Key Points

Books of Accounts of a Company

Items	(i) Income and Expenditure (ii) Sale and Purchase (iii) Assets and Liabilities
Place of maintenance	(i) Registered Office; or (ii) Any other place as Board of directors decides by sending notice of full address to Registrar of Companies within 7 days
Branch office	Proper summarized returns by Branch Office at intervals of not more than three months are sent to the registered office
Period of maintenance	Eight Years
Persons responsible	(i) Managing Director or Manager, if any and all officers and other employees; and (ii) If no Managing Director or Manager, then every Director (iii) Any other person charged by Managing Director, Manager or Board of Directors
Penalty	Imprisonment upto 6 months if default committed willfully or fine upto ₹ 10,000 or both
Inspection	(i) Directors (ii) Registrar of Companies (iii) Officers authorized by Central Government (iv) Officers authorized by SEBI

Key points

Form and contents of balance sheet and profit and loss account

Form of balance sheet	Part I of Schedule VI
Form of profit and loss a/c	Part II of Schedule VI
Exemption	Any Insurance or Banking Company or any company engaged in the generation or supply of electricity or any other company exempted in the public interest by the Central Government by notification in the Official Gazette
Compliance	Every Profit and Loss A/c and Balance Sheet shall comply with the accounting standards as recommended by the ICAI and prescribed by the Central Government in consultation with NACAS
If not in compliance with accounting standards	Following disclosure in Profit and Loss A/c and Balance Sheet: (a) deviation from the accounting standards (b) reasons for such deviation (c) financial effect, if any, arising due to such deviation.
Person responsible	(i) Managing Director or Manager, if any and all officers and other employees; and (ii) If no Managing Director or Manager then every Director (iii) Any other Person charged by Managing Director, Manager or Board of Director
Penalty	Imprisonment upto 6 months If default committed willfully or fine upto ₹10,000 or both

Key points

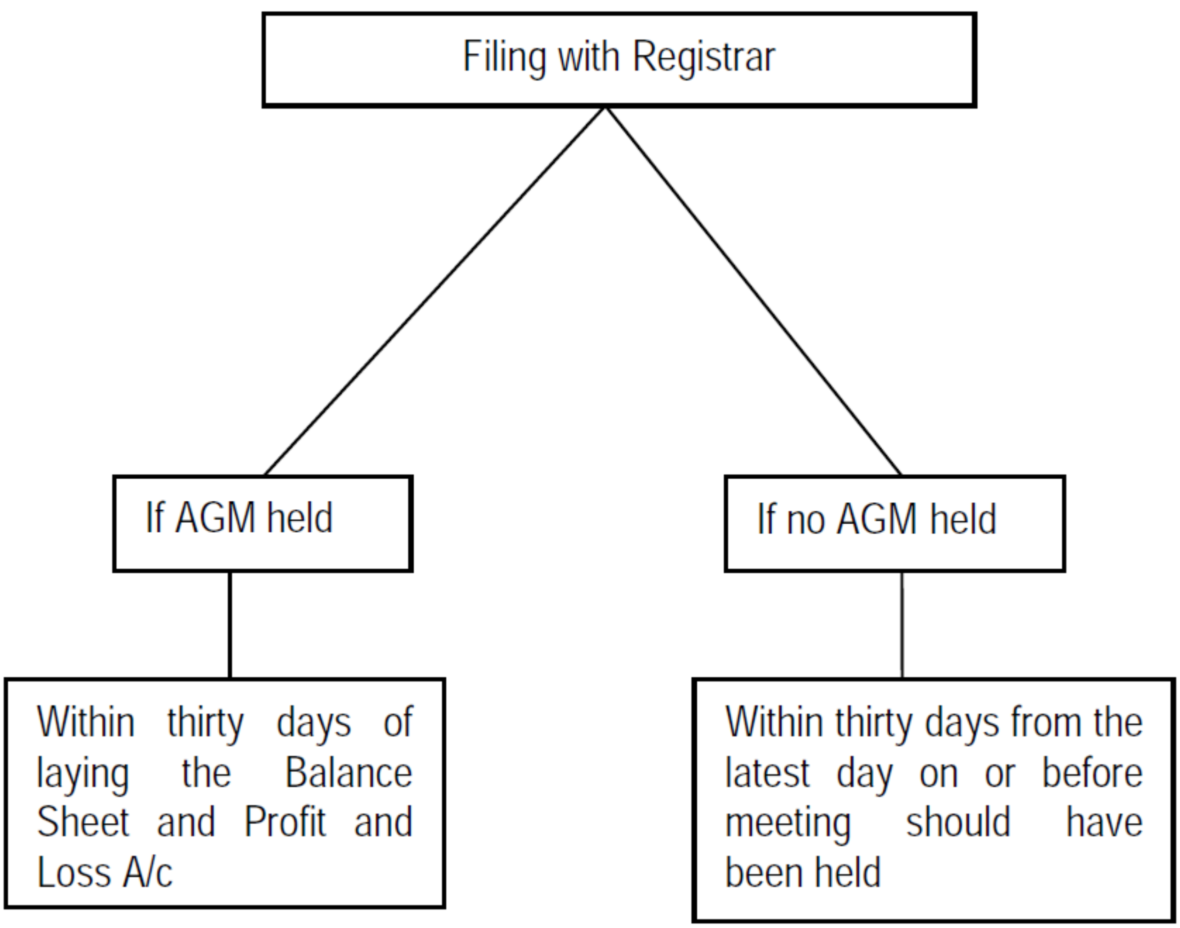
Board's report	A report by Board of Directors shall be attached with every balance sheet with respect to (a) State of company's affairs; (b) Amount in reserves; (c) Recommended Dividend (d) Material changes and commitments affecting the financial position of the company occurring between the date of the balance sheet and date of the report (e) conservation of energy, technology absorption, foreign exchange earnings and outgo
Disclosure in Board's Report:	(i) Details of employees as covered under section 217 (2A) (ii) Directors' Responsibility Statement (iii) Reasons of failure to complete buy back within specified time (iv) Information and explanations on qualification or adverse remark contained in auditors' report
Signing of Board's Report	By Chairman if authorized by Board of directors or if Chairman is not authorized then by such directors as are required to sign Balance Sheet and Profit and Loss A/c.
Person Responsible	Director and any person having been charged by Board of directors.
Penalty	Imprisonment upto 6 months if default committed wilfully or fine upto ₹ 20,000 or both.
Coverage of Directors' Responsibility Statement	(i) Compliance with applicable Accounting Standards (ii) Selection of accounting policies for a true and fair view of state of affairs and Profit and Loss A/c (iii) Maintenance of adequate accounting records (iv) Preparation of Annual Accounts on a going concern basis

