By MD IMRAN, freebookmdimran@gmail.com

We are the great Indian of THE GREAT INDIA, We love unity in diversity, We proud to being a human and love humanity, unity, integrity, justice, liberty, equality, fraternity of INDIA.

THE CONSTITUTION OF INDIA

PREAMBLE

WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a [SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC] and to secure all its citizens:

JUSTICE, social, economic and political;

LIBERTY of thought, expression, belief, faith and worship;

EQUALITY of status and of opportunity; and to promote among them all

FRATERNITY assuring the dignity of the individual and the [unity and integrity of the Nation];

IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of November, 1949 do HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.

We are the great Indian of THE GREAT INDIA, We love unity in diversity, We proud to being a human and love humanity, unity, integrity, justice, liberty, equality, fraternity of INDIA.

1.	**Companies audit section 123-147**

123- Condition for declaration and payment of dividend out of reserve in case of inadequate profit.

Rate <3PFY / withdrawal ≤ **10% / set off c.f.losses** /Balance in GR ≥ **15%**

124- Unpaid dividend and investor education protection fund.

125- DADU GI SIR Should be transfer to IEPF if it remains unpaid for 7 year.

126- Dividend, etc to be held in abeyance

127- Failure to distribute dividend within 30 days.

NODAD not default, if dividend not paid within 30 days

128- **Location, manner, period of maintenance and inspection of books of accounts.**

Book of accounts can be maintain in electronic mode in a manner as prescribed in rule- 3 **BRICKS &** Intimate to registrar **NIL** on annual basis.

129- **Financial Statement-** B/S, SPL, CFS, Statement of change in equity

Rule-6 Consolidated financial statement.

130- Re-open of accounts or recast of financial statement on court or tribunal order.

131- Voluntary revision of financial statement on obtaining approval from tribunal.

133- Central government to prescribe Accounting Standards.

134(3) Content of Boards report

END FDN ELRS in RDMC & RCE

E	N	D	F	D	N	E	L	R	S	R	D	M	C	R	C	E
a	b	c	ca	d	e	f	g	H	i	j	k	l	m	n	o	p

134(5) Director Responsibilities Statements

Director responsibilities statement shall disclose : AAJ PG *kal* ID

Mnemonics	A	AJ	P	G	I	D
Clause	a	b	c	d	e	f

135 CSR:App-NNT:5/500/1000, Duties- FRMI, Not CSR activity- NPO$_2$, Amount- 2% percentage of Average net profit made during 3 immediate PFY

136- Circulation of financial statement - 21/14 Days

137- Filling of financial statement and other with the registrar. - 30/180 Days.

138- Internal audit - App- Listed Co., Un Listed Public Co.- DPBT-25/50/100/200, Pvt Co.- BT- 100/200.

139: Appointment, Reappointment and rotation of auditor.

FURNISHING OF CERTIFICATE AND CONSENT BY AUDITOR ON APPOINTMENT.

Rule-4 LPP Eligible.

140- Removal, resignation of auditor, giving of Special notice & direction by Tribunal to change auditor in case of fraud.

Section 141(3) : Disqualification:- BOP & SIG *ne mil kar* **BRFC** *kar dia* **144** *laga kar*

Mnemonics	B	O	P	SIG	B	R	F	C	144
clause	a	b	c	d	e	f	g	h	i

142- Remuneration of auditor- fixed only at general meeting.

143(1) Duties to make inquiry. LTILPC

Mnemonics	L	T	I	L	P	C
clause	a	b	c	d	e	f

143(3)Duties to make report - I B_2A_3D MIS

Mnemonics	I	B	B	A	A	A	D	M	I	S
Clause	a	b	c	d	e	f	g	h	i	j

143 (12) – Reporting of fraud by auditor.
Report consists of following particular: NPA Remedial
144 Auditor not to render certain cervices
IAD AI IMRAN
145- Auditor to sign audit report.
146- Auditor to attend general meeting.
147- Punishment for contravention.

Ceiling limit under companies act 2013					
Section	Particular	**Deposit**	**Paid up share capital**	**Borrowing or loan**	**Turnover**
	Mnemonics	*D*	*Profit*	*Before*	*Tax*
138	**Internal audit**				
	Listed public co.				
	Unlisted public co.	≥25	≥50	≥100	≥200
	Private Co.	----	----	≥100	≥200
			Profit	Before	Tax
			Paid up share capital	**Borrowing , loans, debenture & deposit**	**Turnover**
177 178 149	**Audit committee –** 3 member majority should be independent. **Nomination Remuneration Committee-** not less than ½ of NRC shall be independent. **Independent Director-** Listed Co.- 1/3rd of TNOD, UPC- At least two director as independent director.				
	Listed public co.		1/3rd		
	Unlisted public co.		≥10	≥50	≥100
149	**Women director**				
	Listed public co.				
	Unlisted public co.		≥100	-----	≥300

204	**Secretarial audit**			
	Listed public co.			
	Unlisted public co.	≥50	-----	≥250
XBRL	**XBRL rule 2015**			
	Listed public co.			
	Unlisted public co.	≥5	----	≥100
	Private Co.	≥5	----	≥100
		Net profit	**Net worth**	**Turnover**
135	**Corporate social responsibilities**	≥5	≥500	≥1000
136	**Circulation of financial statement**	----	>1	>10
CARO 2016	**1. Exempted class of companies** ➢ Banking companies ➢ Insurance companies ➢ u/s 8 companies ➢ one person companies ➢ small companies ➢ private companies (not being subsidiary or holding of public companies) and following condition should be satisfied: ♦ Paid up Share capital + **Reserve and Surplus*** ≤ 1 crore ♦ Borrowing ≤ 1 Crore ♦ Turnover** ≤ 10 Crore (including revenue from discontinuing operation)			

Law meaning

≥ means should not be less than.

