assment yr 2014-15

Ans1.
Tax on stcg- 15% of 1L= 15000
Ltcg- 20% of
2L= 10,000

Other income- 30% of 3L= 90,000

Thus total tax= 145000[15000+10000+90000]

+ 3%ie 4350

Ans- 149350

Q2)Book profit of Anna ltd in 13-14 is 15L
As per sec 115JB
And
9,20,000 is total income including
Stcg 150000
Ltcg 175000

Ans 2-
=>as per sec 115JB

15L * 18.5% =
277500

=>normal procedure

Stcg 15% of 150000=22500
+
Ltcg 20% of 175000= 35000
+
30% of 595000 =178500

=236000

Now,
277500 or
236000
W.e.h

Thus
277500
+2%
+1%
= 285825

Rajni
3:35am, 11 Apr - Rajesh Lachhwani: Gn
10:53am, 22 Apr - Rajesh Lachhwani: Topic- minimum alternative tax

->Rationale (reason)behind introducing MAT provisions is provided in the Explanatory Memorandum to the Finance Bill, 2000 which was to levy tax on companies paying zero/nominal taxes while having considerable amount of book profits.

->MAT provisions are provided in Section 115JB of the Act.

->As per Section 115JB, all companies having book profits under the Companies Act shall have to pay MAT at the rate of 18.5%.

->According to section 115JB, if the income tax payable by a company on its total income as computed under the Act in respect of any previous year relevant to the Assessment year commencing on or after 1st April, 2012 is less than 18.5% of such book profit then the tax payable for the relevant previous year shall be deemed to be 18.5% of such book profit. Surcharge and cess shall be levied separately on such amount. As per Section

->and rest see uper msg

Rajni
10:53am, 22 Apr - Rajesh Lachhwani: Tax

topic- capital gain

format-

sale
- index cost of acqu
- cost of impro
---
ans=

short cut-
acq ho ya impro-
amt* rate of yr 2013.-14
/jo yr ki amt li hai

eg- index cost of acq in 2007 -08was 10000rs

so ans will b
10000* 2013-14
/2007-08

the rate will b given thus
amt* aaj ka saal divide by amt ka saal

rajesh
10:55am, 22 Apr - Rajesh Lachhwani: Topic- MAT CREDIT

-MAT credit is available as per Section 115JA.
-Credit of MAT in respect of excess of tax paid under Section 115JB (i.e. difference of tax on normal income and tax on Book profit) to the extent that after such credit, tax payable should not be less than 18.5% of book profits for the relevant previous year, will be available and it can be carried forward to 10 Assessment years
1:06pm, 22 Apr - Rajesh Lachhwani: Topic-
AMT VS MAT

-> The concept to AMT is similar to the Minimum Alternate Tax (MAT) , as applicable to the Companies but since there is no concept of book profits in case of LLP , the LLP ' s will be liable to pay AMT on their

adjusted total income (equivalent to adjusted taxable income) . Similar to Company, LLP paying AMT can claim its credit for 10 assessment years.
-> But as opposed to
Company , LLP will not be liable to pay AMT on those income, which are exempt under provisions of Income Tax like long term capital gain under section 10 (38) and income from dividend under section 10 (34) etc
- amt tax is nt levied on the other form of business organisations such as partnership firms, sole proprietorship, association of persons, etc.
- It is further provided that the provisions of AMT under Chapter XII- BA shall not apply to an individual or a Hindu undivided family or an association of persons or a body of individuals (whether incorporated or not) or an artificial juridical person referred to in section 2 (31) (vii) if the adjusted total income of such person does not exceed twenty lakh rupees .
->diff-
1. Mat paid by indian comp and nt apply to foreign comp nt hving physical presence in india

1. Alternative minimum tax ie amt paid by llp cz in llp there is no concept of book profit

2. Section
-Mat 115 JB (1)
Chapter – XII-B

-Amt
Section 115JC
Chapter XII- BA

3. Amt are exempt under provisions of Income Tax like long term capital gain under section 10 (38) and income from dividend under section 10 (34) unlike mat

Similarity-
->in both Tax credit will be carried forward for a maximum period of 10years from the year in which such credit arose .

->rate is same

Rajni
1:11pm, 22 Apr - Rajesh Lachhwani: Topic- amend in AMT

Pursuant to Sec 115 JC , newly
sec 115 JEE inserted by
Finance Act , 2012 w .e .f A. Y
13 - 14, which states as
follows :
(i) The provision of
amendmend made in sec 115 JC
shall be applicable to those
person ,
(a) claimed the deduction
under chapter VI -A under
heading C
(b) claimed decution u /s
10 AA
(c) having adjsuted total
income exceeding Rs 20 lacs.

Sub- indirect tax (custom)
Custom
Topic- sec of
Custom Act, 1962

->Sec12 charging section
->14(2) tariff value
->156 General power to make rules

->157 General power to make regulations

-> 46 Entry of goods on Importation

->47 Clearance of goods for Home Consumption

-> 68 Clearance of Warehoused goods for home
Consumption

->69 Clearance of Warehoused goods for Exportation

->70 Allowance in case of volatile goods

-> 112 Penalty for Improper Importation of goods, etc.
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- clasification & interpretation of rules

=> classification means
-Determining the applicable rate
And
-Choosing d ri8 heading or subheading of tariff
For a particular goods

=>*need for classific

Classif is necesary to determine
-Rate of duty
-Eligibility exemption
-Deemed manufacture

* rule of Interpretation

->Rule 1
Clasification wil b determined acc to headings& any relative chapter notes or sec,
Cz title of sec and chapters r provided for easy refrence only

->rule 2
-Rule 2(a) koi goods unfinished form me hai par wo marketable hai to rate lagega as if it is finished goods
Eg- a car without seat would stil b clasified as car

-Rule 2(b) ek manufacturing product esa ho jisme samjo do chez k padarth ki milavat ki hai to dono me se jiska padarth sabse jyada hoga uske andar hum clasification karenge.
Eg- mettle made of zink +copper (ab jiska padarth sabse jyada usme clasify karenge,agar fir bi clasif diff hai to rule 3 me bhejenge)

->Rule 3
Agar rule 2(b) se koi jawab na ay to rule 3 apply hoga

-3(a) Specific prevails on General
Eg- heading 8215 me cover hota hai spoons, ladles etc
Par heading 7323 me kichen,table or other household appliances to8215 wil previl over 7323

-3(b) clasification as per essential character

Agar ek set me bech rahe ho to wo us product k character jaisa hai,jo usko supliment karta hai tab usko ek hi head me cover karenge

For eg- laptop bag along with laptop,mobile case cover along with mobile
Par alag se kharido ya fir wo product usko esential character na de to usko alag se clasify karenge

-3(c)tis rule is on d maxim latter the better,jub goods (a) or (b) me clasify na ho to unko clasify karenge via heading jisme ek dum chella numeric order jo ay usme usko lenge
[in case of d same product in two chapters ie confusion stage
Tis is used]

->Rule 4 akin rule
-ese goods jo clasify nai ho rahe in any of d rules then goods alike ie akin ho usme clasify karenge
-Yaha goods wo nai par uske jaise honge

Rajesh
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- power of cg u/s 3 of ceta 85

Kendriya sarkar k pass ye power hai
K jo
-Goods pe nil duty hai usko upto 50% rate charge karva sagti hai, tis is for ad ualorem

-In other case
Yani duty jiski nil na ho to ese goods to mention hoga under 1st and/or 2nd schedule me to wo goods ge maximum double duty rate kr sagti hai

(in short
-1st case
0 to upto 50%
-2nd case
12 hai to maxim
Double ie 12+12=24)
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic-Custom basis

-> custom duty is payable as per sec12 of custom act 1962

->sec 12 is d charging sec

->when there is
Importation of goods
Or
Exportation of goods
Then such event there is liab for custom duty

->defi-

1.Imported goods-
-Sec 2(25)
-Goods imported bt stil custom duty is payable and
-Goods nt cleard frm home consumption

2. Import goods
-Sec 2(23)
-Imported goods pe duty bharo to wo ban jayega import goods

3. EXPORT goods
-Export term defind u/s
2(18)
-2(19) is d export goods
-Goods r sent outside india
-Stil it has nt crosd territorial limits of india
-Ddt is nt alowd

4. Exported goods
-Gone outside india
-Term is nt defind wat has been defind is d term exporter u/s 2(20)
- Bt u/s 2(19)it is said 1ce crosd teritorial limit it is exportd goods

*diff bet rules and regula

1. Rule should b parellel to act
While regulation parelel to rules

2. Rules cnt overide act,
Regula aknt overide rule as wel as act

3. U/s 156 cg power to make rules.
U/s 157 board(cbdt) has power to make regulation

(rule phele ata hai
Jab act bana to uske bad rules ate hai, regulat to rules k bad hi ata hai kyuki act aply hota hai aftr tat rule is implementd]
11:18pm, 22 Apr - Rajesh Lachhwani: Note in custom
-> port trust authority r custodian ,goods chori hue aftr coing to por to custodian liab yani uspe duty wahi bharega govt ko
->insurance ki koi baat hi nai ki custom me
->custom tab lagega jab indian industry ko competition nade

* diff bet transit goods vs transitment

1. Transit me same bottom carbo

2. Same vessele gada ho

3. Wahi vesel age nai jayega

* coastle goods

->u/s 2(7)
-> videshi goods aave duty ek port pe bhardi and nw india k kisi bi port pe wo tuoad karo ya ship gumao ab wo goods with duty hai ie coastle goods hai

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- peson in charge

- 2(31)
- includes conveyance
-Conveyance includes vessel
-Vesel matlab ship,aircraft, vehicle
And person in charge matlab usko calane wala ie aircraft me pilot, vehic me driver and ship me captain

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Topic- assessment of goods

->assesment matlab
Duty liab ko determine krna via
-Classification
And
-Valuation of goods

->sec 2(2) lays down tat assesment includes
-Self assesment
-Provisional assesment
-And any other assesment whose duty is nil

->sec17 is self assesment(svayam nirdharan)

-Importer u/s 46
Or
Exporter u/s 50
Khud hi swayam nirdharan karega jisme "sakshi" k taur pe
Bill of entry u/s 46
Or
Bill of export u/s 50
Dikhake goods clear karega

-> Proper officer swayam nirdharan verify kr sagta hai

->agar proper oficer ko koi additional infor mangvani hai to wo mangva sagti hai

->agar varification ke darmiyan swayam nirdharan galat prachalit hua to reassesment karvayegi duty
on such goods

->jab reassment k dauran proper oficer ko ye lage ke self asesment barabr nai hai to wo writing me speaking order pass karega aur uska reason batayega assesse ko
-Ye order 15din k andar pass hoga frm d dt of reasement or shiping bil as d case may be

->audit-
-Audit tab karenge jab reassement na kiya ho or speaking order on reasesment na kiya ho.
-Audit proper oficer hi karega apne ofice me ya asese k premise pe

-ye audit conduct ho uske purv 15din phele ka notice diya jayega asesse ko

[nw bare act
Sec
-17(1)self asesment by importer or exporter as d case may b
-17(2) proper oficer can verify/examina such assesment
-17(3)assesse ie importor or exportor as d case may b requird to produce proff acting as evidence like contract, brokder note,
Policy of insurance,catalogue or other document

-17(4) on d basis of statement made, d duty can b examined by proper oficer

-17(5)reasesment contrary to self asesment]
Rajesh

Rajni

11:18pm, 22 Apr - Rajesh Lachhwani: Topic- provisional assesment

[asthayi nirdharan]

-> dhara 18

->when importor is
-Unable to deterdine value or
-Unable to determine rate
In other words unable to make self assesment
u/s 17 cz he has no sufficient evidence on hand or lack of evidence,then to knw custom duty liab he wil make provisional assesment

->when proper oficer is of d view tat d product or certain goods r requird to do testing on such provisional assesment can b made

->wen proper oficer deems fit to make an inquiry on a/c tat documents r nt producd or informati is nt furnished

-> wen proper oficer deems fit to make an inquiry even though documents r producd or informati is furnished

->sec 46 read with sec 18 of same act, bil of entry is to b filed for provisio asesment

->for d payment of deficiency proper oficer may direct provisio asses, between
-duty finaly asesd
and
-duty provisionaly asesd

-> in order to save int on provis asesment ,interim payment can b done

-Tis is a voluntary scheme

->finalisation of asesment-

- Jab goods home consump k liye clear ho and d real amt payable ho, bharne ka ay jo cash se bhar lenge or lene ka ay to refund mang lenge

-in case of w/h real value is mre tan on tat additional value bond wil b taken ie ddb

->int on demand-
-u/s 28AA

-same month ki 1st dt se 18%int bharenge agar jyada bharne ka aya to

-> in case of refund
depart refund na deve 3 month to unko 6%int lagega

-exces amt consumer welfare fund me jayegi
-Par refund jab mil sagta hai jab
:duty &int impnrt ya export k pass hai
:buyer k pas hai
:personal use k liye pas hai
:sec 26.74,75 k meaning k andar ho

-Bt nai milega jab wo 3rd party ko pass on ho jaye

: Custom
Topic-
Ans 11 pg 8.10
Orpg 274

->sec 19 lays down determination

-> Determination of Duty where goods consist of
Articles Liable to Different Rates of Duty

-in case of lum sum
:Wen articles in set r liab for diff rates,tan d highest 1 should b taken for computation of those rates, irrespective of article nt liab for duty

-Accessories;

:if accesory acts as a part ie supliment to main product tan d rate of duty is rate @ of main product

:if it is nt forming such part tan d individual rate shall apply

Rajesh
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Topic- pilfered goods

->sec 13

->pilfer matlab small theft and usko chori karne wala matlab umesh o sorry its pilferer

->condit requird to claim pilferage

1. Sakshi hona chaiye k package k sath temporing hui hai

2. Khali jagah (blank space)honi chaiye for lapata vastu(mising article) in d package

3. Missing article ek unit article hona chaiye na ki part article

-> duty on pilfered goods
-Sec 13
- imported goods aftr unloading bt b4 proper oficer has made an order for clearance
-frm home consumption or
-Frm deposit frm w/h
R stolen(pilferd) d importor is nt liab for any such duty except where such goods r restord bck

->liab u/s 45(3) port trust authority who is custodian is liable to govt to pay duty for d pilfered goods u/s 13 except restoration of such goods .