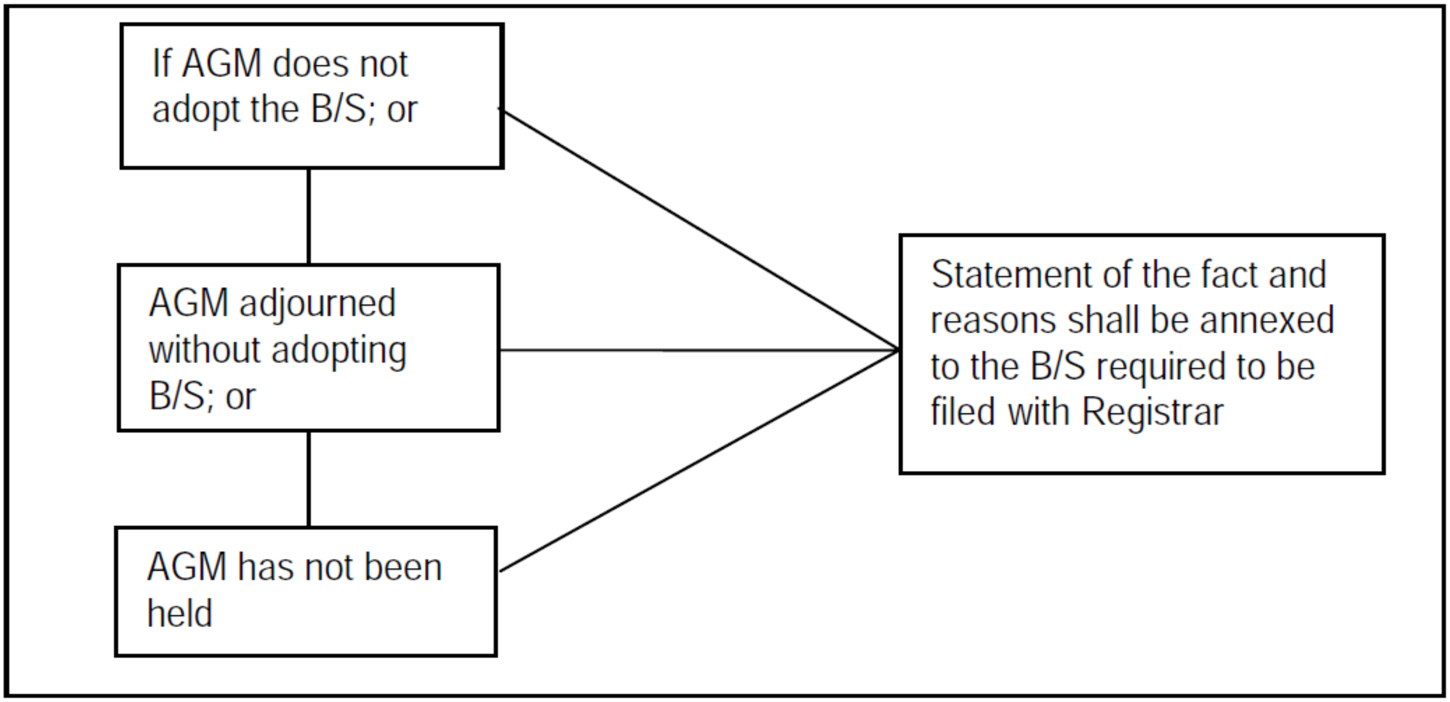
Key points

Copies of Annual Accounts

Who are entitled?	(i) Every member (ii) Every trustee for the holders of debentures (iii) Any other person so entitled
Specified time	Not less than 21 days before the date of meeting
If sent less than 21 days	Must be agreed by all the members entitled to vote
By Electronic Mail	(i) Company has obtained E-mail address of its members (ii) Documents must be displayed on company's website (iii) If no E-mail is provided then documents will be sent by other modes (iv) Send physical copies free of cost if any member insists

Key points



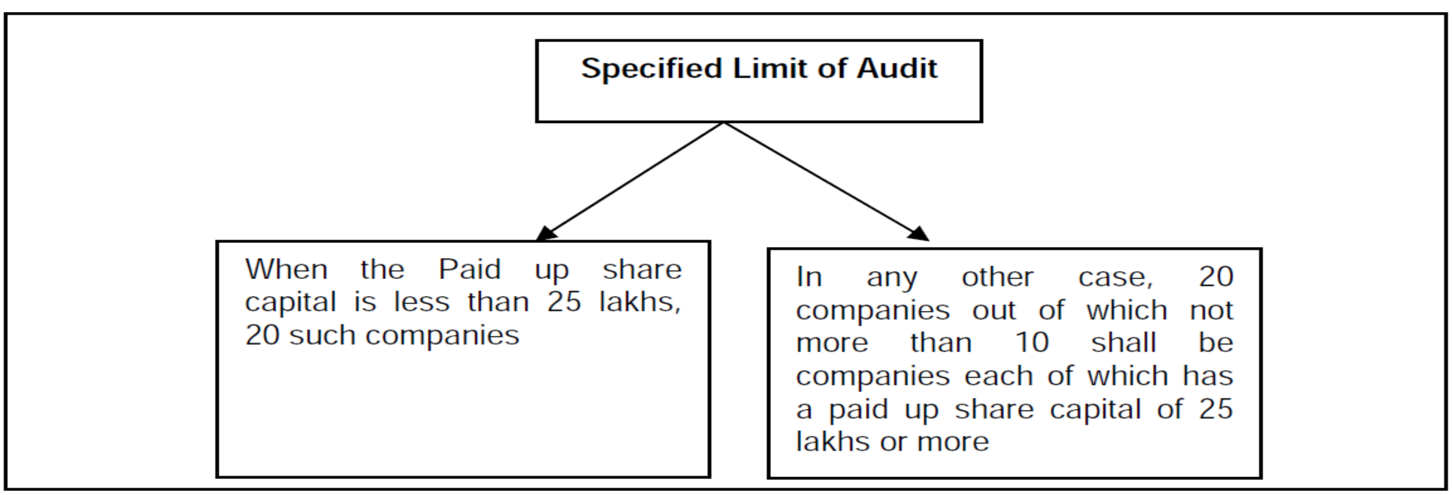


Key points

First Auditor → Appointed by Board of Directors → If Board fails then appointed by Company in General Meeting → Within 1 month of registration of the company → Hold office until the conclusion of first AGM → May be removed by company in general meeting

Subsequent Auditor → Appointed by Company in AGM → If no auditor is appointed then by Central Government → Hold office from the conclusion of that meeting until the conclusion of next AGM → Intimation by company within 7 days to auditor so appointed → Intimation by auditor to Registrar within 30 days of getting intimation from company → Before appointment, company shall obtain written certificate from auditor about specified limit → May be removed by company in general meeting after obtaining previous approval of Central Government

Casual Vacancy → May be filled by Board but if vacancy is caused by resignation then it shall be filled by company in general meeting



Key points

Cost Audit → For Companies covered u/s 209(1)(d) if Central Government is of the opinion → Cost Auditor shall be Cost Accountant as defined and holds valid certificate of Practice and includes firm of Cost Accountants → Appointment by Audit Committee if any; otherwise by Board of Directors → Form 23C by the Company with Central Government within 90 days from the date of commencement of each financial year → Deemed to be approved unless contrary is heard within 30 days → Required resubmission if Central Government direct within 30 days → After expiry of 30 days from submission or resubmission as the case may be, Company shall issue formal Letter of Appointment to Cost Auditor as approved by Board → Within 30 days of receiving Letter of Appointment, Cost Auditor shall inform the Central Government in the prescribed form.