≤ means should not exceed.

< means less than

> means more than.

Allied Law

The foreign exchange management Act,1999

2(u)	**Person**
2(v)	**Person Resident in India.**
2(w)	**Person resident outside India.**
5	**Current account transaction**
6	**Capital account transaction.**

The Competition Act, 2002

2	**Definition- Acquisition, agreement, cartel, consumer, goods, Services, person, enterprises**
8,9,10	**Composition of Chairmen.**
15	**Validity of Act**
11	**Removal by CG**
12	**Restriction of employment**
3	**Anti competitive agreement**
5,6	**Combination**
7	**Export of goods / services**

The prevention of money laundering Act, 2002

2	**Definition – money laundering**
4	**Punishment for money laundering**
12	**Banking Companies financial institution to Maintain, furnish and verify records.**
26	**Appeal to Appellate tribunal**
45	**Certain offence to be cognizable and non-bail able.**

The banking regulation Act, 1949

7	**The word Bank, Banker, banking can only be used by banking companies.**
9	**Disposal of non- banking Assets within 7 year and maximum 5 year extension can be by RBI.**

17	Transfer of Profit to Reserve fund
30	Audit- Additional disclosure- ITR p/l
31	Publish and submission of return.
The insurance Act, 1938	
3	Registration of insurer
3A	Renewal of Registration.
6	Requirement of Capital
34	Control over management.
39	Nomination of policy holder.
64VA	Sufficiency of assets.
The Securitisation and reconstruction of financial assets and enforcement of securities interest Act, 2002	
2	Definition- Obligor, originator, Financial Assets, Assets Reconstruction, Securities receipt.
3	Registration – prerequisites and condition.
4	Cancellation of certification of registration.
5	Acquisition of rights or interest in financial assets
6	Notice to obligor and discharge of obligation of such obligor.
9	Measures for assets reconstruction
13	Enforcement of security interest act
15	Manner and affect of takeover of management.
17	Application against measure to recover secured debts

Chapter -3 Other Chapter

CH-1 Companies audit section 123-147

Section	Particular
DECLARATION AND PAYMENT OF DIVIDEND	
2(35)	**Meaning of dividend**
	Dividend refers to that portion of profit which is distributed among shareholder. Dividends mean final dividend and interim dividend. Final dividend declared after closing of book that is after closing of financial year whereas interim dividend means dividend distributed in between two AGM. To declare dividend, first it is recommended by board than it require approval of share holder in general meeting. Declaration of dividend is an item of ordinary resolution. Member at AGM may declare dividend at lower than rate or amount recommended by board but they cannot increase it. AOA which authorise to declare dividend at higher than rate recommended by board is void.
123	**Condition for declaration and payment of dividend**
	Dividend can be distributed out of current year profit, brought forward profit, and grant from government. Carry forward and unabsorbed losses to be set off before declaration of dividend. There is no any condition to transfer to general reserve before declaration of dividend, A company may transfer such appropriate percentage of profit to reserve as it may deem fit. If in current year there is loss, then there is no any condition for declaration of dividend out of carry forward surplus in profit of loss, but there are following condition for declaration of dividend out of free general reserve:- a) Dividend **rate** should be less than average rate of dividend declared in 3PFY. b) Maximum permissible withdrawal from general reserve is **10%** of (paid up share capital + free reserve). c) First **set off** carry forward losses from above withdrawal reserve. d) Balance in the general reserve should not be less than **15%** of paid up share capital.
123(3)	**Interim dividend** can be declared by board out of surplus in P&L account or Profit of current financial year. Rate of dividend should be less than average rate of dividend declared in 3PFY.
124	**Unpaid dividend and investor education protection fund.**