Rajesh
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Topic- abatement

->sec22

->abatement means partial exemption, tat is allowd when any goods importd r damagd b4 clearence for home consumption or r damad at w/h bt b4 clearence for home consumption

->it is allowd when made intimation to ac/dc of cusom

->it is allowd on proportionate basis

-> abatement ki value decide ho sagti hai
1. Via auction
Or
2. Via proper officer

->Thus it is
Duty leviable on goods b4 damage - Duty leviable on goods aftr damage

Rajesh
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Topic-remission of duty

->sec23
Remission can b made for lost,destroyd ,and abandoned goods

->23(1) jab ac/dc of custom ko ye satisfy kr de k
:goods lost ho gaye hai other tan u/s 13 pilferage
:or has been destroyd
At d time b4 clearence frm home consumption tan he shal remit d duty on such goods

->23(2)- abandonment or relinquishment of goods

- No relinquishment if offence is committed

- except tat imported goods can b abandoned ie ownership transfrd b4
Hc u/s 47
Or
W/h u/s 60

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Till nw lec sec-

->12 Dutiable Goods
->13 Duty on Pilfered Goods

->14(2) tarif value
->45(3) port trust authority liability

->17 Assessment of Duty

->18 Provisional Assessment of Duty

-> 19 Determination of Duty where goods consist of
Articles Liable to Different Rates of Duty

-> 22 Abatement of Duty on damaged or deteriorated
goods

->23 Remission of duty on lost, destroyed or
abandoned goods

->46 Entry of goods on Importation
->47 Clearance of goods for Home Consumption
-> 50 Entry of goods for exportation

->51 Clearance of goods for exportation

-> 156 General power to make rules
->157 General power to make regulations

Rajesh
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Ans 6 pg 9.5(287)
Topic- goods description tat r fuly exempt frm additional custom duty u/s 3(5) ie exemptd frm special CVD

=> notifi no. 21/2012
Datd 17/3/2012
1 to 3
1. Ese goods jispe bcd and cvd dono exemp hai to special cvd bi exempt

2. Ese goods jispe rsp declaration compulsory ho under legal metrology act 2009

3. Information technology pe bi exempt hai par wo
-Floppy disc
Ya
-Catridge tape
tan its chargable

4. Notif no.
102/2007 dt- 14/09/2007

Ese goods jo import kiye jaye subsequent sale k liye. Yaha importer jab kisi buyer ko bechega to wo special cvd charge naikarega par Vat charge karega, tab govt humko special cvd refund kar degi

5. Goods cleard frm SEZ TO DTA

-if duty is colectd u/s 3(5) tan vat is exempt
And
if duty is exemptd u/s 3(5) tan vat is chargale

- Tis is given under rule
3(7)(a) of cenvat credit rules 2004 and noti no 45/2005 dated 16/5/2005

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Topic-

Goods exempt frm bcd r automaticaly exempt frm addit duty of custom

Ans- jane bhosdina au na hoy
Frm Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Topic- safeguard duty

*Meaning of safegauard duty-
- It can b imposd by govt
- when fact is kwn tat
Serious injury to domestic industry has occured or there is threat of such happening
-It can b imposed irrespetive of origin of importd goods ie even to those who may b favourd nation

=>when to b imposd-
- When d import of such article independenty of developing country exceeds 3%

- And agregate 9%

=> kendriya sarkar u/s 8B(2) has d power to impose provisional safeguard duty on such developing country , tis can remain into force upto 200days and on finalisation in case of resultant no injury tan refund duty and in case of injury contiue to remain in force upto d said period

=> kendriya sarkar jab se impose kare tab se 4 sall tak efect me rahegat unles revoked earlier, kendriya sarkar k pass ye bi power hai k wo 4 sal ki badaoti krke usse 10sall kar de

=> jab tak kendriya sarkar Khud safe guard duty elan na kare k units in sez/eou tab tak unpe koi imposition nai lag sagta however ese imposition jispe normal import se roka gaya ho wo sez dwara goods bheje to unki maa chod degi kendriya sarkar

=> d relevant provis of custom act 1962 as it is wil aply to safeguardduty
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- transitional product safeguard duty on import frm Chaina

->sec 8C of cta75

->cg has power o restrict china if there is treat of serious injury

->4 sal tak ban unles earlier revockd

->can b extend to 10yrs

-> d provi of 8B wil aply "as it is"
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- project import
Pg 9.11 (293)

->heading 9801 of cta 1975

->when there is project set up in india there may b requirement of machies in parts or spareparts or in form of assesories, then to avoid combersome task of declaration ie bil of entry cz it is spread over a period of time and costly proces too,so new seperate heading has been introducd for d same ie heading 9801
-> minimum invst criteriatis nt specifd
->*scope-

1. Jo 1st time nayi machine ay ye unlo include krta hai scope me

2. Already set up project ho and uska substantial expansion krna ho ie say increase in instald capacity bt it should b mre tan 25% tan it is included under tis head

3. It also includes construction equipment-
Custom

-Circular no 49/2011
4/11/2011

- construction equipment requird for initial seting or substantial expansion of registerd projects

- Aftr completion of construction equipment tey can b transfrd to registered project under tariff heading 9801 on recommendation of sponsoring authority

=>*eligible projects

-Power project
-Mining project
-Industrial plant
-Any other project notifd by CG

=>case law-
pariyojna ayat suvidha
[Project import concesion]
ko nakar nai sagte jab goods dariya me gum jaye

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- sec 9 of cta 75
[countervailing duty]

[countervailing ka matlab barabr karne wala]

->also kn anti subsidy duty , countervailing duty is d duty where d cg on recomendation of anti subsidy authority will levy countervailing duty nt exceding d amt of subsidy grantd to such foreign country ,it includes direct as wel as indirect subsidy granted

->no countervailing duty if-
1. Research activity is conductd
Or
2. Availing area based exemption
Or
3. Promoting to adopt existing technologies

-> countervailing duty to b imposd
1. When subsidy relats to limitd no of person engagd in manuf or product
2. When subsidy is of nature tat local market wil b efectd by such price

=>kendriya sarkar countervailing duty le sagti hai on provisional basis
- Yaha subsidy ki amt provisionaly estimate hogi
- Actual time pe refund or continue jo impose

=>kendriya sarkar has power to levy countervailing duty retrospectively nt beyond 90days

=>duration of levy
5 sall tak calega unles revockd,fir 1 sal lenge to take decision and
Agar cg chahe to fir 5 sal tak impose kr sagti hai

=>provi as it is of cust act 1962 wil aply
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Custom
Topic-anti dumping dvy

->sec 9A of cta75

->cg has such power

->dumping matlab article me matbhej ho export price and normal value k bich me

->sec 9A is mutualy exclusive to sec 9

->anti dumping uspe bi lagega jisme alteration yani chetar pindi ki ho
Eg- prodct x ban tha vahi product y k sath import karo ya usko nam do k ye product z hai ,to esa koi chodu ramade to na chale

->sez/eou me ye aply nai hoga unles cg levis tis

->other provi as it is of sec 9
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- situation when anti subsidy and anti dumping cannot b levied

=>sec 9B says tat sec 9 and 9A cannot b levied together

=>cg levy nai karega jab article pe exemption ho,ya us arthcle pe tax concesion mila ho

=>wto ka wo country membr ho, (uspe levy kiya maa chod jayegi india ki)

=>esi country jiske sath apne sex k talukat hai o sorry most favourd nation ho

=>esi paristithi jaha samne wali govt khud subsidy remove kr de

=>esi paristithi jab exportor khud subsidy to leta hai par hume price revise krke adhik me charge krta hai

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic-provisions of refund on anti-dumping duty

->sec 9AA

->importer u/s 9A(1) me kendriya sarkar ko arji karega k dekho lodo tumhe jyada anti dumping duty mangi hai mujhse

Cg wil luk into mater and do acordingly

-> sec 9A(2)kehta hai yaha refund provisional antidumping duty ka nai milega wo to jab time ayega jab govt khud de degi

->rules-

- Humko likhit me argi yani application krni hogi to ac /dc of custom in prescribd form within 3months frm d dt of cg imposition

-esi paristiti jaha dhan vapsi ho(refund)mile to wo judgement or order or decree of court/at file karenge within 3 months

->agar koi dosh (deficiency)payi jati hai aplication me importer dwara to ,d same shal b returnd to him within 1 month stathing deficiency . Importer us sudrav k baad 1month k andar resubmit kr sagta hai

->ac/dc ko manya lagata hai to wo pura ya adha bhag ka mulya
90din k andar lauta dega

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- provisions of appeal under anti dumping or anti subsidy

->appeal u/s 9C of cta 75

->agrevd asese appeal file kr sagta hai to CESTAT(customs, excise and service tax Appellate Tribunal)

-> CESTAT is constitutd u/s 129 of customs act 1962

->ye appeal suni jayegi b4 special bench jo ki constitute hui hai by rastrapati(president) of appelate tribun5

->appeal 90din k andar file ho jani chaiye ,if late then condolation of delay via oport of being heard acepting after sufix reason

->15000fees hogi appeal ki

->aftr giving parties opor of being heard,appelate tribu may pas order as it dims fit u/s 129B

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- sec of cta 75

->Sec 3(5) special cvd/ additional duty on custom

->sec 8B- safegaurd duty imposd by cg on developing country & on such country where cg dims fit

-> sec 8C- safegaurd duty imposd by cg on China

->sec 9- countervailing duty

-> sec 9A- antidumping duty
->sec 9AA- refund of an anti dumping duty

->sec 9B- sec 9 and 9A r mutualy exclusive

->sec 9C- appeal
RAJNI
11:18pm, 22 Apr - Rajesh Lachhwani: -> sec 8B(2) - cg power to impose provisional safeguard duty
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- new chapter

Intro-

-> no goods to b should b imported or exported except tat of approved places, ie approved custom ports or approved custom air ports

->and if stil done tan it should b considerd improper import or export and penaly wil b chargd as per sec 112 and 114

->sec 112 Penalty for Improper Importation of goods, etc.

->sec114 Penalty for Attempt to export goods improperly,
etc.

-> proces of import

1. When veson makes entry to d custom port, Person in charge wil IGM electronicaly

2. Custom oficer wo IGM lelega and goods check krna krke entry inward allow karega]
[custom oficer k pass ri8 hai k wo vesel me jitna samay rehna chahe reh sagta hai]

3. Entry inward means nw u can unload ur
Cargo

4. Jab goods unload honge tab wo honge under d supervision of custom officer
[sec 34-Goods not to be Unloaded or Loaded except
under supervision of customs officer]

5. As per sec 36 no goods shala b Unloaded and Loaded
on Holidays
[agar unload krna hai to permision lenge and uski fes bi pay karenge]
[Vesel ab jane k samay koi goods usme pade hai to egm file karenge]

6. Ab ye imported goods custodian k pas hai, 30din k andar ye importer ko chudavana hoga

7. Importer ay ga and file karega bil of entry electronicaly
U/s46and 68 as d case may be
*amendment-

Bil of entry file krne k 2din k andar duty pay karna excluding public holiday otherwise int lagega

8. Duty pay karne k bad custom oficer hume let pas out order dega jo hum custodian ko dikhayenge and goods chudvayenge

9. In case wharehouse me bhejna hai to let wharehouse order via DDB

□□□□□
11:18pm, 22 Apr - Rajesh Lachhwani: Topic-sec

->30 Delivery of Import manifest or import report
->31 Imported goods not to be unloaded from vessel
until entry inwards granted
->32 Imported goods not to be unloaded unless
mentioned in import manifest or import report
->33 Unloading and Loading of goods at approved
places only
->34 Goods not to be Unloaded or Loaded except
under supervision of customs officer
->35 Restrictions on goods being Water-Borne
36 Restrictions on Unloading and Loading of goods
on Holidays, Etc.
11:18pm, 22 Apr - Rajesh Lachhwani: IMG-20140331-WA0012.jpg (file attached)
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- sec 72

-> Improper removal of goods frm w/h

-> duty wil b paid on d rate of
LAST DAY of Expiry of w/h period

->72 has overriding effect

->72(1) maal anuchit dhang se vartkar ho(goods treated improperly removd frm w/h)

Jab violation karo

Dhara
- 71
-61
-64
-59

->penalty u/s 72(2)

-Penaly as per demand of proper oficer
-If he fails tan d goods may b detained and sold wholy or a portion

* CASE LAW ON SEC 72

(2013)
Raj Exports v. Central
w/h corp. (2013)
Guj hc

Judgement-

- 23 vs 72
-72✔
-When d goods hve been destroyed in w/h but aftr expiry of w/hsing period
Than
No remision is allowd
-Duty is to b paid on it even it is destroyd
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- export pattern

1. Exporter ayega custom port pe

2. File karega bil of export u/s 50electronically

3. If export duty payable if any pay d same

4. Ofice wil pass out order u/s 51 ,ie
Order of loading of goods

5. Entry outword ki permission mil jaye uske baad hi loading start kr sagte hai[u/s 39]

6. Vessel fil ho jaye to file karenge EGM

7. Custom oficer EGM

Ko leke vessel me jake verify krega

8. Aftr verific final order pas karega
Let ship order

9. Thus proces is

Entry outward--->EGM--->Let ship order

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- sec 65
/ Q8 pg 12.4(pg 328)

->65(1) AC/DC ki permis leke hum w/h me manufa process start kr sagte hai

->65(2) us manuf proces k dauran agar koi waste nikalta hai to
-To wo waste export kiya to exempt milega and export nai kiya aur destroy kiya to bi duty pay nai krneki
65(2)(a)

- Agar wo waste ko home cons k liye clear karo to pay excise as if waste was imported
65(2)(b)

->sec 66-
Agar laye tabb duty samjo 10 thi and clear k time ie h/c k time wo hogai 7.5 to , oficr k pas ye power hai k wo k wo 10-7.5=2.5 ki mafi de,ye 2.5 pura bi mile aur adha bi mile par maxi 2.5 tak milega is udharan k pasyatap

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: IMG-20140401-WA0014.jpg (file attached)
11:18pm, 22 Apr - Rajesh Lachhwani: IMG-20140401-WA0015.jpg (file attached)
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- export w/h pg 6.16

-> goods manuf karke export karenge par phele ek w/h me shift karenge aur us w/h ko bolenge export w/h

->Ab goods waha se export karenge
-> yaha pe goods w/h me duty pay kare vagar jayenge ie rule 19

-*eligibility-

W/h ki facility inko di gai hai

Jiska status

-Super star trading house ya
-star trading house
Ya
-Automobile manufa via mou only

* condition

->jab goods export w/h me transfer karo to duty pay nai karenge cz ye export under rule 19 hai bt w/h se home consump k liye divert kardiya to tab duty to bharneki hai + 24% int bhi bharneka ,
Q)int kab se?
Ans)frm 1st day of removal

-> jab goods export w/h me leke jayenge to rule 19 k tahat ek general bond (B-3) furnish karega exporter jaha 25% security ofbond amt denga exporter

*procedure for registration

-> exporter likhit me arji karega under rule 9 to comisioner ,
Comisioner 7 din k andar supretendent of central excise ko bhej dega

-> supretendent of central excise hume ek registration certific de dega

* execution of bond

-> jab goods export w/h me leke jayenge to rule 19 k tahat ek general bond (B-3) furnish karega exporter jaha 25% security ofbond amt denga exporter

->agar security k taur pe bank gaurantee furnish ki hai to ye soul responsi hogi exporter to renew its validity

-> ek running bond a/c khola jayega jo ki w/h ka exporter maintain karega aur jarurat padne par officer in charge ya officers of internal audit ko sab information batayega,for security & checking purpose

*w/h procedure

D w/h procedure is same as in Rule 20

* w/h owner goods ka bachav krne me packing/repacking bi kr sagta hai

Rajni

11:18pm, 22 Apr - Rajesh Lachhwani: Topic- duty draw back

[section 74, 75]
Summery

->whatever duty has been paid tat wil b given bck to u as an export incentive

->Sec 74
-Talks about duty draw bck of custom only (imported goods hum export kr rahe hai so excise &service tax ki baat hi nai ayi]
and u re-export it as such with or without use tan d duty paid wil b given bck if exportd within 2yrs called dutydraw bck

- With use
Than draw back wil b in slab
Upto 3m 95%
3m to 6m 85%
6m to 9m 75%
9m to 12m 70%
12m to 15m 65%
15m to 18m 60%
18m and above. 0%

- Without use 98% drawbck

-import k time pe duty pay ki to uski draw bck mil jayega,and agar uski cvd,bcd bi li hai to credit nai milegi yani draw bck mile to credit reverse krni padegi

-No value adition criteria yani yaha koi criteria nai hai k goods import ki amt experot se jyada honi chaiye
-sec74 is availab on all goods
-Goods can b exported as baggage
->sec 75

- Agar maufacturer imported inputs ya indegenous input ko use kare and further proces krke fg banake export karo uspe pe drawbck of custom,excise,service tax milega

-Export krne k 6mahine k andar paista mil jana chaiye,agar 6 mahine k andar paise nai ay to DDB allow kr di thi wo depart recover bck kr sagta hai, and 6 mahine ke baad paise ay tab fir ddb mil jayegi

-Value addition criteria

Is there ie negative value addition nai hona chaiye
-Goods cnt b exported as baggage

-Drawbck milega only on notified goods

- par drawbck kitna?
Exporter fg banarahe hai,
:on an avg kitna importd input use hota hai
:on an avg kitna indegeneous input use hota hai
:on an avg kitni input service use hotihai

Uska base pe ek % fix karenge

Ye % ko bolte hai
:AIR (all industry rate)
% of duty draw bck, ye goods notifid hai