Key Points

Legal provisions related to dividends

Meaning of dividend	Part of the corporate earnings and profits distributed among the members.	
Relevant legal provisions	Sections 93, 205, 205(2B), 205A, 206, 206A, and 207	
Types of dividend	• Final Dividend, • Interim dividend, • Dividend on Preference shares, • Dividend on Equity shares	
Sources/manner of payment of dividends	• Current profits • Past reserves/Accumulated profits • Moneys provided by the government	
Payment of Dividend out of current profits, may be arrived at-	• after providing for depreciation in accordance with the provisions of the Act, and • after transferring to the reserves a prescribed percentage of profits as specified in the Companies(Transfer of Profits to Reserves) Rules, 1975.	
Percentage of profits to be transferred to the reserves before declaration of dividend	**Rate of dividend**	**Transfer of amount to the reserves**
	Proposed dividend is less than 10%	No transfer

<table>
<tr><td rowspan="4"></td><td>Proposed dividend exceeds 10% but not 12.5% of the paid up capital</td><td>Not less than 2.5% of the current profits</td></tr>
<tr><td>Proposed dividend exceeds 12.5% but not 15% of the paid up capital</td><td>Not less than 5% of the current profits</td></tr>
<tr><td>Proposed dividend exceeds 15% but not 20% of the paid up capital</td><td>Not less than 7.5% of the current profits</td></tr>
<tr><td>Proposed dividend exceeds 20% of the paid up capital</td><td>Not less than 10% of the current profits</td></tr>
<tr><td>Payment of Dividend out of past reserves, may be arrived at-</td><td colspan="2">Dividend can be declared out of the accumulated profits earned by the company in the previous years and transferred by it to reserves in accordance with the Companies (Declaration of Dividend out of Reserves) Rules, 1975 or with the previous approval of the Central Government where the declaration is not in accordance with the rules.
As per the rules (a) The rate of the dividend declared should not exceed the average of the rates of the dividend declared in the past 5 years or 10 per cent of its paid up capital, whichever is less. (b) The total amount to be drawn from the accumulated profits earned in previous years and transferred to the reserves does not exceed an amount equal to $1/10^{th}$ of the sum of its paid up capital and free reserves and the amount so drawn is first utilized to set off the losses in the financial year. (c) The balance of reserves after such drawing does not fall below 15 per cent of its paid up share capital.</td></tr>
<tr><td>Payment of dividend out of the monies provided by the government</td><td colspan="2">Out of moneys provided by the Government (Central or State) for the payment of dividend in pursuance of a guarantee given by that government.</td></tr>
<tr><td>Deposition of dividend amount</td><td colspan="2">Dividend amount shall be deposited in a separate bank account within 5 days from the date of declaration which shall be used for the payment of dividend.</td></tr>
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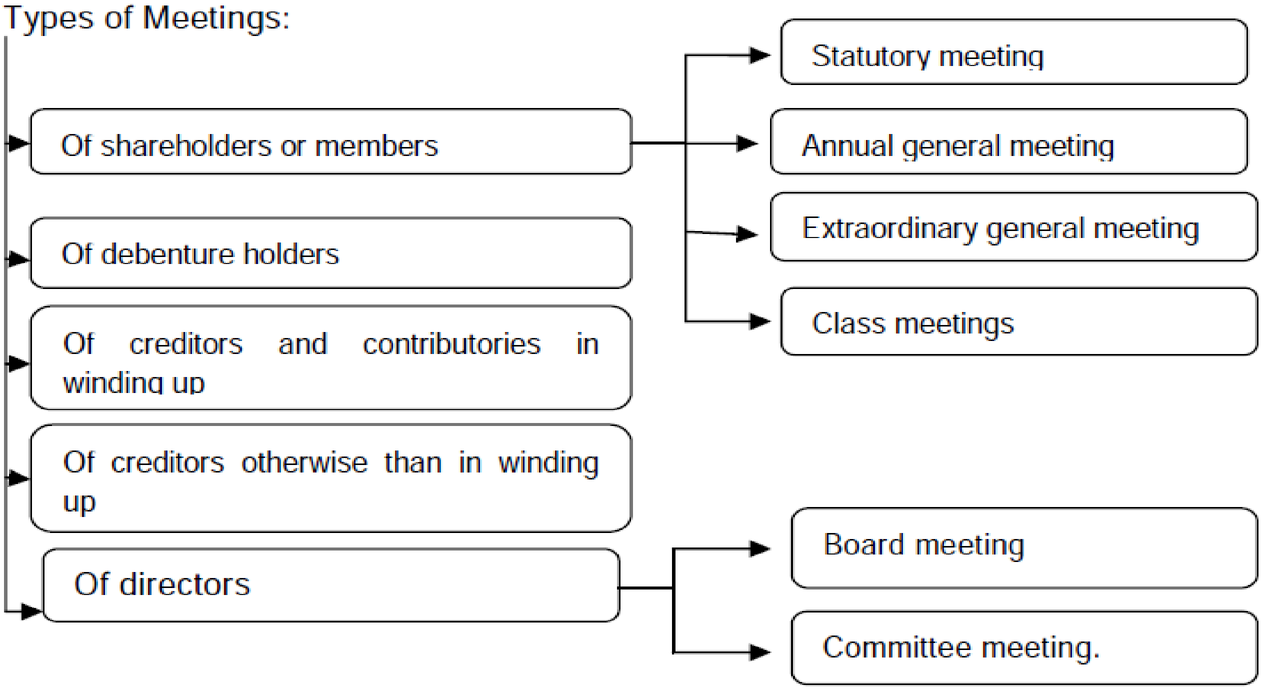
Key Points