	Dividend shall be transfer to separate bank account within 5 days from date of declaration of dividend, and it should be paid (or Post Dividend Warrant) within 30 days from date of declaration of dividend. A dividend remaining unpaid or unclaimed for 30 day or more shall be transferred to separate bank account known as unpaid dividend account with in 7days from the expiry of said period of thirty days. ***Prepare a statement containing name, their last known address and unpaid dividend, within 90 days of making above transfer to UDA, and place it on the website of company.*** **Interest** @ 12% payable by company for delay in making above transfer. Any Person claiming to be entitled to any money transferred to UDA may apply to the company for the payment of money claimed. Any money transferred to UDA remain unpaid or unclaimed for **7** year from the date of such transfer, including accrued interest, shall be transferred to **IEPF**(Investor Education Protection Fund) **Transfer of share to IEPF-** All shares in respect of which dividend has not been **paid or claimed** (after declaration) for 7 **consecutive** year or more, shall be transferred to IEPF. Provided that claimant of shares entitle to claim the transfer of share from IEPF. **In case if contravention-** The company shall be punishable with a fine which shall not less than 5,00,000 but which can be extend to 25,00,000 rupees, and every officer of company who is in default shall be punishable with a fine which shall not be less than 1,00,000 but which may extend to 5,00,000 rupees.
125	**Investor Education Protection Fund**
	Transfer to DADU GI SIR to IEPF if it remains unpaid for 7 year. **Deposits matured but remain unpaid** **Application money pending for refund.** **Debenture matured but remain unpaid.** **Unpaid dividend.** **Grant due for refund.** **Interest of DADU** **Sale proceeds of fraction share** **Interest or other income** **Redemption amount of preference share.**
126	**Dividend, etc to be held in abeyance**
	If transfer is pending and transferor has not authorised to transferee to receipt dividend it shall be kept in abeyance
127	**Failure to distribute dividend within 30 days.**

	Dividend shall be transfer to separate bank account within 5 days from date of declaration of dividend, and it should be paid within 30 days from date of declaration of dividend. If company failed to pay within 30 days then company would be liable to pay interest @ 18% pa. If director is knowingly a party of default then he would be liable for penalty not less than 1000 per day during which failure continues & imprisonment which may extend to 2 year. If dividend transferred to separate bank account remains unpaid for 30 days then transfer to unpaid dividend account within 7 days. If it remains unpaid for 7 year in unpaid dividend account then transfer it to IEPF. However there is no default if NODAD not paid within 30 days. **NODAD (Non- Payment without co. Default, Operation of any Law, Disputed, Adjusted against any due, Direction give to the companies but same has not been complied and it is communicated to shareholder)**

ACCOUNTS OF COMPANIES	
128	**Location, manner, period of maintenance and inspection of books of accounts**
	The book of accounts shall be kept at registered office; however it may be kept at other place but should be informed to ROC within 7 days. The books of accounts shall be maintained on accrual basis and double entry accounting system should be followed. Maintained in a manner so as to give true and fair view. It shall be kept and maintain for 8 year. Book of accounts can be maintain in electronic mode in a manner as prescribed in rule- 3 **BRICKS** ➡ Books of accounts remain accessible in INDIA. ➡ Retain in a form in which it is originally generated. ➡ Information receipt from branches should not be altered. ➡ Capable of being displayed in a legible form. ➡ Keep proper system of storage, retrieval, Display and printout. ➡ Server should also be physically located in INDIA. Intimate to registrar **NIL** on annual basis. (**N**ame of service provider, **I**P Address, **L**ocation of Service provider) **INSPECTION OF BOOKS OF ACCOUNTS** The books of accounts can only be inspected by director during business hour. Member / shareholder is not entitle to inspect books of accounts even hold entire share capital unless authorised by board, member in general meeting or article of association provides.
129	**Financial Statement**
	It consist B/S, SPL, CFS, Statement of change in equity and annexure forming part of above. It should be complied with accounting standards, if departure from accounting standards then deviation, reasons and effect should be disclosed. It should be signed by Chairperson if he authorised otherwise two director one of whom shall be managing director and also by CEO,CFO and CS (if appointed). **Rule-6** Consolidated financial statement. Provided this rule shall not apply in respect of preparation of CFS by a company it meets ALL following condition:- 1. **It is a Wholly owned subsidiary or Partially owned subsidiary and other member intimated and such person not object to the company not presenting CFS;** 2. **Unlisted company or not in the process of listing. &** 3. **Immediate or ultimate HOLDING company files CFS with the registrar.**
130	**Re-opening of accounts on court or tribunal order**
	A company shall not **re-open** it books of accounts or **recast** its financial statement unless an application in this regard is made by-

<table>
<tr><td></td><td>(a) The central government
(b) The income tax authority
(c) The SEBI
(d) Any other statutory regulatory body or authority or any person concerned and an order made by court of competent jurisdictional or the tribunal to the effect that-
i. Relevant earlier account prepared in fraudulent manner; or
ii. The affair of the company were mismanaged during the relevant period, casting a doubt on the reliability of financial statement.
Provided court or tribunal shall give a notice to the central government, Income tax authorities, SEBI and shall take in to consideration representation made by them.</td></tr>
<tr><td>131</td><td>Voluntary revision of financial statement on obtaining approval from tribunal.</td></tr>
<tr><td></td><td>If appears to the director of company that financial statement or Board's report do not comply with section 129 or 134, they may revise financial statement or revised board report in respect of any of the three preceding financial year after obtaining approval of tribunal & an order passed by tribunal shall be file with Registrar.
Provided tribunal shall give a notice to the central government & Income tax authorities and shall take in to consideration representation made by them.
Provided further that revision shall not be made more than once in a financial year.</td></tr>
<tr><td>133</td><td>Central government to prescribe Accounting Standards</td></tr>
<tr><td></td><td>Provided until NFRA (National Financial Reporting Authority is constituted) Central Government may prescribed accounting standards on the recommendation of ICAI in consultation with and after examination by NACAS (National Advisory Committee on Accounting Standards)</td></tr>
<tr><td>134 (3)</td><td><u>Content of Boards report</u>
END FDN ELRS in RDMC & RCE
<table>
<tr><td>Mnemonics</td><td>E</td><td>N</td><td>D</td><td>F</td><td>D</td><td>N</td><td>E</td><td>L</td><td>R</td><td>S</td><td>R</td><td>D</td><td>M</td><td>C</td><td>R</td><td>C</td><td>E</td></tr>
<tr><td>clause</td><td>a</td><td>b</td><td>c</td><td>ca</td><td>d</td><td>e</td><td>f</td><td>g</td><td>h</td><td>i</td><td>j</td><td>k</td><td>l</td><td>m</td><td>n</td><td>O</td><td>p</td></tr>
</table>