:BR(brand rate)
Koi ese goods jisme AIR govt ne define nai kiya par wo goods notifid hai to hume fix krvana padega by providing necesary informat ,nw govt wil fix d rate

:SBR(special brand rate)
AIR available bt actual se 80% se bi kam lag raha hai to sbr find karvaneka

[inshort
-Goods notifid and rate given=AIR

-Goods notifid bt AIR ABSENT=BR

-AIR PRESDNT <80%=BR]

-Sec 75 k andar goods agar transit me destroy ho jaye yani 12NM cross karle to ddb mil jayega [sun industries v.CC (2005)]

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- pg 344
Ills 1

Conditions

1. Export > material import

2. Rate 1% ho to 500value value nai dekheng

3. Rate 1% se kam hai to 500rs se jyada ho to hi lenge

4. Maxi Market value=1/3rd

5. Rate
x< 50rs to nai milega
ie 1 to 49 rs ay to nai milega

6. Claim MV se jyada to ddb nai milegi

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- rule 18,19
Of cenvat credit rules'2004

-> rule 18 export with payment ofduty
-> rule 19 export without payment of duty

->rule 5 is about refund
-> rule 5 rule 19 me apply hoga matlab rule 19 me refund milega and rule 18 me rebate milega [rebate means export with payment of duty]
->refund chaiye to export krna padega without paymen of duty

->rule 18 and 19 mutualy exclusive hai

->ya to humko
-Rebate milega or
-refund or
-Draw bck or
-Credit

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- concessional rate of duty

-> governed by
The Central Excise(removal of goods at concessional rate of duty for manufact of excisable goods)rules 2001

-> hum inputs purchase krke la rahe hai uspe hume puri duty nai bharni, consational rate pe bharne ki request karenge , to avoid refund /rebate at later stage

->rules 2,3,5

:Rule 2 applicability

-sec 5A of excise 1944 govt declaring exemption ,hum ese goods k liye input use kare to uspe conces mil jayega

:rule 3
Application by manufac---->AC/DC

- Applic karni hogi in 4copies

-yaha ek bound bi sign hoga for security

-Amt of bond as fixd and dim fit by ac or dc

- 4 copy me rte
1 copy supritendent of input ko denge
2 copies manufacurer ko denge
1 copy ac/dc khud rakhega

- Ab manufa k pas 2 copy hai usme se wo 1 copy suprit ko denge , nw he can check paralel status with supri of input

-Rule 5
Manufa quarterly return file karega to ac/dc by10th of fol month
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic-
Baggage, postal and stores

Limits-

Topic- Baggage Rules -1998
Other tan annexure-I

- ek insan jo 3 din ya uses kam yani 3 din tak videsh gaya hai
Aur
: uski age 10 yr se choti hai wo chotu
Rs 3000 tak ki vastu la sagta hai,
:10 yrs se jyada ho to Rs15000 tak

- ek insan jo 3 din se jyada yani 4din ya usse adhik videsh gaya hai
Aur uski age 10 yr se choti hai wo chotu
Rs 15000 tak ki vastu la sagta hai and 10yr se bada hai to 35000 tak

-Clubing permisible nai hai

-for custom pt of view hong kong and china r different

- Personal use k liye ek sal baad to exempt

;Laptop lau,

:Alcohol lau,

;Jwelery lau (rule 6)
Gents-50000
Lady-100000

->baggage rules for nepal bhutan mynmar or china

-Ek esa insan jo NBMC
Se vapas ay
:upto 10orless=rs15000
:age mre tan 10=rs6000

=>profesionall equipment in baggage rules

1. Wo profes insan 3 mahine tak reh

- to gar me ek kookar ayega ie household
article upto rs 12000

- & profesional equip upto rs 20000

2. Upto 6 month
- Kokar rs 12000
-prof equip 40000

3. Ek esa insan jisne last 3 sall me koi benefit na liya ho and wo last do saal me atlest ek sal yani 365days videsh raha ho,to us insajn ko 75000rs tak ki value ka samal lane denge condi hogi
-Ye anext I,II,III me mention na ho

- Wo saman uske foreign wale ghar me use krta ho both household article and personal effects,
-Ya to esa saman uske family wale use kare pichle 6 mahine se

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- postal article

Ξsec 82 Import k time pe post k goods chudvane jayega post officer, export k time pe exporter jayega post oficer ie post authority k pass and wo goods ab wo oficer export karega

Ξ rate sec 83 k tahet hoga of d dt jab post oficer present kare --->proper oficer ko list of particulars of such goods

Ξsec 83(2) export ka rate aply hoga jab exporter goods deliver kare postal authority ko

Ξsec 84 k tahet board k pass ye adhikar hai k wo goods import ya export by post k liye regulations bana sagta hai

->84(a) goods jispe label ho ya declarat ho, ya value determined ho ese goods k sivay, board direct karsagta hai form & maner(rup aur riti) of importing or/and exporting goods

->84(b) board regulat bana sagta hai regarding impor. Orexport of post
-Examination
-Assesment
And
-Clearance of goods

->84(c) regulat regarding transit and transitment by post frm 1 custom station to another

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- anexure

->Amendment in annexure I.

(f) w.e.f 19/8/2013
Lcd/led/plasma tv lau to ab duty lagegi ie flat 35%

->anex IV talks about land route

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- stores
-> 2(38)

->stores matlab ese goods jo vesel ya aircraft k liye use ho , wo spare parts,fuel ko bi include karta hai

->stores pe bi hume duty drawbck mil jayegi on its export u/s 88

->sec 88(b) k tahet in case expor of stores includes fuel and lubricating oil tan 100% drawbck mil jayega read with sec 74

->stores w/h me without asses of duty bheje ja sagte hai as per sec 85

->stores to b free of export duty(sec 89)

->sec 86 transit and transhipment of stores

->sec86(2) stores importd in vesel or aircraft shal b treatd within d meaning of
Sec 87 or 90 as d case may b with permi of proper oficer

Rajni
Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- coastle goods

->sec 2(7)
Goods other tan importd goods transportd in a vessel frm 1port to another

* coastal goods proces

=> sec 92 read with 93
Entry of coastle goods , & loading aftr bil of coastle goods presentd and passed

=>94 clearence of such goods

->u/s 95 mastler of coastle goods would carry advice book

-> during unloading of such goods advice bk would add supliment to bil of coastle goods and both act as avidence

-> l/ul hoga only on custom port (sec 96)

-> sec 99 k tahet cg k pass power hai to make rules relating to coastle goods and vesel

->sec 98A k tahet cg has power to relax d provi of sec 92 to 99 subjec to d rules and notif specifd

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic-search ,seizure,confiscation

Search-

=> search can b of
-Person (u/s 100,101)
- Premises(u/s 105)
-Conveyance(u/s 106)

1. Person

[Sec 51 of crpc 1973 k tahet ek insan ka search ho sagta hai]

-> sec 100 and 101
-Power to search suspect person entering or leaving india while
u/s 101 me koi place ya person pe restrict nai hai

-sec 100 me Esa insan jispe shaq ho proper oficer uski talashi
Kr sagta hai tab tak jab
:wo icw[24nw] k andar ho
:custom area me ho

->
-sec 100(1) proper oficer search karega
-Sec 101(1) me esa oficer joki comisioner dwara apointd ho hi search karega

->
-Sec100me oficer k pass reasonable reason hona chaiye
-Sec101(2) search relang to sona(gold),hera(diamond), gadi(watch) and other notifd goods

=>person jisko search kiya hai usse 24 gante k andar magistrate k pas le jayenge as per sec 102 read with sec 56 of cr pc 1973

=> magistate ko shaq na hua to usse chod dega
Varna shaq k bunaf pe sec 103(3) k tahet(☐) lage k body me ku6 chupaya hai to xray karva sagta hai

=> ye xray radiologist ki sahayta se bi hoga as per sub-sec 5

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- amendment in power of arrest

->sec 104

->custom oficer has all d power as of police oficer as per sec 33 of crpc1973

->amend in nonbailable

(nonbailable offence here have d same meanin as defi u/s 2(a) of crpc1973]
W.e.f 10/5/13

-Jab insan duty evade kare exceding 50lakh
Or
-Jab insan dhokadadi se drawbck ka labh lai exceding 50lakh

Or
-Declarat nt made of import/export exceding mv 1crore of such goods

Or
-sec 11 read with 135(i)(c) ka provi tode

Tan such ofence r non bailable

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- power to search premises

->sec 105

-> the provisions of magistrate r laid down u/s 11 to 23 ,201,205&261, in crpc 1973 d same word magistrate would apply to word "commisioner of customs"

->premises search krni ho to

1. Reasonable reason hona chaiye

2. Agar subordinate has d reason tan it is suffix

3. General order nai
Special warrant hona chaiye

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- power to search convey

->sec 105

->agar proper oficer ko shaq hai k vessel me ku6 locha hai to wo
-Warn kar sagta hai
-search kr sagta hai goods
-Agar inspector daya hai to darwaja bi tod sagta hai
-Agar wo vesel dur hai to usse
:flag ka colur ie proper flag (janda) lehra ke stop kr sagta hai

: ya koi international signal bata k stop kr sagta hai
Kyuki uski awaj ae loda ruk waha tak nai pochegi

:ya fir other recognised means use kr sagta hai

- Uske pass ye bi adhik hai k warn krne k jahet hata me fire karo gun as a signal

(par hawa me koi panchi kogoli lagi to usko detol proper oficer lagayega)

->esa vesel jisme janvar le jarahe ho uspe fire karne se phele wo sab reasonable means try krdega use stop krne k liye

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- seizure

->sec 110

-> 110(1)apar proper oficer ke pass reason hai to wo confisction kr sagta hai

->procedure

1. Proper oficer ek inventory pregare karega jisme
-Mark
-Country of origin
-Num
-Quantity
-Quality
-Etc ki details hogi

2. Ab wo magistrate to intimate karega k usne goods confisc kiye hai

3. Nw as per magistarat direction he can dispose off goods

4. Sec124 k tahet 6 mahine k andar notice dete hai seizd goods ki, agar ye notice nai di to owner ko uske goods lauta deneka

5. Sec 110(1A) K TAHET perisible goods ka disposure and proces hoga

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: CER 2002

->Rule 3
Hiearchy of Central excise officer

-> RULE 4 Duty payable on removal
[
-> Rule 4(1A) & 4(4) r excemptions
4(2) is abut molasses where procurer wil pay d duty]

->RULE 5 Date for determination of duty and tariff valuation

->RULE 6 Self Assessment

->RULE 7 Provisional assessment

->RULE 8 Manner of payment of duty
[-5 dt of folowing month
And 6th dt for epayment upto 8:00pm
-SSI wil pay quarterly other tan SSI Monthly]

->Rule 9 Registration
(read with Sec 6)

->RULE 10 Daily stock account

->RULE 11 Goods to be removed on invoice

->RULE 12 Filing of return

->RULE 12(3) Scrutiny of return

-> RULE 12(4) documents and records to b furnishd

->RULE 12BB Large tax payer

->Rule 15- CLS

->Rule 16
Duty paid goods returnd to factory

->RULE 16A Removal of goods for job work, etc

->RULE 16B special procedure for removal of semi-finished goods for certain purposes

->RULE 16C Special procedure for removal of excisable goods for carrying out certain processes

-> Rule 17- Removal Goods by 100%EOU to DTA

Rajesh Lachhwani
11:18pm, 22 Apr - Rajesh Lachhwani: ->RULE18 Rebate of duty

->RULE 19 Export without payment of duty

->RULE 20 Warehousing provisions

->RULE 21 Remission of duty

->RULE 22 Access to a registered premises

->RULE 23 Power to stop and search

->RULE 24 Power to detain or seize goods

->RULE 25 Confiscation and penalty

->RULE 26 Penalty for certain offences

->RULE 27 General penalty

->RULE 28 Confiscated property to vest in Central Government

->RULE 29 Disposal of confiscated goods

->RULE 30 Storage charges in respect of goods confiscated and redeemed

->RULE 31 Power to issue supplementary instructions

->RULE 33 Transitional provision
11:18pm, 22 Apr - Rajesh Lachhwani: Topic- wharehouse sec

Sec 57 to 73

57- appointment of public w/h

58- licencing of private w/h

59- w/h bond ie
Issuing DDB

60- permition granted for w/h

61 -time period for goods to b in w/h

62to 73

73 to 62 =CIGAR PM piyega OPC nai

73- cancellation and return of w/h bond

72- improper removal frm w/h

71- goods nt to b taken out of w/h except as provided by tis act

70- allowance in case of volatile goods

67- removal frm 1 w/h to another

68- frm w/h to hc

69- frm w/h to exportation

66- power to exemp importd material used in manuf of goods in w/h

65- manuf and other operations in relat to w/h

64- owner ri8 to deal with w/h goods

63- payment of rent and w/h charges

62- control over w/h goods

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Bagage rules short cut- limit

My didi- hema
My bhanja- chahit
And my jijaji

Chahit age les jan 10yrs
Didi-jijaji mre jan 10yrs

Case 1

Chahit with didi
(didi ko gar k kam hote hai to 3 din tak dubai jake vapas aa jayenge)
So chahit 3000rs and didi 15000rs k saman layega

Case 2
Chahit with papa mre tan 3 days stay
Chahit can bring -15000rs saman
Jijaji- 35000rs

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: Excise topic- (5 marks)
Topic- Doctrine of unjust Enrinchment

-> unjust Enrinchment means profit at d cost of others

->DOCTRINE OF UNJUST ENRICHMENT Sub-rule (6) of Rule 7 of cer 2002 lays that refund is subject to the provisions of "Unjust Enrichment" i.e. refund will be granted to manufacturer if he has not passed on incidence of duty to another person

->if d manufa has chargd passed d duty to buyer and claiming refund wil amt to profit to him cz manuf wil earn double benefit 1st frm customer and other frm govt tis is calld unjust Enrichent

->Refund has to b claimd specified u/s 11B
of the Central Excise Act,
1944 via aplic to AC in dublicate within 6 month frm relevant date in prescribd form

-> Where the burden of duty has been transferred by
the manufacturer to the buyer, the refund of duty
to the manufacturer would lead to his unjust
enrichment.
->The law does not permit such unjust
enrichments
->In such cases the refundable
amount is credited to the consumer welfare fund as specifd u/s 12C and wil b utilized as manner specifid u/s 12D

->The burden of proof that the incidence of duty has
not been passed on to the customer is on the
manufacturer.

->1ce manufa pass to buyer and buyer has nt passed further tan buyer is eligible for refund and such is nt unjust entrincement
Rajni

11:18pm, 22 Apr - Rajesh Lachhwani: -> The Supreme Court in the case of M/s Mafatlal Industries Ltd. v. Union of India (per majority of 9 judges Bench) in their judgment dated 19.12.1996 [(SC)] has held that the theory of unjust enrichment is valid and constitutional subject to certainc ondition

->(refund ki aplic
Form R me hogi and d limit is nt 6 month its 1 yr)

-> Further, the Supreme Court in the case of CCE v. Allied Photographics 2004 (166) ELT 3 has held that doctrine of unjust enrichment applies even when duty is paid under protest

Rajni
11:18pm, 22 Apr - Rajesh Lachhwani: -> doctrine of unjust entrincement in custom is same as excise
(ignore excise sec and tat rule 7(6) here]

-> and for custom
- In custom refund of anti dumping duty is subjbject to doctrine of unjust entrincement ✔
- sec 26 refund ✖
- Sec 27(1)✔
-sec 27(2) ✖
Eg :
: refund of wrongly encashd bank guarante ✖
: refund of duty on car importd for personal use ✖

-Rebate ✖
- refund on. Captively consud ✔
- Refund on provisional basis ✔
- Refund on advance payment ✖
-
Topic- doctrine of unju st entrincement exception
Comon for excise and custom
1. Rebate of duty on excisa goods exportd outside india

2. Unspent advance deposit amt lying in applicant with commisioner of central excise

3. If credit nt pasd to 3rd party

4. D int and amt is with buyer and nt pasd to consumer

5. Govt notifi for exeption

Rajni

11:18pm, 22 Apr - Rajesh Lachhwani: [short cut kaha unjust aply hoga and kaha nai

- Rebate me nai hoga

- Asset jaise bank guarante,ya car loan pe nai hoga

-Amt is lying or advance ki baat ay to nai hoga
- Refund pe hoga par export ki bat ay to nai

- Anti dumping me hoga]

Rajni

Sub- due deligence
Topic- compliance certificate
=> The Central Government has issued the Companies (Compliance Certificate) Rules, 2001 vide Notification No. GSR 52(E) dtd. 31-1-2001.