Members or shareholders in general meetings and directors acting as a Board- collectively conduct and manage the affairs of a company by exercising their powers through passing of resolution at duly convened meetings.

Types of Meetings:



Powers of the Board of directors	• General powers (section 291) • Powers excercisable only at Board Meetings(section 292) • Powers exercisable by the Board with consent of the company in general meeting [(in case of a public company/ private company which is a subsidiary of a public company) section 293] • Power exercisable in an appointment of Sole selling agents[Section 294(2)] • Other powers which the company is authorized to exercise, subject to the provision of the Act.
Rules as to holding and conduct of Board meetings	
Holding of Board Meetings	• Board to meet at least once in every three months and atleast four such meetings should be held in a year.(Section 285)
Notice of the meeting	• Notice of every meeting of the Board of directors of a company must be given in writing to every director for time being in India , and to every other director at the usual address in India.(Section 286)
Time and Place of Board Meeting	• Board meetings may be held at any place and outside any business hours according to the convenience of the directors.
Quorum	• The quorum for a meeting of the Board of directors shall be 1/3rd of its total strength or two directors, which ever is higher. • In case of Board meetings, quorum is required throughout the meeting. (Section 288)

Resolutions	• Formal decision of a meeting on any proposal to be passed by requisite majority of the board to become company resolution. • These be categorized under three headings: Resolutions passed at board meeting, resolutions passed by circulation *and* the resolutions signed by all the members of the Board entitled to receive notice of Board meeting.
Chairman of the Board	• The board may elect a chairman of its meeting and determine the period for which he is to hold office.
Voting at Board meetings	• Questions at Board meetings are almost always decided by a simple majority of votes. • Each director having one vote and the chairman, if the articles so provide but not otherwise, having a casting vote.
Minutes of Board Meeting	• The procedure for writing out the minutes of the Board meetings are the same as those applicable to general meetings of the company. • These are governed by Sections 193-196. • Minutes of all the proceedings of the Board meetings to be entered in the book, containing fair and correct summary of the proceedings thereat.

Key Points

Committee meetings	• Board constitutes the committees consisting of such numbers of directors as it may decide. • Board may delegate any of its power as authorized by the Articles or the Act or the rules made under the Act. • Following powers are delegated by the Board, to the Committees of directors by a resloution passed at a meeting (Section 292) - Power to borrow moneys otherwise than on debentures, - Power to invest the funds of the company,and - Power to make loans.

Key Points

Disclosure of interest by director in contracts of a company at the Board meeting

Where director became interested in the contract after it was made	Director must disclose his interest at the first Baord meeting after he became interested.
Where director is a member of a company/ firm with which company has to deal	Director must give a general notice to the Board disclosing of his membership, either be given at a Board meeting or at the next Board meeting and should be renewed every year.
Every director who fails to comply in disclosure of his interest in the transaction of the company	Punishable with fine upto ₹ 50,000 and also accountable for any secret profits and such contract shall be voidable at the option of the Board.
Where any of the directors of the one company or two or more of them together holds not more than 2% of the paid up share capital of another company	Disclosure of interest by such directors is not necessary.
Consequences of being an interested director	Interested director shall not take part in any discussion, or vote on any concerned contract/arrangement and not shall count for the purpose of forming a quorum at the time of voting on any resolution.