(Extract of annual return, Number of board meeting, Director Responsibilities Statement, Fraud Reported by auditor, Declaration given by independent auditor, Nomination remuneration committee, Explanation on every qualification reservation or adverse remarks makes by auditor or CS, Loan- Guarantee or investment u/s 186 , Related parties, State of companies affairs, Reserve created, Dividend recommended, Material change and commitment, Conservation of energy-technology absorption-foreign exchange earnings and outgo, Risk management policy, Corporate Social Responsibilities, Evaluation by board it own performance.)</td></tr>
</table>

<table>
<tr>
<td>134(5)</td>
<td colspan="2">
<u>Director Responsibilities Statements</u>

Director responsibilities statement shall disclose as to whether : AAJ PG kal ID
<table>
<tr><td>Mnemonics</td><td>A</td><td>AJ</td><td>P</td><td>G</td><td>I</td><td>D</td></tr>
<tr><td>Clause</td><td>a</td><td>b</td><td>c</td><td>D</td><td>e</td><td>f</td></tr>
</table>
Director responsibilities statement shall disclose as to whether
A-- Financial Statement complies with Accounting Standards.
AJ- Accounting policies is selected and applied consistently.
Judgments and estimates made are reasonable and prudent.
P- Proper and Sufficient care has been taken for
- Maintenance of adequate accounting record.
- Safeguard of assets
- Prevention and detection of fraud and other irregularities.
G- Annual account prepared on Going concern basis.
I-- Internal financial control followed by the company are adequate and operating effectively.
D- Devised proper systems to ensure compliance with all applicable law and regulation.
</td>
</tr>
<tr>
<td>135</td>
<td>Corporate Social Responsibilities.</td>
<td>App- N/N/T-5/500/1000 Duties- FRMI, Not CSR-NPO_2</td>
</tr>
<tr>
<td></td>
<td colspan="2">
Responsibilities to expenses 2% percentage of Average net profit made during 3 immediate PFY for welfare of social, education, force, sports, technology, etc.
Applicability:-
If company have Net profit, Net worth & Turnover -5/500/1000 Crore respectively in any of the financial year. Ones applicable will continue to apply unless company cease to full all the above criteria for consecutive 3FY.
Duties of CSR committee:- FRMI
Formulate CSR policy, Recommend the amount to be expenses on CSR activity, Monitor CSR policy & Institute transparent monitoring policy.
Activity not amounting to CSR activity:- NPO_2
Normal course of business, political party, outside INDIA, own employee.
Manner of implementing CSR activity
CSR Activity can be undertaken
i. By company it self.
ii. By Company itself through trust, registered society, u/s 8 Company.
iii. Through trust, registered society, u/s 8 Company established by CG/SG/ Entity established by act of parliament or state legislature.
iv. Through any other entity other than above but should have track record
</td>
</tr>
</table>

	of undertaking similar project or programme.	
136	**Circulation of financial statement.**	**21/14 Days**
	Circulate FS, CFS, Auditor's report & Annexure thereto to every member, trustee and other who entitled to receipt within 21/14 days. *14 day for u/s 8 co, and for other 21 days.*	
137	**Filling of financial statement and other with the registrar.**	**30/180 Days**
	Every company shall file financial statement with the ROC within 30 days of AGM irrespective of AGM held, not held, adjourned, etc. However in case of one person company it is 180 days	
138	**Internal audit.**	**App- DPBT-25/50/100/200**
	DEFINITION Independent management function of examination of financial, operation and administrative aspect for evaluation of internal control, risk management, value addition to TCWG. **Applicability** For every listed company, every unlisted public company having DPBT-25/50/100/200 *respectively* crore or more at any point of time during PFY. (DPBT (*D profit before tax*): Deposit, Paid up capital, borrowing, turnover) **Eligibility** Chartered accountant or cost accountant **Whether in practice or not.**	