=> The salient features are as under:
1. Every Company not required to employ a whole time secretary under sections 383A(1) of the Act and having a paid-up share capital of Rs. 10,00,000/- or more but less than Rs. 5,00,00,000/- shall obtain a Secretarial Compliance Certificate from a company secretary in whole time practice and shall be laid by the company in its annual general meeting.
2. The said company shall file with ROC the said Secretarial Compliance Certificate in the prescribed form or as near thereto as circumstances admit in respect of each financial year along with the filing of accounts within thirty days from date on which its annual general meeting was held. Where the annual general meeting of such company for any year has not been held, such Secretarial Compliance Certificate has to be filed with the Registrar within thirty days from the last day on or before which that meeting should have been in accordance with the provision of the Act.
3. Every secretary in whole time practice for the

purpose of issue of Secretarial Compliance Certificate shall have right to access at all times to the registers, books, papers, documents and records of the company whether kept in pursuance of the Companies Act, 1956 or any other Act or otherwise and shall be entitled to require from the officers or agents of the company, such information and explanations as the secretary in whole time practice may think necessary for the purpose of such Secretarial Compliance Certificate.
4. As per Notification No. 1001/1/DR, dated 27-2-2003 issued by The Institute of Company Secretaries of India, a secretary in whole time practice cannot issue Secretarial Compliance Certificates to more than 80 Companies in any calendar year commencing from 1st January, 2003.
5. Pursuant to section 383A of the Companies Act, 1956, and rule 3(2) of the Companies (Compliance Certificate) Rules, 2001 the companies have to file Form 66 and attach the Secretarial Compliance Certificate to the said Form. Form 66 can be downloaded from the MCA portal
-Compliance certificate nt only acts as an effective mechanism bt also refers to profesional disipcipline

-when comp fail to comply with d samd penalty is upto 500rs for every day during default continues
*scope-

-D scope of compliance certifi is guided by comp act and rules (2001)there under

-Rule 3(2) d format must b nearer to d circumstances admit so it is flexible enuof if some infor has to b later provided by way of modificat made in format by pcs

-At 1st time isue of cc, d pcs must make necesary steps to luk ovr d whole compli via proper verification

*period of certific-

-On and aftr 1st feb,2001 every comp is requird to obtain cc frm pcs

*filin of cc-

1. In case agm is held-
Agm k hone k --- within 30days--->file cc with roc

2. In case agm is nt held

-In such case file within 30days frm d date on which agm should hve been held

3. In case of adjournd agm

-File with in 30 days to roc frm d date of adjornd agm
*ri8 of pcs-

Rule 3(3) k hisab se pcs k pass ri8 hai
To ri8 to aces al time
To
:registrar
:bks
:papers
:documents and records
*cc is d part and parcel of board report-

-sect217read with 383A

And penalty for false cc is u/s 628

Rajni
Sub- dd
Topic- idr

-> with 98 sec approvd
->Sec2(48) “Indian Depository Receipt” means any instrument in the form of a depository receipt created by a domestic depository in India and authorised by a company incorporated outside India making an issue of such depository receipts

->in excise of power conferred bysec 642(1)(a) read with 605A of comp act 1956, cg made rules kn as
Companies (issue of IDR) rules 2004

->IDR is regulatd by
- Chapter X of SEBI(ICDR)Regulation, 2009
- Companies (issue of IDR) rules 2004

->As per the definition given in the Companies (Issue of Indian Depository Receipts) Rules, 2004,
->IDR is an instrument in the form of a Depository Receipt created by the Indian depository in India against the underlying equity shares of the issuing company. In an IDR, foreign companies would issue shares, to an Indian Depository (say National Security Depository Limited – NSDL), which would in turn issue depository receipts to investors in India.

->The actual shares underlying
the IDRs would be held by an Overseas Custodian, which shall authorise the Indian Depository to issue the IDRs.

->The IDRs would
have following features:
Overseas Custodian : It is a foreign bank having branches in India and requires approval from Finance Ministry for acting as custodian and Indian depository has to be registered with SEBI.

->Approvals for issue of IDRs : IDR issue will require approval from SEBI and application can be made for this purpose 90 days before the issue opening date.

-Listing : These IDRs would be listed on stock exchanges in India and would be freely transferable.

-Eligibility conditions for overseas companies to issue IDRs:

-Capital : The overseas company intending to issue IDRs should have paid up capital and free reserve of atleast $ 100 million.

-Sales turnover : It should have an average turnover of $ 500 million during the last three years.

-Profits/dividend : Such company should also have earned profits in the last 5 years and should have declared dividend of at least 10% each year during this period.

-Debt equity ratio : The pre-issue debt equity ratio of such company should not be more than 2:1.

-Extent of issue : The issue during a particular year should not exceed 15% of the paid up capital plus free reserves.

-Redemption : IDRs would not be redeemable into underlying equity shares before one year from date of issue.

-Denomination : IDRs would be denominated in Indian rupees, irrespective of the denomination of underlying shares.

-Benefits : In addition to other avenues, IDR is an additional investment opportunity for Indian investors for overseas investment.
*Compliance under Listing pagreement-

-Clause 4
Intimate to stock exchange for dividend payment

-clause 8
B4 issuing further IDR
in-principle approval is to b jaken for such issue of further IDR's

-Clause 23
Company Secretary as complaince officer
-Clause 24
Corporate governance
=>sebi has also issued model listing agreement for listing IDR where d issuer is requird to appoin Company Secretary as complaince officer under Clause 26

Rajesh
3:28am, 11 Apr - Rajesh Lachhwani: Sub- dd
Chapter- 6
Topic- Internal Audit of DP

Part 1
Ξ Depository system fn's very much like a banking system

Ξlike a bank holds funds in a/c,depository holds securities in a/c

Ξ a bank transfer funds bet a/c whereas Depository transfers securities bet a/c

Ξ Company ki bks of a/c me depository ka nam hoga either
NSDL OR CDSL
NSDL(National Securities Depository Ltd
And
CDSL (Central Depository Services(India)Limited

Ξbut depository k pass investors/shareholders ka nam hoga,jinko beneficial owner kaha jata hai, in dematerialised manner in fungible form
(fungibility sec 9 of dp act)

ΞDepositories r governed by
- The Depositories Act 1996
And
- SEBI(Depositories and Participants)Regulations, 1996
- Byelaws of Depository
- Business Rules of Depository

*Depository Participants

Ξjust like a broker who acts as an agent of investor at stock exchange,DP is representative(agent) of investor in depository system providing link or say acting as mediator bet d comp and investor through Depository

Ξsec 2(1)(g) of dp act 1996 defines participant to mean a person registerd under sec 12(1A) of SEBI Act 1992

Rajesh
3:28am, 11 Apr - Rajesh Lachhwani: Sub- dd
Chapter- 6
Topic- Internal Audit of DP
Part 2
*internal audit of dp
ΞTwo Depositories hve allowd Company Secretaries in Whole -time Practice to undertake Internal audit

ΞNSDL issued a circular amending its Bye laws 10.3.1 on 26/03/1996 , stating tat every internal audit shal b conducted of participants at interval of nt mre tan 3 months by a Qualified CA Or PCS, and such copy of internal audit shal b furnishd to Depository

[6mahine 2din k baad CDSL ko bi chul updi, k loda NSDL akela hi kyu ,ab mae bi]

Ξ cdsl issued a letter amending its Bye laws 16.3.1 on 28/09/1996 , stating tat d internal audit conductd by qualifed ca shal b in acordance of provis of ca act 1949
Or by PCS n acordance of provis of cs act 1980 at such interval specified by cds frm time to time and copy of such internal report shal b furnishd to Cds

Rajesh
3:31am, 11 Apr - Rajesh Lachhwani: Subject- dd

Topic- Search Report

->It is A Basic Tool for
Inspection of Company's Records in Hands of
Stakeholders Specially Banks

-> A search report traces the history of a company or the property held by the company – i.e. who is the original owner of the property and how it has mortgaged with various banks over a period of time before reaching the present Bank who has demanded the Search Report.

-> Search Report is to be prepared by professionals like CA/CS/ADVOCATE

-> *Process for Inspection of
Documents

-CS have pay fees of Rs. 50/- through generation of challan from MCA site in view public document option.
-This can be paid through credit card also for early Clearance of your payment.

-After payment of fees , the documents of the company shall be available in `My Documents' option of MCA site and v can view the documents of the

company particularly in `charge
documents' (Form 8 and or 17) option and
take copies for a total duration not
exceeding 3 hrs. and within 7 days time.
-On
the basis of information available on site
you can prepare the search report

- If all the charge documents
filed by the company are not available on
site of MCA you can approach in person to
ROC with fees paid challan who shall allow
you physical inspection of document file of
the company from where you can note down
the required details

- chalan should be in the name of
person who shall visit ROC Regional Office.
V shall have an authority letter with us
in case the challan is in the name of
company or any other entity.
-Once v
Reach ROC office, Check your client's file in
physical w.r.t charges and other details.
Note shall be taken on with Pencil. PEN is
NOT allowed to take notes.

-> A search report is usually prepared
and drafted by Professionals, who after visiting
the registrar’s office (Registrar of Companies) and
inspecting the property documents, issues the
certificate to the Bank stating the facts about the
company.

-> Search Report is mainly beneficial and demanded
by following persons/ entities:
1. By The Banks:

The basic
information given in Search Report about the
existing Loans is as follows:
1. The date of Loan taken by the company and
the charge created in such respect
2. The name and Address of the Charge Holders

i.e. Bank
3. The type of Charge i.e. whether joint charge or consortium Charge
4. The Amount of Loan
5. The Property Charge/ pledged against such loan
6. The Terms and conditions of such loan i.e.
(i) The rate of interest
(ii) Terms of Repayment
(iii) Margin Money
(iv) Extent of Operation

-Modification:
If the charge has been modified during the continuation of such charge, the details are also provided that on which date the charge had been modified and what was the nature of such modification.

-Charge Satisfaction:
:If any time any charge is satisfied, i.e. the whole amount is paid back by the company to the Bank, Form 17 in respect of :Charge Satisfaction is being filed, and the information about such satisfaction is also provided by the Professional in such Search Report, on demand of Banks.
2. By Directors:
An individual before becoming the Director of the company may get the Search Report prepared from Professional
-To know about the Present Directors of the company
-To know the Assets and Liabilities of the company
-To know about the complete history as per ROC records since incorporation.

3. By Shareholders

- To now the status of the company
-To know the status of their shares held in the company i.e. how many shares they held, on which date their shares were being transferred, from whom the shares were being transferred

-To know about the Directors in the company
-To know about the complete history as per ROC records since incorporation before investing in such company

4. Customer and Suppliers
-Before entering into any agreement/ contract with the company, the suppliers or the Customers get the Search Report drafted.

5. Government Authorities:
-Government Authorities like Income TAX Authorities, RBI, SEBI ETC. can also get the Search Report drafted to know the present status of the company and various other financial filed by the company to the concerned Registrar of Companies.

Rajni
3:31am, 11 Apr - Rajesh Lachhwani: Sub- dd
Topic- secretarial audit

-> A cs u/s 2(2) (c)
(v) can act as secretarial auditor or consultant

-> nt compul in 1956 bt u/s 204 of 2013 , tis audit is mandatory for certail class of company(rules to b specified)

® Conducted by a practicing company secretary
® Compulsory for listed and other specified class of companies
® Form and manner to be prescribed
® Secretarial audit report to be annexed to Board's report
® Qualifications or observations, if any, in secretarial audit report to be explained in Board's report
® Any contravention by officer in default / practicing company secretary to attract monetary fine from Rs. 1 lakh to Rs. 5 lakhs. [204(4)]

->This is new provision which was not there in

Companies Act, 1956.

-> Companies Act, 1956. Has provision of comp certif which is removd in 2013

Rajni
3:31am, 11 Apr - Rajesh Lachhwani: Part 2 secretarial audit

-> Meaning
It is a process of verification of records and documents to check compliance with the provisions of various laws and rules/procedures, maintenance of books, records etc. by an independent professional to ensure that the company has complied with the legal and procedural requirements and also followed due processes.

-> The Ministry of Corporate Affairs, Government of India has issued CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009. The Guidelines, amongst other things, recommended the introduction of Secretarial Audit.

-> Section 204 of The Companies Act, 2013 & 2nd phase draft rules-
Every listed company and a company belonging to other class of companies {having paid up share capital Rs.100 crores or more – 2nd phase draft rules from chapter XIII} as may be prescribed shall annex with its Board's report a secretarial audit report, given by a company secretary in practice, in such form as may be prescribed.

-> Secretarial Audit Report shall be signed by the Practicing Company Secretary, who acts as the Secretarial Auditor in his individual capacity (and not as a partner or sole proprietor of a firm) by mentioning his CP Number.

Rajni
3:31am, 11 Apr - Rajesh Lachhwani: Topic- secretarial audit Part3

* Scope
Comprises the following:
1. the Companies Act, 2013 and the rules made under the Act;
2. The Memorandum and Articles of Association of the Company;
3. the Securities and Exchange Board of India Act, 1992 and the rules/regulations made under that Act;
4. the Reserve Bank of India Act, 1934 and the rules/regulations/directions made under that Act;
5. The Securities Contracts (Regulation) Act, 1956 and the rules made under that Act;
6. The Depositories Act, 1996 and the regulations and bye-laws framed under that Act;
7. The Foreign Exchange Management Act, 1999 and the rules and regulations made under that Act;
8. Competition Act, 2002 and the rules and regulations made under that Act;
9. The Listing Agreement;
10. any other law specifically applicable to the Company.
Rajni
Sub- dd
Topic- idr

-> with 98 sec approvd
->Sec2(48) “Indian Depository Receipt” means any instrument in the form of a depository receipt created by a domestic depository in India and authorised by a company incorporated outside India making an issue of such depository receipts

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9:19am, 11 Apr - Rajesh Lachhwani: *Compliance under Listing pagreement-

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Intimate to stock exchange for dividend payment

-clause 8
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-Clause 23
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=>sebi has also issued model listing agreement for listing IDR where d issuer is requird to appoin Company Secretary as complaince officer under Clause 26

Rajesh
9:19am, 11 Apr - Rajesh Lachhwani: Sub- dd

Topic -takeover

Takeover: Takeover is a business strategy of acquiring management of the target company - either directly or indirectly. The motive of the acquirer is to gain control over the board of directors of the target company for synergy in decision making.

*Takeovers are of two types –
"friendly" and "hostile". 1.In a friendly takeover, the acquirer first approaches the promoters/ management of the target company for negotiating and acquiring the shares. Friendly takeover is for the mutual advantage of acquirer and acquired companies.
2.On the other hand "hostile takeover" is against the wishes to the target company's management. Acquirer makes a direct offer to the shareholders of the target company, without the prior consent of the existing promoters/ management.
9:19am, 11 Apr - Rajesh Lachhwani: Sub- dd

Topic -takeover

Takeover:
-> Takeover is a business strategy of acquiring management of the target company - either directly or indirectly.
->The motive of the acquirer is to gain control over the board of directors of the target company for synergy in decision making.
-> Takeover implies acquisition of control of a compay which is already registered through the purchase or exchange of shares.
->Takeover takes place usually by acquisition or purchase from the shareholders of a company their shares at a specified price to the extent of at least controlling interest in order to gain control of the company .