Key Points

Sole selling agents	Provisions given under the sections 294, 294A, and 294 AA, regulating the appointment and of payment of remuneration to the sole selling agents by the companies. A company appoints a sole selling agent of any area for a term of 5 years at a time Board can initially appoint sole selling agents but such an appointment to be valid must be approved by the company in the first general meeting held after the date of appointment.
Certain cases where Central Governement is empowered to regulate the appointment of sole selling agent	(i) Where the demand of goods of any specified category is in excess of the production and for the supply of such goods, no services of sole selling agents is necessary to create a market for such goods. (ii) No person can be appointed as sole selling agent who has a substantial interest in the company unless such an appointment has been approved by the central government. (iii) A company with a paid up share capital of ₹ 50 lakhs or more, cannot appoint sole selling agents without the consent of the company given by a special resolution and the approval of the Central Government.
Prohibition of payment of compensation to sole selling agents by the company for loss of office in following cases	- where the appointment of sole selling agents is disapproved by the company in the general meeting - where he resigns his office as a result of reconstruction or amalgamation of the company, and is appointed as the sole selling agent of the reconstructed company - where he resigns his office otherwise than on the re-construction of the company or its amalgamation - where he has been guilty of fraud or breach of trust in conduct of its duty - where he has instigated or taken part in the termination of the sole selling agency

Key Points

Inspection

By Whom	(i) Registrar of Companies (ii) Officers authorized by Central Government (iii) Officers of SEBI
Duties of Directors, Officers and employees	(i) to produce all such Books of Accounts and other papers in their custody (ii) To furnish any statement, information or explanation relating to the affairs of the company (iii) All assistance in connection with the inspection
Powers of Inspector	(i) Power to make copies (ii) Powers to make marks of identification (iii) Powers of Civil Court (iv) Powers of Registrar
Report	To Central Government or SEBI as the case may be
Penalty	Fine upto fifty thousand rupees and also with imprisonment upto 1 year

Key Points

Investigation

Who can apply for Investigation	(i) By report of Registrar (ii) On application by the members (iii) By the company by passing Special Resolution or by order of the court (iv) By Central Government
Who cannot be appointed as Inspector	Firm, body corporate or other association
Powers of Inspector	(i) To carry investigation into affairs of related companies (ii) Production of documents and evidence (iii) Keep in his custody any books and papers for six months (iv) Examine on oath all officers and other employees and agents
Inspector's Report	Final report to Central Government

Key Points

Investigation of Ownership of Company

Who can apply for Investigation	By Central Govt.
Reason	Necessary in the public interest for the Central Govt. to know: (i) Persons who are financially interested in a company (ii) Who control the policy or materially influence it
Power of Inspector	(i) To investigate whether there are any secret arrangements or understanding observed in practice (ii) With prior approval of Central Govt., investigate the ownership of other connected companies

Key Points

Imposition of Restrictions upon Shares and Debentures

By whom	By order of Company Law Board
When	(i) On a reference made to Company Law Board by the Central govt. in connection with any investigation u/s 247; or (ii) On a complaint made by person in this behalf
Reason	(i) To find out relevant facts about any shares; and (ii) Company Law Board is of the opinion that such facts cannot be found out unless restrictions are imposed
Restrictions on Shares	(i) No Transfer of shares (ii) No issue of shares (iii) No voting rights shall be exercisable (iv) No further shares shall be issued (v) No payment in respect of dividend, capital or otherwise except liquidation
Period of Restriction	Not exceeding three years
Company Law Board's order to vary or rescind its previous order	Shall be served on the company within 14 days of making the order
Penalty for issuing shares in contravention of restrictions imposed	Company and every officer who is in default shall be punishable with fine up to ₹ 50,000

Key Points

What is Compromise?	Amicable agreement between parties to a controversy to settle their differences
What Reconstruction includes?	Reorganisation, Arrangements and Amalgamation
Reasons for Reconstruction	(i) To extend the operations of the company (ii) For altering MOA (iii) For the purpose of Reorganisation (iv) In order to amalgamate with one or more companies (v) For bringing Capital structure in accordance with the Act
Methods of Reconstruction	(i) By sale of the company (ii) By a scheme of arrangement u/s 391 (iii) By acquiring all or a majority of shares in another company u/s 395 (iv) By compulsory amalgamation in Public Interest by Central Govt. (v) By sale u/s 494 (vi) By a scheme of arrangement with creditor

Key Points

Who may apply to Court	(i) Company (ii) Creditor (iii) Member (iv) The liquidator, if company is being wound up
After filing application	Meeting to be called, held and conducted by the order of the Court
During the meeting	(i) Majority in number representing 3/4 agree to any compromise or arrangement and if sanctioned by the Court shall be binding on others as the case may be (ii) Person making the application has disclosed to the Court by an Affidavit or otherwise all the material facts related to the company

Order by Court	(i) Certified copy of it shall be filed with Registrar (ii) Copy of order to be annexed to every copy of MOA or any other document as the case may be

Key Points

Amalgamation by Shares Purchase	By acquiring majority of shares in another company
Scheme of Contract involving transfer of shares	First to be offered to holders of such shares
Scheme of contract must be approved by	Holders of not less than 90% in value of shares concerned within 4 months from the date of offer
After satisfying the conditions	Transferee Company may give notice to the dissenting shareholder expressing its desire to acquire his shares
When to send notice?	Within 2 months after the expiry of above 4 months
If dissenting shares doesn't apply to Court within 1 month from the date of Notice	Transferee Company is entitled and bound to acquire these shares on the terms approved by the majority
Payment for consideration	Transferee Company must pay the amount of consideration representing price payable for the shares
Registration of shares	The Transferor Company must register the Transferee Company as holders of these shares and inform the dissenting shareholders of the fact of such registration.