AUDIT AND AUDITORS	
139	**Appointment, Reappointment and rotation of auditor.**
	Every company shall appoint an Auditor at first AGM and on subsequent AGM when previous auditor completed his tenure or on vacancies for every financial year. **Concept of rotation of auditor** Concept of rotation of auditor applicable on for listed company and ***certain prescribed company*** *(all unlisted public company having PUSC of Rs. 10 crore of more; all private limited company having PUSC of Rs. 20 crore or more and company other than above but having borrowing from financial institution of Rs 50 core or more)*. Rotation of auditor means a company is required to change his auditor on completion of specified period of time for certain period of time. Currently, maximum period for which an individual can be appointed as an auditor of a company is one term of 5 consecutive year and firm for two term of 5 consecutive year, there after such auditor (individual or firm) would not be eligible for appointment in the same company for 5 year, it is known as cooling period of 5 year. However appointment is not made for 5/10 year that is, it would be ratified at every AGM for every year but tenure of office of auditor doesn't expire on the last date on which AGM was due to be held, so if AGM is not held auditor can continue his office. **Procedure for appointment of auditor** **1.** Qualification and experience of proposed auditor will be consider by board or audit committee (in case co. Require to constitute AC) **2.** Board or audit committee shall regard to any order passed or proceeding pending for professional misconduct against the proposed Audior. **3.** In case the company is not required to constitute audit committee board shall consider and recommend an individual or firm as auditor to member in AGM. **4.** In case company is required to constitute to audit committee ➧ Audit committee shall consider and recommend an individual or firm as auditor to board. ➧ Board shall consider the recommendation of AC and make their own further recommendation if agrees. ➧ If board disagree then refer back the recommendation to AC for consideration by citing reason. ➧ If board continue to disagree then AC record reason for disagreement and send it own recommendation for consideration at AGM. ➧ If board agrees then shall recommend the name of individual or firm at AGM as recommended by Audit committee.

Time period

Appointment of first auditor				
	By CAG	**By BOD**	**By Share holder**	**Total**
Government Co.	Within 60 days	Next **30** days, Where CAG failed to do so.	Next **60** days	150 days,
Other then Govt. Co.	NA	Within **30** days,	Next **90** days	120 days,

Appointment of Subsequent auditor	**Time limit**
Government Co.	**Within 180 days from commencement of the financial year.**
Other then Govt. Co.	

Filling of casual vacancies.		
	By CAG	**By BOD**
Government Co.	Within 30 days	Next 30 days, Where CAG failed to do so.
Other then Govt. Co.	NA	Within 30 days,

In case casual vacancies arise due to resignation of auditor, the appointment by the board shall be approved by share holder in general meeting convened within 3 month of the recommendation of board.

FURNISHING OF CERTIFICATE AND CONSENT BY AUDITOR ON APPOINTMENT.

1. Furnish written consent for such appointment. And
2. A certificate stating auditor satisfied criteria as prescribed in sec 141. & appointment is made in accordance with rule-4.
   Rule-4 LPP Eligible.

- **List of proceeding pending against the proposed auditor for professional misconduct disclosed in certificate.**
- **Proposed appointment is as per the term provide under the Act,**
- **Proposed appointment is within the limit laid down by or under the authority of the Act,**
- **Eligible for appointment and is not disqualified for appointment under this Act or CA Act,1949**

Transition period extended by other six month

	Earlier it was 3 year (01.04.2014 -31.03.2017), Now a new provision inserted that comply with the act within first AGM after three year of the commencement of this Act.
140	**Removal, resignation of auditor and giving of Special notice.**
	140(1): removal For removal of auditor board shall pass a board resolution, then make application to CG for taking approval in form ADT-2, On receipt of approval from CG, within **60 days of approval** Hold general meeting pass Special resolution. However before taking any action of removal a ROOBH shall be given. *ROOBH(Reasonable opportunity of being heard)* **140(2)(3): resignation of auditor** An auditor is required to file ADT-3 on resignation within 30 days to Company, ROC , CAG (If govt, co). Failure to which auditor punishable with a fine which may extend to Rs. 50000 but shall not exceed Rs. 500000. **140(4): Special notice.** A special notice require to remove an auditor providing expressly that retiring auditor shall not appointed and appointing some other person in place of retiring auditor. However special notice not require if he has completed consecutive tenure of 5 year/ 10 year. **Right to make representation** Auditor entitle to make representation in writing and he may request to company to circulate representation to the member of the company. Company shall state the fact of representation in any notice of the resolution given to the member and shall send a copy of representation to every member to whom notice of the meeting is sent. If it is received too late the auditor may request to read out at the meeting Representation need not be read out if it is found that auditor abused his position. **140 (5) Direction by Tribunal to change auditor in case of fraud.** if it is satisfied to tribunal that auditor of the company acted in fraudulent manner or abetted or colluded in any fraud, tribunal may pass an order suo motu or on application by CG direct the company to change the auditor. Such auditor shall not be eligible for appointment as auditor (or Firms of auditor) for 5 year.
141	**Eligibility, qualification and disqualification of auditor.**
	Qualification – Chartered Accountant **Section 141(3) : Disqualification:- BOP & SIG** *ne mil kar* **BRFC** *kar dia* **144** *laga kar*