*Takeovers are of two types –
"friendly" and "hostile". 1.In a friendly takeover, the acquirer first approaches the promoters/ management of the target company for negotiating and acquiring the shares.
-> Thus it is also called Negotiated Takeover. This kind of takeover is resorted to further some common objectives of both the parties.
->Generally, friendly takeover takes place as per the provisions of Section 395 of the Companies Act, 1956.

->Friendly takeover is for the mutual advantage of acquirer and acquired companies.
2.On the other hand

->“hostile takeover” is against the wishes to the target company’s management. Acquirer makes a direct offer to the shareholders of the target company, without the prior consent of the existing promoters/ management.

-> Hostile takeover is
a takeover where one company
unilaterally pursues the acquisition of
shares of another company without
being into the knowledge of that other
company.
->The most dominant purpose
which has forced most of the companies
to resort to this kind of takeover is
increase in market share.
->The hostile
takeover takes place as per the
provisions of SEBI (Substantial
Acquisition of Shares and Takeover)
Regulations, 2011
9:19am, 11 Apr - Rajesh Lachhwani: Sub- dd
Takeover:part 2
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provisions of SEBI (Substantial
Acquisition of Shares and Takeover)
Regulations, 2011
*Extra pt
*
Bail Out Takeover - Takeover of a
financially sick company by a
financially rich company as per the
provisions of Sick Industrial Companies
(Special Provisions) Act, 1985 to bail out
the former from losses.

Rajesh
9:23am, 11 Apr - Rajesh Lachhwani: SEBI GDR:
=> Global Depository Receipt is a Depository
Receipt created and issued to Foreign Company
which are physically lying with Domestic Custodian
in favour of overseas Depository against equity
share of Indian Company
=>It can be called as negotiable instrument
denominated in $,so d foreigner gets an opportunity
of invst in complying the requirements of RBI and

SEBI
=>it is traded in US or Europe or Both
=>It also creates Arbitrage opportunites for
investors
*Features
=> GDR's issuer should obtain prior permition of
1. Depart of Economic Affairs
2.Ministry of Finance
3.Govt. of India
4.RBI5.Stock Exchanges
=>GDR holder posses all rìghts as eq shareholders
have except voting right
=> GDR's can be converted into shares on request
made by investors(but after 45 days from the date
of allotment)
=>Issue of GDR requires drawing of B/s & P&L A/c
as per US-GAAP ,UK-GAAP
*ProcessIssuing company
=> Domestic Custodian
=>Overseas Dpository
=> Foreign investor
*New points:
=>GDR is traded on IOB ie International Order Book
=>There is no lock-in-period for GDR
=>GDR is consider as FDI hence GDR's issue is
subject to FDI policy
=>GDR investors are also known as Dedicated
Investors
=> GDR issue should not exceed sectorial cap
12:52am, 18 Apr - Rajesh Lachhwani: Topic- secretarial audit
Part 4
Topic- objective and
NEED FOR SECRETARIAL AUDIT

=> Secretarial Audit is the process of independent verification, examination of level of compliance of applicable Corporate Laws to a company
=>Secretarial Audit is to be on the principle of “Prevention is better than cure” rather than post mortem exercise and to find faults.
* need

1. Effective mechanism to ensure that the legal and procedural requirements are duly complied with

2. Strengthen the image and goodwill of a company in the minds of regulators and stakeholders

3. Secretarial Audit is an effective compliance risk management tool.
4. It helps the investor in analyzing the compliance level of companies, thereby increases the reputation.

5.Secretarial Audit is an effective governance tool

* The objectives of Secretarial Audit may be briefed as under.

• To check & Report on Compliances

• To Point out Non-Compliances and Inadequate Compliances
• To Protect the interest of the Customers, employees, society etc.

• To avoid any unwarranted legal actions by law enforcing agencies and other persons as well

Rajni
Chapter 1
Topic- Audit vs Due diligence

0. Meaning
-An audit is concerned with historical financial statements only and provides an opinion as to whether the financial statements represent a “true and fair” view of the company’s operations.
-Due diligence, on the other hand, review not only look the historical financial performance of a business but also consider the forecast financial performance for the company under the current business plan

1. Scope
- Limited to financial analysis
-Includes not only analysis of financial statements, but also business plan, sustainability of business, future aspects, corporate and management structure, legal issues etc.

2. Data
- Based on historical data
-Covers future growth prospects in addition to historical data.

3.Mandatory
-Mandatory
-Mandatory based on the transaction.

4. Assurance
- Positive assurance i.e. true and fairness of the financial statements

-Negative assurance. i.e. identification of risks if any.

5. Type
- Post mortem analysis
-It is required for future decision.

6. Nature
- Always uniform
-Varies according to the nature of transaction

7. Repetitiveness
-Recurring event
-Occasional event

Rajni

Business ethics
*intro to be-
=> the term ethics has its origin from greek word 'ethos'
=>be is a form of applied ethics. In broad sense ethics in business is simply d application moral or ethical norms to business

=>be is a relative term . It change frm 1 business to other ,frm 1 country to other. So what may b ethical for 1 may nt b ethical for other
=>they r implied inorder to ensure tat certain required level of trust bet consumer and various form of market participant with business
=> be r often guided by law while otherwise provides a basic framework tat business may choose to follow inorder to gain public acceptance
=> ethical stadard r applied to distinguish wat is wrong and wat is ri8

*defi- Acc to Raymond. C. Baumhart "the ethics of business is ethics of respect. The businessman must promise tat he will not harm knowingly "

*meaning
-the implementation made to ensure tat certain requierd level of trust exist bet consumer and various form of market participanta with business is calles be

-also called corporate ethics ,be is a form of applied or peofessional ethics tat examines ethical problems tat arise in business environment

rajesh
- Rajesh Lachhwani:
Scope of ethics

Scope-
1.ethics in finance
->tis includes
-Window dressing
-Misleading financial analysis
-Relatd party transactions nt at arms length
-Insider trading
-securities fraud leading to manupulation of financial markets
-fake reimbersement
For eg-
- dhaval who is a respectd senior officr in comp was geting all benefits and perquisites
-Par uske gand me bamra tha
-Usko rs 500per month telephonic reimbursement milta tha bt ph ka bil to ane laga rs 2500
-It was reported and investigatd
-Arpit pandu ne telephone comgany se aisa arrangment kiya k uske ghar k teleph ka bil ofice k sath ave
-Tis is unethicl
2.ethics in HR
- With growing need of hr issues, ethics should b a pivotal issue for HR specialists
-They should include issues of employ employee relationship,
Such as ri8 and duties owed bet employr and employee
-D issues facd r
:sexual harassment
:affirmative action
:occupational safety and health
:discrimination issues
Ie basd on
Age,gendr,race,weight,disabilities,religion
:factors affecting privacy of employee,workplace surveillance,drug testing
For eg
-umesh chutiya delhi k ek comp me naukri krta tha
-Usko banglore bheja gaya
For sometraining purpose
-3 din ki traing thi
-Wo gaya phele din nasta pani sab kiya,kit bi le li
-Fir 2 din gaya hi nahi

-Usne report banai k wo teno din gaya
,-bus fir kya last me gand mara gai
3.ethics in production
-d production should b such tat there is no harm to comon people
-D factors r degree of danger,
It is difficult to define degree of permissibility as it may depend on changing state
-they can b
:product testing ethics
:ethicl proalem jrising out of new technologies
For eg- geneticaly modified food
:ethicl relations bet d comp and environment
include polution,environmental ethpics, carbon emissions trading
For eg-
-akash d respectd senior mamagor was working with rajniassosiates for 15 yrs
- d comp went under d proces to launch a new product
-Bt tis similar product was launchd by its competitor comp nareshkanodiaand sons company
-Mater was damn serious
-So investigation oficr gandhi was apintd
-He found leakage of private infor
4. Ethics in marketing-
D unethicl practice can b-
-Black markets,grey market
-Pricing, price discrimination,price skimming
-Misleading advertisement
-Content of adver
-Exclusive delimjg agrement,tie in agrement
Etc
5.ethics in complaince
-It is about folowing rules and regula
-D rules so broken r unethicl
Rajni
1:57am, 11 Apr - Rajesh Lachhwani: Advantages of bus eth:
1. Attrating and retaining telant
2. Investor loyalty
3. Coustmer satisfaction

1. Attrating and retaining telant-
=>People aspire to join organisations tat have high ethical values

=>Comp r able 2 attract d best telent only
If tey r doing ethi bussines

=>Retaining talentd people as bigger chalengd as geting them in d 1st place

=>D relation they hve with there employr must b a mutual and
"win win won"

2.Investor loyalty:
=> Invest r concerned about
-ethics,
-soci responsibility and
-Reputation of d company in which tey invest

3. Coustomer satisfaction:

=>Coustomer satis is a vital factor in sucesful bus strategy like

-Repeat purchases

-Order,
-develop if ur comp doing ethicl busines

=>D name of d company should evoke trust and respect among coustomer

Rajesh
1:57am, 11 Apr - Rajesh Lachhwani: 4. Regulatory
1:57am, 11 Apr - Rajesh Lachhwani: What Is Meant by Ethical Dilemma?
Answer

->An ethical dilemma is typically described as a complex situation that involves a conflict between different morals. Ethical dilemmas are commonly found in medicine. For example, deciding whether or not to install a feeding tube on a comatose patient could constitute an ethical dilemma.

-> An ethical dilemma is a situation where one is in conflict between moral imperatives.

->Often rejecting either
solution has major consequences.

->It is
also known as ethical paradox.

-> Rushworth Kidder – In ethical dilemma, the
toughest choices are right vs right
-> Salient Features
of ethical dilemmas
-Uncertain
outcomes
-Multiple choice and alternatives Mixed
consequences
- Direct/Indirect involvement

->
P.Kidder – They are genuine dilemmas
precisely because each side is firmly rooted in our
basic core values
Truth vs Loyalty :Individual vs
community
:Short term vs long term :Justice vs
mercy

-Eg -
You are a physician and some may think it is
time to withdraw life support and let nature take
its course, yet the dying patient's family insists
that you "do everything possible" to keep the
patient alive. You're unclear how to solve this
problem and worry that "doing everything" might
cause the patient pain and discomfort without
offering any benefit.

Rajni
1:57am, 11 Apr - Rajesh Lachhwani: Part 2-
Topic- deteminants of Ethical dilemma-

=>There are three conditions that must be
present for a situation to be considered an

ethical dilemma.
1. The first condition occurs in
situations when an individual, called the
“agent,” must make a decision about which
course of action is best.

[-Situations that are
uncomfortable but that don’t require a choice,
are not ethical dilemmas.
-For example,
students in their internships are required to be
under the supervision of an appropriately
credentialed social work field instructor.
-Therefore, because there is no choice in the
matter, there is no ethical violation or breach of
confidentiality when a student discusses a case
with the supervisor.]

2. The second condition for
ethical dilemma is that there must be different
courses of action to choose from.

3. Third, in an
ethical dilemma, no matter what course of
action is taken, some ethical principle is
compromised. In other words, there is no
perfect solution.

=> In determining what constitutes an ethical
dilemma, it is necessary to make a distinction
between ethics, values, morals, and laws and
policies.

Rajni
1:57am, 11 Apr - Rajesh Lachhwani: Topic-
Difference Between
Ethical Dilemma &
Ethical Distress
*meaning
1.
An ethical dilemma occurs when you
face a question that involves more than
one moral principle, and you have to
decide on a course of action based on

which principle is more valued.
1. Ethical distress occurs after you have faced an ethical dilemma and made a choice based on your values. You face the distress as part of the other barriers that block your ability to carry through on your ethical decision.

*eg-

2. the question of stealing
food to survive places you in the position to decide between the value of someone else's property and your own sanctity of life. As an individual, you can determine which value is more important to you, and the study of ethics can help you make this determination.

2. in the case of stealing to
survive, the situation becomes more complicated after you make the decision to steal the food but have to face your own aversion to breaking the law and the penalties that such a crime could

*
Emotion

3. Ethical dilemmas are most often confronted from an unemotional point of view or a logical perspective. This allows you to look at a situation from a distance, gather the information you need to make your decision and ask the questions that help you clarify your choices.

3.Ethical distress can result from a direct emotional attachment to a situation, a closeness or familiarity to the problem at hand.

1:57am, 11 Apr - Rajesh Lachhwani: *types of ethics-

1. Deontological ethics-

Ξ The word 'deontological' comes from the Greek word deon, which means 'duty'.

ΞDeontological (duty-based) ethics are concerned with what people do, not with the consequences of their actions.
✔Do the right thing.
✔Do it because it's the right thing to do.
✖Don't do wrong things.
✖Avoid them because they are wrong.

Ξ it follows d concept tat moral duty is to do good actions and nt bad 1's

Ξ the concept of karma is close to the notion of deontological ethics

(karm kar ,fal ki chinta na kar- chapter 3,verse 19 of Geeta)

2. Teleological ethics-

ΞAlso known as consequentialist ethics , it is opposed to deontological ethics

Ξ teleological ethics, (teleological from Greek word telos, meaning purpose)
1:57am, 11 Apr - Rajesh Lachhwani: ->Teleological ethics denotes even if the act was wrong but the outcome turned out good then it is considered good. Deontological deals more with the intention of doing a good deed but may have had a bad result.

-> it is d philosophical study of design and purpose
1:57am, 11 Apr - Rajesh Lachhwani: 3. Enlightened- egoism

Ethical egoism is a phrase that is used to refer to the normative ethical position

that moral agents ought to do what is in
their own self-interest.
->It differs from
psychological egoism, which claims that
people do only act in their self-interest.

-> frm latin word ego ie I

->for eg-
Ek comp ne ye compulsory rule banaya k jo studnt ko scolership milegi unko 5 sal tak comp me kam kr na padega ,tis is comp self interest

-Thus tis model takes into a/c harms,benefits and ri8s for a persons own wealth

4. Utilitarianism
(chul bul pandey)

- It is dethics of welfare

-For eg- 1 may b tempted to steal frm a rich to give to a starving family

- * One must act to achieve the greatest
good for the greatest number
* Places public good over private good
* Possible harmful to minorities and
individuals, sacrificed for the majority
* The ends justify the means

5. relativism
* Often disparaging, what's ethical
depends on the individual, the group,
the culture, tradition, background
* E.g., Student caught breaking into
computer says that, at another university
where he came from, it was accepted
and encouraged
* Argument against: Just because one
class of individuals does something,
doesn't mean it's right
-For eg- killing animal for sport like bull fi8ing
Could b ✔ for 1 culture and wrong for another cult
1:57am, 11 Apr - Rajesh Lachhwani: 6. Virtue ethics theory-

-Character-based ethics

A right act is the action a virtuous person would do in the same circumstances.
-Virtue ethics is person rather than action based: it looks at the virtue or moral character of the person carrying out an action, rather than at ethical duties and rules, or the consequences of particular actions.
-Virtue ethics not only deals with the rightness or wrongness of individual actions, it provides guidance as to the sort of characteristics and behaviours a good person will seek to achieve.

- In that way, virtue ethics is concerned with the whole of a person's life, rather than particular episodes or actions.

-The three questions
The modern philosopher Alasdair MacIntyre proposed three questions as being at the heart of moral thinking:
Who am I?
Who ought I to become?
How ought I to get there?

7. Justice

-
Justice requires us to treat all human beings equally and impartially.