Key Points

Amalgamation of two companies is essential in Public Interest	The Central Govt. may through Notification in Official Gazette may provide for the amalgamation of two companies into single company.
Interest or rights of members or creditors in amalgamated company are less than his original interest in the original company	Entitled to receive Compensation from the amalgamated company to the extent their rights or interest have been reduced
Amount of Compensation	Assessed by Prescribed Authority
Person aggrieved by assessment of compensation	(i) Prefer an appeal to CLB within 30 days from the date of publication of such assessment in the Official Gazette (ii) Thereupon, the compensation shall be assessed by CLB.

Key Points

Selling of a business	By a Company (Co.) which is being wound up voluntarily
Compensation in lieu of it	(i) In the form of shares, policies or other like Interest in Transferee Co. (ii) May be distributed among the shareholders of the Transferor Co.
Conditions	(i) Co. being wound up Voluntarily (ii) Proposal to transfer or sell the whole or part of its business (iii) Approval of proposal by Special Resolution (SR) by Transferor Co. to put the above scheme or arrangement into effect
Sale or Arrangement	Shall be binding on all the members of the Transferor co.
If member does not vote in favour of SR	May express his dissent in writing to the Liquidator within 7 days after passing SR and may require: (i) to abstain from carrying the resolution into effect (ii) To purchase his interest
If Liquidator elects to purchase the member's interest	Purchase money shall be paid before the co. is dissolved and be raised by the Liquidator in manner prescribed in SR
If order is made within a year for winding up the Co. by the Court	SR shall not be valid unless it is sanctioned by the Court.

Key Points

Majority Rule	• The members with the majority are always in an advantageous position to manage and administer the company according to their command and thus oppressing the minority shareholders regularly. • Thus a balance is maintained between the rights of majority and the minority shareholders by admitting in the rule of the majority but limiting it at the same time by a number of well-defined minority rights. Thus the 'Rule of majority' does not prevail in all the situations. Wherever, the interest of minorities are weak, there they may sue to enforce the obligations owed to the company. • The leading case law '*Foss vs. Harbottle*'.

Key Points:

Relevent sections	Section 397 to 409 of the Companies Act, 1956 lay down the specific provisions whereby both the Company Law Board and the Central Government is empowered to interfere in the affairs of the company for preventing Oppression and Mis-management in the company.
Meaning **Oppression:** **Mismanagement:**	The affairs of company are being conducted in such a manner that it is –(a) oppressive to a member/ some member, or (b) prejudicial to public interest. (a)The affairs of the company are being conducted in such a manner that it is prejudicial to –interest of the company, or public interest,or (b) there is any material change in the management/ control of the company by –(1) alteration in the Board of Directors/ manager, (2) ownership of company's share, (3) change in the membership if it has no share capital- influencing on the conduct of affairs of the company in such a manner that it is prejudicial to public interest or to the interest of the company.
Steps for the prevention of oppression and mis-management:	
Application to C.L.B.-	Oppressed minorties can move an application to C.L.B. whenever the affairs of a company is conducted in a manner being unjust to the member/ members , or injuring the public interest.
Who can apply	(a) Companies with share capital- application can be made by- (1)not less than one hundred members or not less than one tenth of the total number of members whichever is less; or (2) a member/ members holding not less than one-tenth of the issued share capital of company. The joint members are counted as one member. (b) company not having a share capital- application can be made by not less than one-fifth of the total number of members (c) The Central Government itself (d) The Central Government can authorise a member or members to make an application

Power of C.L.B	C.L.B.may dispose of an application by passing following orders- (a) to regulate the conduct of the company's affairs in the future; (b) to purchase shares or interest of any member/ members by the other members thereof/ by the company; (c) reduction of its share capital , where it has ordered to purchase the shares (d) to terminate, set aside or modify any agreement, made between the company and the managing director; any other director,or the manager upon such terms and conditions as may, in the opinion of the Company Law Board be just and equitable. (e) to terminate, set aside or modify any arrangement between the company and any person not referred to above, after giving due notice to, and obtaining the consent of the party concerned; (f) to set aside of any fraudulent preference made within 3 months before the date of application.; and (g) to deal with any other matter which in the opinion of the C.L.B., it is just and equitable.
Power of Central Government	The Central Government is also vested with powers to prevent oppression or mismanagement. It can exercise these powers on an order of the Company Law Board. (i) Central Government may appoint certain persons as directors to hold office as additional directors to safeguard the interest of company/ shareholders/public interest. (ii) Directors so appointed by Central Government are not required to hold any qualification shares nor there is retirement from their office by rotation. These directors may, however, be replaced by some others by the Central Government . (iii) No change in the Board of directors shall be effective unless confirmed by the Company Law Board after the appointment of a person as

	director or additional director by him. (i) On appointing directors or additional directors, the Central Government may issue such directions to the company as it may consider necessary or appropriate in regard to its affairs. (v) The Central Government may require these directors or additional directors to report to him from time to time with regard to the affairs of the company.