Mnemonics	**B**	**O**	**P**	**SIG**	**B**	**R**	**F**	**C**	**144**
clause	**a**	**b**	**c**	**d**	**e**	**f**	**g**	**h**	**i**

	a) **Body corporate** other than LLP b) **Officer or employee** of the company c) **Partner or person in employment** of such officer or employee of the company **d) Security, indebtedness and guarantee** ▪ A person who or his relative or partner is holding any security of CHASS *(except share held by all **relative** up to face value of 1 lakh, if at any time after appointment share held by relative exceed 1 lakh, then take corrective action within next **60** days so as to maintain the limit.)* ▪ A person who or his relative or partner is indebted in excess of 5 lakh to CHASS. ▪ A person who or his relative or partner has given a guarantee or provided any security to CHASS. *(CHASS- Company, Holding company, Associate Company, Subsidiary, Subsidiary of such holding company.)* e) **Business relationship** in the nature of commercial transaction other than ▪ Commercial transaction which are in the nature of professional services. ▪ Commercial transaction which are in ordinary course of business of the company at ALM(arm's length price) company engage in HATH(Hospital, Airline, telecommunication and hotel & such other similar business. **With** CHASS including a subsidiary of such associate company. f) **Relative** is director or key managerial person (CEO,CFO, CS, WTD) g) A person who is in **full time employment** elsewhere. Or holding audit of more than 20 companies (excluding one person company, small company, dormant companies and private companies having paid up share capital less than Rs. 100 crore.) h) A person who has been **convicted** by a court of an offence involving fraud and 10 year has not been lapsed from date of such conviction. *i)* Any person (ca) whose subsidiary, associate company or any other form of entity is engaged as on the date of appointment in consulting and specialised services as provided in sec **144**. *(however section 144 restriction is for service to company, holding company & subsidiary company; so if on the date of appointment this service is being provided to other company there is no any objection)* *Relative means father, mother, brother, sister, son, daughter, wife of son and husband of daughter, including above step except step daughter.* **141(4) –** If subsequent to appointment any disqualification occure then vacate his office.

142	**Remuneration of auditor**
	It shall be decided and **fixed only at general meeting**, however in case of first auditor it shall be fixed by board. It consists of audit fees, reimbursement of expenses and any facilities extended to auditor.
143 (1)	**Duties to make inquiry** — **LTILPC**

Mnemonics	L	T	I	L	P	C
clause	a	b	c	d	e	f

a. **Loan and advance** made on the basis of securities properly secured, and term on which they have agreed not prejudicial to interest of company.
b. **Transactions represented merely by book entries are** prejudicial to interest of company.
c. **Investment-** if company is not an investment company or banking company whether so much of assets consisting of share, debenture or other securities sold at a price less than at which it has been purchased.
d. **Loan and advance** made by the company have been shown as deposit.
e. **Personal expenses** have been charged to revenue.
f. **Cash** is received for share allotted for cash, if not then account balance shown is correct and not misleading

143(3)	**Duties to make report** — **I B_2A_3D MIS**

Mnemonics	I	B	B	A	A	A	D	M	I	S
clause	a	b	c	d	e	f	g	h	i	j

a) **Information and explanation-** whether he has sought and obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purpose of audit and if not, the detail there of and affect of such information on the financial statement.
b) **Books of accounts-** whether in his opinion proper books of accounts as required by law have been kept by the company so far it appear from examination of those books and proper return adequate for the purpose of his audit have been received from branched not visited by him.
c) **Branch office-** Whether the report on the accounts of any branch office of the company audited by a person other than company's auditor has been sent to him and the manner in which he has dealt with it in preparing his report.
d) **Agreement-** Whether the company's balance sheet and profit and loss account dealt with in report are in agreement with the books of account and returns.
e) **Accounting Standards-** Whether in his opinion the financial statement comply with the accounting standards.

	f) **Adverse affect-** the observation or comment of the auditors on financial transaction or matter which have any adverse affect on the functioning of the company. g) **Disqualified –** Whether any director is disqualified from being appointed as a director under section 164(2). h) **Maintenance of books of accounts-** any qualification, reservation or adverse remarks relating to the maintenance of accounts and other matters connected therewith. i) **Internal financial control-** whether the company has adequate internal financial controls system in place and the operating effectiveness of such control. j) **S**uch other matter as may be prescribed.
143(12)	**Reporting of fraud by auditor**
	When an auditor comes to knowledge or reason to believe that fraud has been committed or is being committed against the company by any employee of officer, the auditor is required report immediately but not later than 2 days **to the board or audit committee**. Board or audit committee will submit their reply or observation within 45 days to auditor. Then Auditor shall report **to central government** in form ADT-4 within 15 days of receipt of reply from board or audit committee, by speed post or Registered post with acknowledgment due. However if fraud amount is less than Rs. 1 crore then report only it to Board/ Audit committee & disclosure require in board report. Report consists of following particular: **NPA** **1.** **N**ature of fraud with description **2.** **P**arties involved. **3.** **A**pproximate amount involved. AND such disclosure would not amount breach of any of his duties. **4.** Remedial Action taken
144	**Auditor not to render certain services** — **IAD AI IMRAN**
	The auditor shall not provide any of the following services directly or indirectly to company, holding company or subsidiary company. **Investment advisory services.** **Actuarial services.** **Design and implementation of any financial information system** **Accounting and book keeping service.** **Internal audit** **Investment banking service** **Management service**