-It is a concept of ri8ness in action or attitude,
-It is closely linked to fairness

Rajni
1:57am, 11 Apr - Rajesh Lachhwani: Topic- detail virtual ethic

*Good points of virtue ethics
-It centres ethics on the person and what it means to be human
-It includes the whole of a person's life

*Bad points of virtue ethics

-it doesn't provide clear guidance on what to do in
moral dilemmas
-although
It does provide general guidance on how
to be a good person
-presumably a totally virtuous person would know
what to do and we could consider them a suitable
role model to guide us
-there is no general agreement on what the virtues
are
and
-it may be that any list of virtues will be
relative to the culture in which it is being drawn
up.
1:57am, 11 Apr - Rajesh Lachhwani: topic- diff bet moral and ethics
1. What are
they?/ meaning-
- ethics r the rules of conduct
recognized in respect to
a particular ass of human
actions ora particular group, culture, etc. It defineshow thing
are according to the rules.
- Principles or habits with respect to
right or wrong conduct.It defines how things should
work according to an individuals' ideals and
principles
.
2. Where
do they
come
from?
- Social
system -
External
- Individual -
Internal
3. Why we
do it?
Because
society says
it is the right
thing to do.
-because we
believe in

something
being right
or wrong.
4. Origin
Greek
word"ethos"
meaning"
character"
- Latin
word"mos"
meaning
"custom"
5. Acceptab
ility
Ethics are
governed by
professional
and legal
guidelines
within a
particular
time and
place
- Morality
transcends
cultural
norms
6. Morals define
personal character, while ethics stress a social system in which those morals are applied.
- In
other words, ethics point to standards ordes of behavior expected by the group to which the individual belongs. This could be national ethics, social ethics , company ethics , professional
ethics , or even family ethics.
-So while a person's
moral code is usually unchanging, the ethics he or she practices can be other-dependent.
9. Ethos refers to a system of
moral behavior, and mores denotes moral customs — the same intellectual and practical distinction present in the two primary terms.

10. Morals are values which we attribute to a
system
of beliefs
- Ethics is about our actions and decisio
1:57am, 11 Apr - Rajesh Lachhwani: Examples of Moral and Ethical
- Ex; A defense lawyer who puts all his resources
into obtaining the acquittal of a serial killer could
be said to be acting immorally but is definitely
acting within the Ethical imperatives of his
profession.
Ex; The same defense lawyer consciously not
performing at his best to defend a serial killer
could be considered to be acting morally but is in
violation of the Ethical conduct prescribed by his
profession.
Ex; A prosecutor convicting a man who he knows
to be innocent simply as a result of political and
social pressure to hold someone accountable for a
heinous crime by withholding evidence from the
defense is acting neither Ethically nor morally.
Ex; A defense lawyer taking on a case pro bono in
which he knows the person indicted to be
innocent and utilizing all the legal tools at his
disposal is behaving both morally and Ethically
Topic-Leader types

Autocratic -indivual decison ..bole to leader khudi
ki deciosn hi leta he..aur kisi ke nahi sunat.
Democratic- also know as copatnership .. Dicuss
with employee.. Isme leader employee ki bhi sunta
he unse discuss karke decison leta he
laissez fair - isme complete authority of decison is
given to employee !! Sab decison employee lete
hain
1:57am, 11 Apr - Rajesh Lachhwani: Characteristics of a
business leader
Though different
leadership styles can
be used at different
times in a business,
some character traits are important for
all leaders:
self-awareness - understanding your
own strengths and weaknesses

decisiveness - the ability to make
decisions quickly
fairness - treating others equally
enthusiasm - motivating a team with a
positive attitude
integrity - earning the respect of your
team
knowledge - keeping abreast of the
facts and figures
creativity and imagination - coming up
with new and innovative ideas
endurance - persevering when things go
wrong.
1:57am, 11 Apr - Rajesh Lachhwani: 1.Democratic leadership emphasizes a group concept. In this leadership style, the opinions of various members of the business team are heard, with the aim of creating the best strategy possible. One of the advantages of the democratic style is that it allows workers to feel a sense of autonomy. It also can encourage them to be creative in their approaches to problems.
2.Charismatic leadership is a style that focuses on the personality of the leader. In this method, he or she is essentially the center of the operation. The leader attempts to motivate the workers to complete a project with his or her enthusiastic personality. The leader typically has the final word on the project, and the focus of the workers is to satisfy the leader's
demands.
3.Laissez-faire leadership refers to a strategy in which the leader essentially lets the workers work for themselves. This style emphasizes the faith the manager has in his or her workers. In this approach, it is critical that there is a good working relationship between the workers and the manager, to ensure that work is synchronized. The term laissez-faire is French, and translates roughly to let it be .
4.
Task-oriented leadership stresses the completion of the project above all other factors. It is often compared to dictatorial forms of political

leadership. What is most important in this style
is that the task is completed. Workers, who feel
that they are of secondary importance, often
have a negative opinion of this approach. If the
leader has the respect of his or her workers,
however, this can be an effective leadership
style.
- Rajesh Lachhwani: Topic- credo
-> latin word set of fundamental beief or guiding principle

-> credo fans
Keep it
:short
:real
:simple

->eg-
SONY
make.beleive

-> credo means " I believe in"

-> it is a statement of faith and belief

-> it is also referd as mission statement

-> Sam Walton founder of Walmart defined credo as
- Respect individual
- Service to custome
- Strive for excellence

Rajni
1:57am, 11 Apr - Rajesh Lachhwani: *code of ethics
[TRRFCC]

RAJESH LACHHWANI
1:58am, 11 Apr - Rajesh Lachhwani: Sub-cg
1:59am, 11 Apr - Rajesh Lachhwani: Topic-
How new SEBI norms build upon Companies Act
2013 guidelines?

=>SEBI's new corporate governance
norms (CG norms), which were released after
SEBI's board meeting Thursday ie 13/02/2014, and believe the

new norms are a forward step in establishing a
better governance framework for corporate India.

1. Independent director can be on the board of maximum 7 listed companies and 3 in case the person is serving as a whole time director in a listed companyTen public companies. No separate provision for listed companies.

2. Whistle blower policy made mandatoryYes

3.Succession PolicyNot specified

4. Independent director: max two terms of 5 years eachYes

5.ID tenure to be computed on retrospective basisIt has been specified that it should not be applied retrospectively

6. No stock options for IDYes

7.Nominee director not to be treated as independentYes

8.Prior approval of Audit Committee for all material Related Party Transactions (RPTs)Not specified

9.Performance evaluation of Independent Directors and the Board of DirectorsYes

10. Separate meeting of Independent DirectorsYes

11.Constitution of Stakeholders Relationship CommitteeYes

12. Enhanced disclosure of remuneration policiesYes

13. Approval of all
material RPTs by shareholders through special
resolution with related parties abstaining from
votingYes

14.Mandatory constitution of Nomination
and Remuneration Committee. Chairman of the said
committees shall be independent.Yes. Chairman
independence not necessary

15. At least one woman
director on the Board of the companyYes

16.The
scope of the definition of RPT has been widened to
include elements of Companies Act and Accounting
Standards.Not clarified

17.E-voting facility by top
500 companies by market capitalization for all
shareholder resolutionsNot mandatory

18.Providing
training to Independent DirectorsNot specified
1:59am, 11 Apr - Rajesh Lachhwani: Baxi saheb-

Wistle blower-

=>it is always in threat of d mind tat sensitive information may lead to investigation,
Tat person who is disclosing such information is always in mind
1:59am, 11 Apr - Rajesh Lachhwani: Somebody is going to catch me and pul me out of an organisation
1:59am, 11 Apr - Rajesh Lachhwani: =>hence there should b a system that should b transperent,relevant & protective to d employee who is disclosing material facts

=> is it like tat system should b existd for employes only?
Ans-
<bolo last bench,
Sau aam gapu to maro>
1:59am, 11 Apr - Rajesh Lachhwani: => it is nt necesary tat d person who is reporting is reporting for protecting his interest

=>for eg-

Havmor upar lakhyu hoy che bil na lenar vyakti agar sabit kare to ene atli icecream free,
It is d smalest eg
To find out loophole in a procedure aspect which u hve developd in d organisation
1:59am, 11 Apr - Rajesh Lachhwani: =>wishtle blower is nt an employee bt generaly he is an employee ,he is prepard for employee bt any1 can do such aspect
1:59am, 11 Apr - Rajesh Lachhwani: => nw v'll discus on disclosure aspects of whistle blower
[hay haay au kasu to c.law ma avtuj nathi,tame kya gajva ma ti kadho cho]
1:59am, 11 Apr - Rajesh Lachhwani: =>[ae last bench aje pa6o popti shirt pehryo,ae divas t-shirt aje shirt chal bol]

=>sir he should b an independent person□□
[nana mama krta kana mama sara]
=> hu kahu sambhar
-It is necesary to create open ended system
-Tat system should b disclosd to every outsiders
1st of all to all employes,
2nd to whom and how to report,in which condition to report
1:59am, 11 Apr - Rajesh Lachhwani: => in actual cg ,wistle blowers r vry vry imp and necesary and in govt governance is atmost requird jem rti kare koi ane inform male,ane 2 -4 var rti kare to ae samji javanu ne avi comp ne udadai devanu

=>chalo have bk ma lakho
1:59am, 11 Apr - Rajesh Lachhwani: Rajni
2:09am, 11 Apr - Rajesh Lachhwani: Jiten sir theory portion-

Lec 1

Topic- corporate sustainability

- corporate is a wider term nt related to companies only

-*charac of corporate

1. Perpetuity

2. Seperate legal entity

3. Cn b sued and can sue

*Sustainability

-tis word is derivd frm sustain or sustained

- Synonyms of d same r

:perpetual ie continuous

:prolonged ie long geriod

:steady ie stable

=>sustainable deuelopment is d part of corporate sustainability

=>thus sd is interlinked with corporate sustainability

*sustainable devel meaning

D broad concept called sd is
:a process
of change in which exploitation of resources

:direction of invst
:orientation of technological develop

And

:future as well as present needs

*intro
J
1st defi of sd was given by 1987 by
Brutlend report of
WCED

End of 1st lec

Rajni
2:09am, 11 Apr - Rajesh Lachhwani: Jiten sir Lec 2

-sustainable development is a broad concept tat balances need of
See ie
S- social equity,
E- environmental protect
E- economic growth
*2 main eff of sd-

1. Companies must focus on see

2. It provides comon goal towards
Ecological,social and economic sustainability for corporations,govt and civil society to work togethei
*4 fundamdantal principles of sd r

ISEI

1. Principle of
INTERGENERATIONAL EQUITY

-future generation k liye natural resources ko preserve krna

2. Principle of Sustainable use-

-Use of natural resources in prudent manner

-Ie helping present nt engaging future

3. Principle of Equitable use-

-Also kn as intergenerational equity

-Use of natural resourses equaly bet 2 state/country

4. Principle of integration

-Environmental aspects and impacts of socio economic activities should b integrated

* in 1992, sd was reinfoqgced at
UNCED [united nation conference on environment and develop] held in
Rio de Jeneiro
*conclusion-

The U.S. Environmental protection Agency defind
"SD marries 2 imp themes tat
-Enviromental protection does nt preclude economic develop and
-Tat eco develop must be ecologiclly viable nw in long run

-Thus sustainability adops ideas and values ,jaha ek admi inspire hoke vatavaran taraf custodian ban jata hai without compromising econ growth

*role of sd-

UNITED NATION ne sd ko badava dete hue UN global Compact banaya

-Over 4700corporates frm over 130 countries r participats of global compact

*uske 2 object hai-
1. Ten principles ko folow krna

2. Catelyses action

-Un global compact
Was vokuntary in nature
Tis was 1 of d reasons why it did suced
Pto
2:09am, 11 Apr - Rajesh Lachhwani: *benefits of un global compact

Asu ggv

1. Access to un's
Extensive knowledge and experience

2. Sharing policies

3. Utilizing UN Global compact mang tools and resourses

4. Globally recognizd policy framework

5. Getting sustainabile solutions in gartnership

6. Value chain created
2:09am, 11 Apr - Rajesh Lachhwani: Lec 3
Jiten sir
Corporate sustain

Intro-

New philosophy
:
Alternative of traditional growth and profit maxim

*meaning-

-Environmental protect
-Social justice and equity
-Economic devel
above 3 r imp than profit

*defi-

Meeting d needs of a firms(direct and indirect) stakeholder without comprising its abilities to meet d need of future stakeholders

*fundamental object
(Tbl) tripple bottom line

-Environment

-Social justice

-Economic efficiency

*key drivers of corporate sustainability (ISRC)

1. Internal capaciy building strength
(convert risk into strategy)

2. Social impact assessment
(consider social features for decis making)

3. Repositioning capability (reserch and devel to ensure growth)

4. Corporate sustainability
(creating shareholder value in long run)
2:09am, 11 Apr - Rajesh Lachhwani: Jiten sir-

*benefits of reporting(GRI)

GRI Reporting framework provides tools for
- Managment
- Incrsd comparatibility
- Reducd cost of sustainability
- Incrd brand
- Differential in Market price

- Protection frm competitiors(defamation)
- Networking and communifation
* further develop for GRI
G 3.1 guidelines

-> GRI is continuously being improvd and exponded upon as knowledge of sustainable issues evolve and needs of report makers

- G3.1 was launced on 23/03 /2011 as initiative for multi-stakepgolders projects in fields

Nw click photo
2:09am, 11 Apr - Rajesh Lachhwani: Papr 8-

The rule in Rylands vs. Fletcher
* Fact of case
-The plaintiff was Thomas Fletcher and the defendant's was John Rhylands.
- In the circumstances, the defendant had constructed a reservoir on land that was on leasehold, whose purpose was to supply water into his powered textile mill.
-Thomas Fletcher's land neighbored that of Rhylands.
-In his land, Fletcher operated mines and had excavated up to disused mines which were under the land where the plaintiff's reservoir was located.
-The land that both parties were using had been rented from lord Wilton and the “activities that each carried out were legal”. Rhylands employed independent contractors and engineers to build a reservoir.

-When on duty the contractors came across some mine shafts that were no longer in use and which were loosely filled with marl and earth. The contractors “made no attempt” to fix the shafts.
-These shafts led through a series of interconnected shafts and channels, into the plaintiff's (Fletcher) mines and land.

-After
completion, water burst and flooded into
Fletcher's land and mines.
- In those
circumstances, Thomas Fletcher sued John
Rhylands.
2:09am, 11 Apr - Rajesh Lachhwani: Requirements For One To Rely
On The Case Of Rhylands And
Fletcher
1. the defendant need to have brought something
into his land
In the case of Rhylands and Fletcher, “the
defendant brought water into their land”. The
plaintiffs “depended on this fact”.
2. Non-natural use to the land
In our case “the defendants brought in water to
their land and this was not the natural user of the
land” (Weinrib, Ernest, pp 58).
3. there must be something likely to do mischief
The Court of Exchequer chambers stated that “if a
person brings into his land something which is
likely to do mischief if it escapes, the person
keeps it at his own peril”.
4. Escape
The exchequer court came out clear and stated
that “there must be escape of the dangerous
substance”.
2:09am, 11 Apr - Rajesh Lachhwani: Papr 8

Circu in which Ryland v fl wil nt aply ie exception -

1. Vis major(act of god)

2. Act of 3rd party

3. Consent to plantiff

4. Damage due to natural use of land

5. Escape due tnd plantifs own default

6. Statutory authority
[case-
Green v. Chelzea Water Works Co.]

A comp in tis case was nt liable as d comp was engagd in performing a statutory duty
2:09am, 11 Apr - Rajesh Lachhwani: Strict Liability
From the proceedings of this case, there
developed what is called “the strict liability”
aimed at avoiding “misrepresentation of facts in a
court of law”. In our case, “the defendant's
(Rylands) reservoir caused an old mine shaft
owned by Fletcher to collapse”.
It was proven in courts that “the defendants were
not negligent” but still the judges ruled that “the
defendants ought to pay damages to the plaintiff
and they conformed”. The case thus established
doctrine of strict liability “but only in limited
circumstances” which were stated by the judges.
Any person “wishing to rely on this doctrine has
to fulfill certain requirements that were
highlighted by the judges during this case”.
2:09am, 11 Apr - Rajesh Lachhwani: *wat is strict liab-

Strict liability means liab without fault ie without intention or negligence .