Key Points

Definition of Foreign company (section 591)	A company incorporated outside India but having a place of business in India.
Application of Sections to foreign companies (section 591)	Sections 592 to 602 will apply to all foreign companies- companies incorporated outside India which after 1st April, 1956, establish a place of business within India; and companies incorporated outside India which before 1st April, 1956 , established a place of business within India and continue to have place of business within India In respect of foreign companies with 50% or more of the paid up share capital held by Indian citizens or companies incorporated in India, the Central Government may notify the applicability of other provisions of the Act for carrying of the business in India as they apply to a company incorporated in India.
Documents, etc., to be Delivered to the Registrar by Foreign Companies (section 592)	Within 30 days of the establishment of the business in India, Foreign companies must file the documents relating to establishment of office/place of business within India with the Registrar.
Return to be Delivered to Registrar Where Documents are Altered	In case of any alteration in the particulars mentioned in the documents- the same must be notified to the Registrar within the prescribed time.

(section 593)	
Accounts of Foreign Company (Section 594)	A foreign company is required to file with the registrar a copy of its balance sheet and Profit and Loss Account and other documents every year.
Obligation to State Name of Foreign Company (Section 595)	Every foreign company shall – State the name of the country of its incorporation in every prospectus along with members liability, and exihibit the same on the outside of every office/place of business in English and the regional language.
Service on Foreign Company (Section 596)	Any service of the process/notice/ document on a foreign company may be deemed to have been sufficiently done - If it is addressed to any person whose name has been delivered to the Registrar relating to foreign companies were left to him, or Sent by post to, the address, which has been so delivered. But if such information as to name and address is not done, or if at any time all such persons are dead, or have ceased to reside, or refuse to accept services on behalf of the foreign company- then the document may be served on the company itself by leaving it at, or sending it by post to any place of business established by the company in India.
Office where Documents to be Delivered (Section 597)	It shall be delivered to the Registrar having jurisdiction over New Delhi and also to the Registrar of the State in which the principal place of business of the company is situated.
Penalties (Section 598 & 599)	The company and every officer or agent of the company for non-compliance of any provision relating to foreign companies, will be fined upto ₹ 10,000 and in the case of a continuing offence, with an additional fine upto ₹ 1,000 per day, Defaulted foreign company shall not be entitled to enforce any contract/set-off/counter claim though liable to be sued.
Application of other provisions of the Companies Act (Section 600)	Section 124-145- Registration of charges in respect of charges on property created in India Section 118- Right of members and debentureholders to have a copy of trust deed for securing the issue of debentures of the company. Section 209- Keeping of Books of accounts at their principal place of business in India in relation to their business in India. Section 159- Filing of annual returns with the Registrar

	Section 209A- Inspection of Books of Accounts, etc. Section 233A- CG to direct special audit in certain cases Section 233B- Audit of cost accounts in certain cases Sections 234- 246- Power of Registrar to call for information/explanation and investigation of affairs of company.
Registration of Documents and prospectus (Section 601,603 & 605)	Any documents that are required to filed with the registrar- shall be registered by the paying the prescribed fees to the registrar. No person shall issue, circulate or distribute in India any prospectus of a foreign company,- (i) unless approved by a resolution of the Registrar, (ii) prospectus endorsed on or attached to the copy-(a) the consent of an expert for the issuing of prospectus as per section 604 of the Act,(b) a copy of any contract needed by clause 16 of Schedule II to be stated in the prospectus,(c) a form of application for shares or debentures issued along with the prospectus. The prospectus to be issued by an existing or intended foreign company in India must be dated and contain the particulars as to constitution of the company, provisions under which the company was incorporated , date on which and the country in which the company was incorporated & etc.
Offer of Indian Depository Receipts (Section 605A)	Central Government has been empowered to make rules in respect of the companies incorporated outside India to raise funds from India by issue of Indian Depository Receipts (IDRs).
Penalty for contravention of sections 603,604, 605 &605A (Section 606 & 607)	Punishment with imprisonment for a term up to 6 months, or fine up to ₹ 50,000 or both (Section 606). Civil liability for mis-statement in a prospectus (section 62) is applicable also to a prospectus issued, circulated or distributed in India by a foreign company. (Section 607).