<table>
<tr><td></td><td colspan="2">Rendering of outsources financial services.
Any other as may be prescribe
Not prescribed any service yet.</td></tr>
<tr><td>145</td><td colspan="2">Auditor to sign audit report.</td></tr>
<tr><td></td><td colspan="2">Audit report shall be signed by the person who is appointed as auditor.</td></tr>
<tr><td>146</td><td colspan="2">Auditor to attend general meeting.</td></tr>
<tr><td></td><td colspan="2">It is compulsory for an auditor to attend general meeting either himself or through his representative (ca in practice that should be qualified to be an auditor).</td></tr>
<tr><td>147</td><td colspan="2">Punishment for contravention</td></tr>
<tr><td></td><td><u>FOR AUDITOR</u> for contravention of section 139,143,144 or 145 i.e for (ARNS- Appointment, Remuneration, Not to render certain services, Signature)
25,000-5,00,000
If knowingly
1,00,000-25,00,000
And maximum imprisonment may be 1 year.
The auditor shall be liable to refund remuneration received from the company.</td><td>FOR <u>COMPANIES & OFFICER IN DEFAULT</u>
<u>Section 139-146</u><table><tr><td>Company</td><td>Officer in default.</td></tr><tr><td>25,000-5,00,000</td><td>10,000-1,00,000 and maximum imprisonment may be one year</td></tr></table></td></tr>
</table>

Allied Law

The foreign exchange management Act,1999

2(u)	Person
2(v)	Person Resident in India.
2(w)	Person resident outside India.
5	Current account transaction
6	Capital account transaction.

The Competition Act, 2002

2	Definition- Acquisition, agreement, cartel, consumer, goods, Services, person, enterprises
8,9,10	Composition of Chairmen.
15	Validity of Act
11	Removal by CG
12	Restriction of employment
3	Anti competitive agreement
5,6	Combination
7	Export of goods / services

The prevention of money laundering Act, 2002

2	Definition – money laundering
4	Punishment for money laundering
12	Banking Companies financial institution to Maintain, furnish and verify records.
26	Appeal to Appellate tribunal
45	Certain offence to be cognizable and non-bail able.

The banking regulation Act, 1949

7	The word Bank, Banker, banking can only be used by banking companies.

9	**Disposal of non- banking Assets within 7 year and maximum 5 year extension can be by RBI.**
17	**Transfer of Profit to Reserve fund**
30	**Audit- Additional disclosure- ITR p/l**
31	**Publish and submission of return.**
The insurance Act, 1938	
3	**Registration of insurer**
3A	**Renewal of Registration.**
6	**Requirement of Capital**
34	**Control over management.**
39	**Nomination of policy holder.**
64VA	**Sufficiency of assets.**
The Securitisation and reconstruction of financial assets and enforcement of securities interest Act, 2002	
2	**Definition- Obligor, originator, Financial Assets, Assets Reconstruction, Securities receipt.**
3	**Registration – prerequisites and condition.**
4	**Cancellation of certification of registration.**
5	**Acquisition of rights or interest in financial assets**
6	**Notice to obligor and discharge of obligation of such obligor.**
9	**Measures for assets reconstruction**
13	**Enforcement of security interest act**
15	**Manner and affect of takeover of management.**
17	**Application against measure to recover secured debts**

The foreign exchange management Act,1999	
2(h)	**Currency**
	"Currency" includes all currency notes, postal notes, postal orders, money orders, cheques, drafts, travellers cheques, letters of credit, bills of exchange and promissory notes, credit cards, **Debit card, ATM card, Other instrument to create financial liabilities** or such other similar instruments, as may be notified by the Reserve Bank;
2(L)	**Export**
	"Export", means; (i) the **taking out of India** to a place outside India any goods. (ii) provision of services from India to any person outside India; Include **by way of sale, lease, hire-purchase,** or under any other arrangement by whatever name called, & in the case of **software,** also includes **transmission through any electronic media**.
2(m)	**Foreign currency- Currency other than Indian currency**
2(u)	**Person**
	"Person" includes: (i) an individual, (ii) a Hindu undivided family, (iii) a company, (iv) a firm, (v) an association of persons or a body of individuals, whether incorporated or not, (vi) every artificial juridical person, not falling within any of the preceding sub-clauses, and; (vii) **any agency, office or branch owned or controlled by such person;**
2(v)	**Person Resident in India.**
	"Person resident in India" means: **(i) a person residing in India for more than one hundred and eighty-two (>182) days during the course of the *preceding* financial year but does not include—** Residing/ came/ gone during the current financial will not be considered. Only in preceding FY *(A) a person who has gone out of India or who stays outside India, in either case—* (a) for or on **taking up employment** outside India, or (b) for **carrying on outside India a business or vocation outside India**, or (c) for **any other purpose**, in such circumstances as would indicate his **intention to stay outside India for an uncertain period**; So, >182 concept not applicable for them, from the first day they left india will be considered as PROI, *(B) a person who has come to or stays in India, in either case, otherwise than:* (a) for or on **taking up employment in India**, or (b) for **carrying on in India a business or vocation in India**, or (c) for **any other purpose**, in such circumstances as would indicate his **intention to stay in India for an uncertain period**; So, >182 concept not applicable for them, from the first day they enters into india will be