In otherwords defendant is held liab without fault

These cases fal under d fol categories-

1. Liab for inevitable accident-

2. Liab for inevita mistake

3. Vicarious liab
2:09am, 11 Apr - Rajesh Lachhwani: Case
M. C . Mehta v union of India and others

- sc said
Ryland wala case reference k jaise har jagah istemal nai hoga

- As v cannot alow our judicial thinking to b constrictd by referen to english law as It prevails in england or other forei country

- it is absolute liab for industry

Industry wale ko highest degre of safety rakhna chaiye par ku6 daraka hua to bi wo hi jimedar rahenge

-Thus while imposing such liab for manufac of hazardous subst ,such rylands. V flct must nt to b prvd in india
2:09am, 11 Apr - Rajesh Lachhwani: Acc to Blackburn J.

Agar koi insan apne jamin pe esi chez rakhta hai jiske karan baju wale ko bi nuksan ho due to non natural use of tat land shal b held liable
2:09am, 11 Apr - Rajesh Lachhwani: Case law-

M. C. Mehta v. Union of India

*back ground-

- Shriram Food and fertilizer industry ek subsidary hai Delhi Cloth Mills ltd

-On 4/12/85
And 6/12/85 oleum gas leakage occurd in heart of city delhi
-Tis resulted in the
death of several persons that one
advocate practicing in the Tis Hazari
Courts died.

- The leakage was caused by a series of
mechanical and human errors.

- This
leakage resulted from the bursting of the
tank containing oleum gas as a result of
the collapse of the structure on which it
was mounted and it created a scare
amongst the people residing in that area.
Hardly had the people got out of the
shock of this disaster when, within two days ie on 6th dec 1985
, another leakage, though this time a
minor one took place as a result of
escape of oleum gas from the joints of a
pipe.
- On 6th December, 1985 by the District
Magistrate, Delhi under Section 133(1) of
Cr.P.C, directed Shriram that within two
days Shriram should cease carrying on

the occupation of manufacturing and processing hazardous and lethal chemicals and gases including chlorine, oleum, super-chlorine, phosphate, etc at their establishment in Delhi and within 7 days to remove such chemicals and gases from Delhi.
- . At this juncture M.C.Mehta moved to the Supreme Court to claim compensation by filing a PIL for the losses caused and pleaded that the closed establishment should not be allowed to restart.
2:09am, 11 Apr - Rajesh Lachhwani: Paper 8 part Cpart 2

=>d house of lords said d rule applies only to non natural use of land ie defendent is liable if he makes a non natural use of land.In rylands case water collected in reservoir in such large quantity was held to b non natural use of land

=>thus tiz rule does nt apply to(exeption of rules)
-act of god(Vis Major)
-act of 3rd parties
-concent of plantiff
-damage due to natural use of land
-default of the person injured(ie plantiffs own defaut)
-statutory authority
Case no 2-Bhopal Gas Disaster

*FACT OF CASE-
-On night of 2nd-3rd , 1984 d most tragic industrial disaster occured on city of bhopal
-the cemical named Seven and Temik were reason for the same
-it was estimated tat 2660persons lost their lives and mre tan 2 lakh persons sufferd injuries

-on7th dec the 1st law suit was filled by group of american lawyers in us
-d case moved to indian coutrs
*decision
-in 1989 sc came out with a over all settlement&awarded
U.S $470 million to govt of india on behalf of all victims in full&final settlement of all past pres&future claim
pto
2:09am, 11 Apr - Rajesh Lachhwani: Paper 8
part C- sustainability

topic- principle of absolute liability
(5 marks)
part 1
*basic background-
[-tort is civil wrong as per sec 2(m)of limit act 1963
- actus reus means wrongful act
-plaintiff matlab jo case karta hai
-defendant jispe case hota hai]

=>Strict or Absolute liab is liab in which defendent is held liable without fault ie without intention or negligence

*rule in Rylands v. Fletcher

-> the rule is tat man acts at his peril and in case damage is caused may b accidental may b negligence is liable for d same

-> the rule was 1st stated by Blackburm . J.
as d person who brings on his land which is likely to do mischief must keep at his peril and if he does nt do so will b prima facie answerable for all damages

-> Rylands v. Flecture case-

*Fact of the case-
- it was a mid nineteenth century in england
-A mill owner employed independent contractors to construct a reservoirs on his land to provide water for his mill

-there was an old disused mining shafts which was not blocked by contarctors as tey failed to observe which were filled with earth

- wen water was filled in reservoir it bursted through shafts and flooded plantiffs coal mines on asjoining land

*Decision-

-> though d owner did nt knw anything about disused mining shafts, and though d fact contractors negligence owner was held liable

ptoPaper 8 part Cpart 2

=>d house of lords said d rule applies only to non natural use of land ie defendent is liable if he makes a non natural use of land.In rylands case water collected in reservoir in such large quantity was held to b non natural use of land

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-damage due to natural use of land
-default of the person injured(ie plantiffs own defaut)
-statutory authority
Case no 2-Bhopal Gas Disaster

*FACT OF CASE-
-On night of 2nd-3rd , 1984 d most tragic industrial disaster occured on city of bhopal
-the cemical named Seven
2:09am, 11 Apr - Rajesh Lachhwani: Part 3 absolute liab

case no 3
M.C. Mehta v. Union of India and others

*background

-tis case is also refferd as oleum gas leak case

- tis case came into lineli8 after environmenlalist and lawer m.c.mehta as a public interest litigation filled writ petitin in SC

*fact of case-

- company namd Delhi cloth mills ltd ran an enterprise calles Shriram Foods & fertiliser industries

- they manufactures caustic soda , chlorine and various other acids and chemicals

-on dec 4,1985 a major leakage of oleum gas took place leading to disaster as hazardous diaster

*decision-

sc said requirment of non natueral use of land or escape frm dangeruous substance under raylands need nt to b proved in india

-the enterprise is said to have highest safety and even if harm occurs they r absolute liable

rajeshPart 4 abdolute liab

* corporate manslaughter and corporate homicide act 2007 ,uk

=>w.e.f 6th april 2008
=>act specifies criminal liab of companies in which prosecutions will b body corporate AND Nt individuals bt individuals on proff may b procecures for seperate health and safety offences

=>tis will b applicable in case of serious failure in management of health and safety result in fatality

rajesh
2:11am, 11 Apr - Rajesh Lachhwani: Sub- cg
Easy made Clauset49-

1.bod and its composition-
-2(47) read with 149(5) of comp act 2013 defines composition of indep director
-Sec 149(4) of comp act 2013 says atleast 1/3rd of bod must consist of indipendtdirectors

-comp law bolta hai indep director aur usi ko sebi bolta hai non executive director

-atleast 50% of board must comprise of non-execu director

-Jab chairman nonexecut hai then atleast 1/3rd of board wil b independent

-Jab chairman execu hai ya chairman nontexecu dhai par promotertgroup se hai to 1/2 of board must b independent

-Indep dir matlab non execut director jo
:21 yrs ktniche ka na ho
:1 level below hai board ke
:nt related with any promoter
:nt a substaintial shareholder

Substaintial shareh matlab- esa director jo own krta hai 2% or mre of block of shares of voting ri8

-Sari fees jo ki non exec ko pay karenge wo fix ki jayegi by board par usko approve karega shareholder execpt siting fees

-Ye met sal me 4 bar jiske bich gap cnt b of mre tan 3 months
2.audit commit and composi -

-Chairmantofaudit comm indpendent hona chaiye
-sec 177 of new act talks about audit commite
-Sec 177(2) kehta hai atleast 3 direct mut b indep direc and chairman abhan nahi hona chaiye usko finan statement k bare me pata hona chai
-Chairman shal b present in
agm
-Cs shal act as secret to committee
-Audit com milni chaiye sal me 4 bar milegi of which time gap cnt be mre tan 2 months

3.subsidary comp-

-Atleast ek indep direct esa hona chaiye jo
Indian non listed comp ka ho

-Listed comp jo holding hai usko esi rgubsi k
:fs dekhne honge
:minut check krne honge

4.disclosures-

-Sec 188 ofnew act,
-Relatd party disclosure

Pto
5. Ceo/cfo certification-

- Md hai to managr nai
-Managr hai to md nai

-Remune paid to them shal b in acc to 198 of old act

And in accordance to sec 197 ofnew act

6.corporate gov report-

-Annual report me ek seperate sec hona chaiye

-Annenture IC is suggestd list tat should be mentioned

-annemture ID talks about nontmandatory requirments including wisher blower policy

-Quarterly comp report shal b in accord to annex IB

7. Compliance-

-Annex ID SHAL B CONSHDERD

,-comp shal obtain certif nt id
-compshal obtain quarterly issued certif frm pcs or auditors which shal b also forwarded to stock exchange and sharehold for acknowledment

Rajesh
2:18am, 11 Apr - Rajesh Lachhwani: Sub- cg
Topic-

Independent director

->The need for the ID's aroused due to the need of a strong framework of corporate governance in the functioning of the company.

-> An ID is vested with a variety of roles, duties and liabilities for good corporate governance.
-> He helps a company to protect the interest of minority shareholders and ensure that the board does not favour any particular set of shareholders or stakeholders.

-> The role they play in a company broadly includes improving corporate credibility, governance standards, and the risk management of the company.
->The whole and sole purpose behind introducing the concept of ID is to take unbiased decisions and to checks various decisions taken by the management and majority stakeholders.
->An ID brings the accountability and credibility to the board process.

-> These ID's are
the trustees of good corporate governance.

-> Clause 49 of the
listing agreement:-

- According to this clause ID's are those who apart from receiving director's remuneration do not have any material pecuniary relationships or transactions with the company, promoters, senior management, holding company or subsidiary or associates which affect their independence.

- e is not related to promoters or
persons occupying management positions at the board level or at one level below the board and has not been an executive of the company in the immediately preceding three financial years.

- Apart
from this he will be disqualified if he is less than 21 years of age or holds 2% or more block of voting shares or shares or if he is a partner or executive of any statutory audit firm or the internal audit firm or the legal firm(s) and consulting firm(s) that have a material association with the company.

->comp act 2013
- 2(47)
- 149(5) appointdment of id
-149(6) , ID
means a director other than a managing director or whole- time director or a nominee director,

- an ID should not be related to the
company or its holding or its subsidiary or its associate company, he himself or his relatives should not have or had any pecuniary relationship or transaction with the company or its holding or its subsidiary or its associate company during the current financial year
. -He also has to declare to
the board that he is independent at the time of

his appointment and also whenever there is a
change that may affect his independence.
Rajesh
2:25am, 11 Apr - Rajesh Lachhwani: Introdu to CSR-

ΞCSR is integration of business operations and values whereby d int of all stakeholders including
-Customers,
-Σmployees,
-Community
And
-the Environment is reflected in d company's policies and actions

Ξthe former President Abdul Kalam on Dec 20,2012 at an award fn organised by the Associated Chamber of added
Commerce "it(csr) should become an integral part of corporate strategy,
Management practices,
Business operatinns,
Product development and
Conservation of environment"

ΞThe csr clause is also proposed in Companies Bill 2012
Where d company have to set aside 2% of avg np of preceding 3 yrs forCSR activities

Ξ*defined-
It can b defined as d
Economic,legal,ethical and discretionary expectations tat society has of organisations at a given pt in time
Ξd essense of csr comprises of
-Philanthrophic Responsibility
-Ethical Responsibility
-environment Responsibility
And
-legal and economic Responsibility

Ξput all together D alternate synonymous for CSR is People,Planet and Profit alsn kn as triple bottom line

*basic object of CSR-

To maximise d company's overall impact on d socidty and stakeholders keeping in cönsideration

1.Environment
2.community

3.Sustainability
*explanation-
1. Environment

=>business play an imp role in preservion natural resources
=>optimum utilisation
Through energy use,waste managment

2.Community
=>client relationship to ensure maximum impact

3.Sustainability

=>includes both
CSR and environmental resonsibility

2:31am, 11 Apr - Rajesh Lachhwani: sebi has issued cg voluntary guidelines 2009
=> clause 49 of listing agreement lays down good
cg
=>the kumar mangalam birla committee constitutes
by sebi has observd strong cg
=>the real onus of achieving desierd levels of cg
lies with corporates themselves and not in external
measures
(onus means burden of proff)
rajesh
Type of satkeholder
A. Internal stakeholder
B.external stakeholder
A.internal includs-
1.owner
2.eemployee.
3.mangement.
4.community
5.govermt.
B. External includs-
1.customer
2.creditors
3.supplies
2:33am, 11 Apr - Rajesh Lachhwani: Introdu to CSR-

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-Σmployees,

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CSR and environmental resonsibility
2:49am, 11 Apr - Rajesh Lachhwani: Paper 8
part c- chapter 15
topic- ilo[international labour organisation]

=>Nobal price winner in 1961 and having head quarters in geneva,ilo was founded in 1919 as a part of Treaty of versailles tat ended World war - I based on premise tat "universal lasting peace can b established only if it is based on social justice"

=>ilo deals with labour issue working on international development of member countries[currenlly there r 185 memb till 2012]
and international labour standards

=>the reason for founding tis organisation was to offer
-equal status
and
-promote remuneration to employment

=>ilo sets international labour standars and conventionas and offer recommendations

=>ilo organises the internation labour conferance in geneva every yr in june where recomendations r crefted and adopted

=>aim is
- to provide basic ri8 such as banning forced labour,
equality at work regards to gender and race
=> it also offers tecknical assiatance to member nations in form of vocational training facilities

=> it became the 1st specialized agency of UN in 1946 and is d only 'tripartile' united nations agency tat brings todether representatives of
-govts
-employers
and
-workers to jointly shape policies and achieve its defined objectives

rajesh

2:56am, 11 Apr - Rajesh Lachhwani: Charac of corporate gover

Cat p feer

1. Concencious orientd

2. Acountability

3. Transferancy

4. Partition of law

5. Follow d rule and regul

6. Eficency

7. Effectivenes

8. Reporting to manag

Rajesh
2:58am, 11 Apr - Rajesh Lachhwani: Human Rights
Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.
Labour
Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 : the elimination of all forms of forced and compulsory labour;
Principle 5 : the effective abolition of child labour; and
Principle 6 : the elimination of discrimination in respect of employment and occupation.
Environment
Principle 7 : Businesses should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility; and
Principle 9 : encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption
Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.
2:58am, 11 Apr - Rajesh Lachhwani: Jiten sir-

*benefits of reporting(GRI)

GRI Reporting framework provides tools for
- Managment
- Incrsd comparatibility
- Reducd cost of sustainability
- Incrd brand
- Differential in Market price
- Protection frm competitiors(defamation)
- Networking and communifation
* further develop for GRI
G 3.1 guidelines

-> GRI is continuously being improvd and exponded upon as knowledge of sustainable issues evolve and needs of report makers

- G3.1 was launced on 23/03 /2011 as initiative for multi-stakepgolders projects in fields

Nw click photo
2:59am, 11 Apr - Rajesh Lachhwani: Corporate governance-

Cg is d processes and system placed for satisfying stakeholders expectation

=>CG refers to d set of
-systems
-principles &
-processes by which company is govern

emant
-shareholders

'to'
-customer
-employes
-society

=>Good governance is integral to the very existance of a company

=>cg pillars on transparency and
emant
-shareholders
'to'
-customer
-employes
-society

=>Good governance is integral to the very existance of a company

=>cg pillars on transparency and
fairness in action satisfying accountability and responsibility towards the stakeholders

fairnes
!!!
respo<-CG->transparecy
!!!
accountability

=>cg is very wide in scope ehich extends beyond corporate law

*meaning-

According to James D. Wolfensohn - "cg is about promoting corporate fairness, transperency and accountability"

pto

Topic- corporate governance part 2

=>

sebi has issued cg voluntary guidelines 2009

=> clause 49 of listin g agreement lays down good cg

=>the kumar mangalam birla committee constitutes by sebi has observd strong cg

=>the real onus of achieving desierd level
s of cg lies with corporates themselves and not in external measures
(onus means burden of proff)

rajesh
3:00am, 11 Apr - Rajesh Lachhwani: Lec 3
Jiten sir
Corporate sustain

Intro-

New philosophy
:
Alternative of traditional growth and profit maxim

*meaning-

-Environmental protect
-Social justice and equity
-Economic devel
above 3 r imp than profit

*defi-

Meeting d needs of a firms(direct and indirect) stakeholder without comprising its abilities to meet d need of future stakeholders

*fundamental object
(Tbl) tripple bottom line

-Environment

-Social justice

-Economic efficiency

*key drivers of corporate sustainability (ISRC)

1. Internal capaciy building strength
(convert risk into strategy)

2. Social impact assessment
(consider social features for decis making)

3. Repositioning capability (reserch and devel to ensure growth)

4. Corporate sustainability
(creating shareholder value in long run)
*key aspects for corporate sustain-

1. Absolute value chain for society-
-Tis ensures sustain for organi

2. Ethical corporate practices

-Short run unethical practices help for profit nt to run busines in long run

3. Worth of earth
(increasd/preservd) Through environmental protection

-Resotjrces r utilizd to optimud level and efforts to maintain for a long period

4. Equitable business practices

- No unfair means ,fair trade practices and allow healthy competition

5. C. S. R

-It should b clubbed and integrated in company's model

6. Innovate new technology and achieve economic efficiency-

- R and d is d only means which ensures future and secures it

7. Creating market for all-

-So tat there is no monopoly and high pricinp products

-Products for all types of customers should b made

Eg- tata(jaguar and nano)

8. Swithing over frm stakeholders dialogue to holistic partnership.-

- Be +ve to accept stakeholders as partners in progress

-Try to find common solutions for common problems by keeping govt and stakeholders together

9. Compliance of statutes

Rajni
: Sub- cg
Topic- shadow director
-> No definition of Shadow Director has been provided . However , regulation 2(22) of Concept paper defines “Deemed Director ” as a person in accordance with whose directions or instructions the Board of directors of a company is accustomed to act , which by way of liberal interpretation can be said to include a Shadow Director
-> A person, who is not appointed to the Board, but on whose directions the Board is accustomed to act, is liable as a Director of the company, unless he or she is giving advice in his or her professional capacity.

->Thus, such a 'shadow' Director may be treated as an 'officer in default' under the Companies Act.

-> The term has been elaborately defined in Secretary of State for Trade and Industry V Deverell { 2001 CLC 905 Court of Appeal }

-> Holding Companies Directors can also be

treated as Shadow Directors

-like in financial difficulty . Once again, in times of economic difficulty a holding company is likely to exercise management discretion for general decision - making powers in relation to the affairs of its subsidiary. If the board of the subsidiary simply accepts these decisions without independent analysis , the holding companies director is likely to be a Shadow Director .

Rajni
Sub- ethics
Topic- code of ethics
-> a code of ethics outlines a set of fundamental principles which is nt designed for convenience

->these principles can b used for both
1. Operational requirement
- Things one must do
2. Operational prohibition
-Things one must nt do

-> a code of ethics in presence of upper management ie
- President
-Ceo
-Bod
Who wil frame rules, policies and values supporting ethical climate

-> legal staff should b called to ensure code has been correctly implemented & covers buffer for potentia legal
problem

->The six values that are desirable for codes of ethics include: (trrfcc)
(1) trustworthiness,
(2) respect,
(3) responsibility,
(4) fairness,
(5) caring, and
(6) citizenship

->* scope
1. In india
2. In us

1. In India

-> In India clause 49 of listing agreement lays down

- Bod shal lay down code of conduct for all board members and senior management of company which wil b postd to company's website

- D annual report of d company shal contain a declaration signed by CEO

2. In US of america

- Sec 406 of Sarbanes Oxlex Act 2002
Provides provis to disclose code of ethics for public companies

- sec 406(a) of repulation S-K provides for disclose whether
A) there is change in code of conduct
B)any waiver is adoptd for individual to comply with code of conduct
C)there is any writen code for
Executive oficer, principle oficer or similar fn

->thus comp must disclose d manner of
1. company exhibit to d annual report, or
2. publishes on its website or
3.provides such copy upon request

Rajni
: Sub- ethics
Topic- code of conduct

->Codes of conduct are formal statements that describe what an organization expects of its employees

-> Such statements may take three different forms a
1. code of ethics,
2. a code of conduct, and
3. a statement of values.
-> A code of conduct is a written document that may contain some inspiration statements but usually specifies acceptable or unacceptable types of behavior.

->A code of conduct is more akin to a regulatory set of rules and as such, tends to elicit less debate about specific actions.

-> One problem with codes of conduct is that they tend to be developed without broad-based participation from stakeholders.

-> The alternative names for code of conduct are ‘code of ethics’ or ‘code of practice

* broad concept
1. Ethical code of conduct

-> A commitment by corporate management to follow an ethical code of conduct confers a variety of benefits

2. Comp bill, 2012
-> SCHEDULE IV of the New Companies Bill, 2012 prescribed Code for Independent Directors, which cast duty on Independent Directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy
3. Listing agreement
-> In India clause 49 of listing agreement lays down

- Bod shal lay down code of conduct for all board members and senior management of company which wil b postd to company's website

- D annual report of d company shal contain a declaration signed by CEO

4. Business code of conduct-
Code of conduct or what is popularly known as Code of Business Conduct contains standards of business conduct that must guide actions of the Board and senior management of the Company.
The Code may include the following

a) Company Values.
(b) Avoidance of conflict of interest
(c) maintaining confidentiality of company affairs
(d) no authority of waiver of code for any1 should b given

Rajni
9:42am, 20 Apr - Rajesh Lachhwani: Topic-
Diff betcode of ethics, a code of conduct, and a statement of values.

1.
- Is a set of principle

-A code of ethics is the most comprehensive and consists of general statements, sometimes altruistic or inspirational, that serve as principles and the basis for rules of conduct.
- A code of ethics generally specifies methods for reporting violations, disciplinary action for violations, and a structure of due process.

2.
-Is a formal statement
-A code of conduct is a written document that may contain some inspiration statements but usually specifies acceptable or unacceptable types of behavior.
-A code of conduct is more akin to a regulatory set of rules and as such, tends to elicit less debate about specific actions.
- One problem with codes of conduct is that they tend to be developed without broad-based participation from stakeholders.

3. Another final type of ethical statement is a statement of values, it serves the general public and also addresses distinct groups such as stakeholders.
-Values statements are conceived by management and are fully developed with input from all stakeholders.
- A company can have a `credo' which can be used as a tool to define the ethical practices that the company pursues and the respect for stakeholders including (customers, employees, community).

Rajni
9:55am, 20 Apr - Rajesh Lachhwani: Diff bet code of ethics
Vs code of conduct

1. C of Ethics is a set of fundamental principles
1. C of conduct is a formal statement

2. It is laid down b4 shareholder
2. It is d internal mater so nt much part is disclosd

3. It is a written statement and is comprehensive in nature
3. It is a written document and consits of inspiration statement

4. C of ethics frames rules,polices and is parelel to statue
4. C of conduct must b paralel to ethics ie akin to rules and regulations

Rajni
1:39pm, 20 Apr - Rajesh Lachhwani: Topic- ethics programme

->Organizations have ethics programme as a way of minimizing the risk of ethical misconduct or wrongdoing by employees.

->These programmes consists of
-policies,
-processes and
-education and
-training initiatives
that explain the company's business ethics.
-> These programmes clarify how ethics should translate into operating procedures and workplace behaviour.
->The focus of ethics programmes is compliance and is focused on rules and regulations

-> 2 types of ethical programe via control systems can be created. Both the control systems can be adopted simultaneously.

A)Compliance Orientation Programme: -A compliance orientation creates order by requiring that employees identify with and commit to specific required conduct.
- It uses legal terms, statutes, and contracts that teach employees the rules and penalties for noncompliance.

B)Values Orientation:
-Values Orientation strives to develop shared values.
-Although penalties are attached, the focus is more on an abstract core of ideals such as respect and responsibility.
-Instead of relying on coercion, the company's values are seen as something to which people willingly aspire

Rajni
2:05pm, 20 Apr - Rajesh Lachhwani: Topic- features of good ethics programe
Pg 294
2:16pm, 20 Apr - Rajesh Lachhwani: Topic-Steps to Resolving an Ethical Dilemma -

Considering the options available

☐

Considering Consequences- positives & negatives of each option

☐

Analysing Actions

☐

Decision making and commitment

☐

Evaluating system
2:20pm, 20 Apr - Rajesh Lachhwani: Topic- ethics audit

=> inorder to save company's reputation which is affected by various factors, ethics audit is adoptd

-> unadoption of it in formal stage will result in costly legal action at later stage
2:20pm, 20 Apr - Rajesh Lachhwani: !
2:53pm, 20 Apr - Rajesh Lachhwani: ->the reason why ethics r examined r many ,as tey include
-Risk mang
-Shareholder obligation
-internal societal pressure
-External societal pressure
Etc

* process/steps

Conducting Audit

- ☐

Establishing committee

- ☐

Establishing audit scope

- ☐

Review of firms, mission value.goals and policies

- ☐

Analysing relevant information

- ☐

Data Analysis Verification

- ☐

Reporting

Rajni
3:00pm, 20 Apr - Rajesh Lachhwani: Topic- social and ethical a/cting

->Social and ethical accounting is process helps a company to address issues of accountability to stakeholders, and to improve performance of all aspects i.e. social, environmental and economic.
-> The dominant principle of social and ethical accounting is inclusivity.
->This principle requires that the aspirations and needs of all stakeholder groups are taken into account at all stages of the social and ethical accounting process

Rajni
4:46pm, 20 Apr - Rajesh Lachhwani: Principles of social and ethical a/cting-

Pg 295
5:11pm, 20 Apr - Rajesh Lachhwani: Sub- ethics
Topic- crux round table
-> The Caux Round Table is an international
organization of senior business executives
aiming to promote ethical business practice.

->It was founded in 1986 by Frederick Phillips, former President of Philips Electronics

-> The CRT's Principles
for Business were published in 1994,
incorporating 2 basic ethical ideals
1. human dignity
- western concepts
- it refers to sacredness
or value of each person as an end
and
2. kyosei,
- Japanese concept
-interprete d as "living and working together for
the common good"

->these 2 ethical ideals were submitd in 1995 at united Nations World Summit on Social Development

-> Every
three years, the annual meeting is held at
Caux, Switzerland, where the original initiative
took place in 1986

->CRT principles has been framed by CRT under sec 2 and 7 principles r laid down which emphasis on busines practice and series of dialogues

-> Principle emphasis on What is ri8 rather tan who is ri8

Rajni
5:32pm, 20 Apr - Rajesh Lachhwani: Chapter 3
Ethics snap shot

. • Stakeholders provide resources that are more or less critical to a firm's long-term success. These resources may be both tangible and intangible. Shareholders, for example, supply capital; suppliers offer material resources or intangible knowledge; employees and managers grant

expertise, leadership, and commitment; customers generate revenue and provide infrastructure; and the society builds its positive corporate images
. • A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interest of the company, its employees, the community and the environment

• Stakeholder engagement leads to increased transparency, responsiveness, compliance, organizational learning, quality management, accountability and sustainability. Stakeholder engagement is a central feature of sustainability performance.

• Primary stakeholders are those whose continued association is absolutely necessary for a firm's survival; these include employees, customers, investors, and shareholders, as well as the governments and communities that provide necessary infrastructure.

• Secondary stakeholders do not typically engage in transactions with a company and thus are not essential for its survival; these include the media, trade associations, and special interest groups

. • Customers are considered as the king to drive the market and they can sometimes exercise influence by consolidating their bargaining power in order to get lower prices.

• The lenders put a check and balance on the governance practices of an organisation to ensure safety of their fund and as a societal responsibility.

• The organisation which builds a mutually strong relationship with its vendors improves its overall performance in the marketplace.

• Since, it is a well maintained proposition that you can't legislate good behavior, therefore, the Government role is to differentiate between the voluntary and mandatory measures becomes more important so that in regulatory role, it should not burden the corporate sector with the legal compliances.

• The society provides the desired climate for successful operation of a company business. If society turns against the company, then business lose its faith in the eyes of other stakeholders be it government or customer
8:04am, 21 Apr - Rajesh Lachhwani: Ethics-
Topic- integrity pacts

->Developed by Transparency International (TI)
during the 1990s

->the integrity pact is a tool
aimed at preventing corruption in public
contracting.

->The pact is essentially an agreement
between a government or government department
(at the national, sub-national or local level) and
all bidders for a public contract.
-> What is an integrity pact?
A written agreement between the government/
government department and all bidders to refrain
from bribery and collusion
->It stipulates
rights and obligations to the effect that neither
side will: pay, offer, demand or accept bribes;
collude with competitors to obtain the contract;
or engage in such abuses while executing the
contract.
-> If the written
agreement is violated then the pact describes the
sanctions that shall apply.

->These may include:
. Loss or denial of contract;

2. Forfeiture of the bid or performance bond and
liability for damages;

3.Exclusion from bidding on future contracts
(debarment); and

4.Criminal or disciplinary action against employees
of the government.

->Integrity pacts are adaptable to many settings.

-They are flexible tools that can be applied to:
Construction contracts;

-Goods and services. supply contracts;

-Consultants (engineering, financial, architectural,
for example)

- Government-regulated services such as
telecommunications, water supply and waste
collection services.

->The integrity pact can be used by government officials and agencies, private companies (the bidders) and civil society.
Pto
8:08am, 21 Apr - Rajesh Lachhwani: *main elements of the pact are:

->An undertaking by the government that its officials will not demand or accept any bribes, gifts etc., with appropriate disciplinary or criminal sanctions in the case of any violation

-> A statement by each bidder that it has not paid, and will not pay, any bribes in order to obtain or retain the contract

-> An undertaking by each bidder to disclose all payments made to anyone in connection with the contract in question (including agents and other middlemen as well as family members etc.);

-> Bidders are advised to have a company Code of Conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance programme for the implementation of a Code of Conduct throughout the company;

-> The use of arbitration as a conflict resolution mechanism, and acceptance that the arbitration panel can decide and impose sanctions;

Rajni
: Topic- snapshot of integrity part

->Integrity Pacts are a tool for preventing corruption in public contracting.
->They
are essentially an agreement between the government agency offering a contract and the companies bidding for it that they will abstain from bribery, collusion and other corrupt practices for the extent of the contract.

-> To ensure
accountability, Integrity Pacts also
include a monitoring system typically led
by civil society groups (often our
chapters).
->Integrity Pacts have been around since
the 1990s, and have been applied

->*main element
1. Undertaking by govt tat its officials wil nt demand or acept any brides or in case if tey do tan crimal liab wil b sanctiond

2. Bidder wil also give statement and undertaking
-Statemen tat it wil nt pay any bribe to acept contract
-Undertaking tat all facts r disclosed tat r connectd in contract in question

3. Bidders wil folow code of conduct

Rajni
5:30pm, 21 Apr - Rajesh Lachhwani: Sub- sustainability

Topic- KYOSEI

->It is a japanese concept introduced in crux round principle as d 2nd basic ethical ideal in 1994 and presentd in un world summit on sustainable devel in 1995

-> Kyosei is a Japanese technique meaning “a spirit of cooperation"

-> A concise definition of this word would be "living and working together for the common good,"

-> the broader defi given by Canon. Is
"All people, regardless of race, religion or culture, harmoniously living and working together into the future."

-> Kyosei establishes harmonious relations between the company and -
• Customers
• Suppliers
• Competitors
• Governments
• Natural Environment

-> It works in five stages

• First is economic survival of the company • Second is cooperating with labour
• Third is cooperating outside the company
• Fourth is global activism, and
• Fifth is making the government/s a Kyosei partner

->backing up corporate governance, kyosei determines
social, environmental, technological and political solutions. It believes that peace, prosperity and social and environmental improvement come through positive action
Rajni

The end

From- RAJESH LACHHWANI