	considered as PRI, **(ii) any person or body corporate registered or incorporated in India,** **(iii) an office, branch or agency in India owned or controlled by a person resident outside India,** **(iv) an office, branch or agency outside India owned or controlled by a person resident in India;**
2(w)	**Person resident outside India.**
	"Person Resident Outside India" means a person who is not resident in India;
5	**Current account transaction**
	"Current Account Transaction" means a transaction **other than a capital account transaction** and without prejudice to the generality of the foregoing such transaction includes, **FILMFE** (i) payments due in connection with **foreign trade**, other current business, services, and short-term banking and credit facilities in the ordinary course of business. (ii) payments due as **interest** on loans and as net income from investments. (iii) remittances for **living expenses** of parents, spouse and children residing abroad, and (iv) expenses in connection with **medical care, foreign travel** and **education** of parents, spouse and children; **Rule-3 PROHIBITED** **NCLT prohibit CDR** Payment for travel to **Nepal, Bhutan**. Payment of **commission** on exports made towards equity investment in Joint Ventures/Wholly Owned Subsidiaries abroad of Indian companies. Remittance out of **lottery winnings, racing/riding,** etc **Transaction** with Nepal, Bhutan. Payment related to "**Call Back Services"** of telephones. Remittance of **dividend** by any company to which the requirement of dividend balancing is applicable. **Remittance** for purchase of lottery tickets, banned/prescribed magazines, football pools, sweepstakes etc. Remittance of interest income on funds held in Non-resident Special Rupee Scheme a/c. **Rule-4 Permitted with the approval of central government—Commercial nature** **(i) Cultural Tours,** (ii) **Advertisement** in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (**exceeding US$ 10,000**) by a State Government and its Public Sector Undertakings. (iii) Remittance of **freight of vesse**l charted by a PSU (iv) Payment of **import** through Ocean Transport Multi-modal transport operators making remittance to their agents abroad (v) Remittance of **hiring charges of transponders** by (a) TV Channels (b) Internet service providers (vi) Remittance of **container detention charges** exceeding the rate prescribed by

Director General of Shipping

(vii) Remittance of **prize money/sponsorship** of sports activity **exceeds US $ 100,000.**No restriction if payment is made by International/National/State Level sports bodies.

(viii) Remittance for membership of P & I Club

However central government approval not require if payment is made out of funds held in Resident Foreign Currency Account

Rule-5 Permissible with the approval of RBI- Personnel or Private type transaction

Special Scheme for resident Individuals:-

The resident individuals can make remittances up to USD **2,50,000 per annum** for any transaction without approval/ permission of RBI, whether **capital** or **current account,** or both, under the "Liberalised Remittance Scheme'. Only individuals can avail this facility. Other persons cannot avail this facility.

Provided for emigration, medical expenses & studies abroad may avail exchange facility for an amount in excess of limit prescribed under the LRS, if it so required by country of emigration, Medical institute offering treatment or the university respectively.

Special Scheme for other than Individuals:- CDR_2

C- Commission for sale of plot/ flat- higher of US$ 25000 or 5% of inward remittance.

D- Donation for creating chair in or to educational institution- Lower of 1% of foreign exchange in earning in 3PFY or US$ 5,000,000.

R- Remittance for consultancy service in respect of infrastructural project US$ 10,000,000.

Remittance for other consultancy service & US$1,000,000.

R- Remittance for FDI – Higher of 5% of investment brought to India or US$1,00,000 by way of pre-incorporation expenses.

6	**Capital account transaction.**

Transaction other than current account transaction which alter the assets or liabilities.

Prohibited for PROI

Chit fund, Nidhi company, Agricultural Plantation Activity, Real estate, Farm house, Transferable development right.

Permissible, No restriction for PROI

Investment, guarantee, deposit, remittance o/s india their capital assets, Acquisition transfer of immovable property, import-export of currency notes.

Permissible for person resident in India.

The resident individuals can make remittances up to USD **2,50,000 per annum** for any transaction, whether **capital** or **current account,** or both, under the "Liberalised Remittance Scheme'. Only individuals can avail this facility. Other persons cannot avail this facility.

7	**Exports of goods services**

FOREIGN EXCHANGE MANAGEMENT (EXPORT OF GOODS & SERVICES) REGULATIONS, **2015**

R-3 In case of exports to any place outside India, other than Nepal and Bhutan, PRI shall furnish to the **specified authority (commissioner of custom)**, a declaration in EDF(Export Declaration Form) /SOFTEX containing true and correct material particulars including the amount representing-

(i) the full export value of the goods or software; or

(ii) if the full export value is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions expects to receive on the sale of the goods or the software in overseas market.

Following information should be given in declaration-

- the destination stated on the declaration is the final place of the destination of the goods exported;
- Evidence of Value
- Evidence of PRI.
- **Amount shall be** realised through an authorised dealer

R-5 Mention Import- Export Code number

R-6 Authority to whom declaration is to be furnished and the manner of dealing with the declaration:-

A. Declaration in Form EDF

(i) The declaration in form EDF shall be submitted in duplicate to the Commissioner of Customs.

(ii) After duly verifying and authenticating the declaration form, the Commissioner of Customs shall forward the original declaration form/data to the nearest office of the Reserve Bank and hand over the duplicate form to the exporter for being submitted to the authorised dealer.

B. Declaration in Form SOFTEX

(i) The declaration in Form SOFTEX in respect of export of computer software and audio/video/ television software shall be submitted in triplicate to the designated official of Ministry of Information Technology, Government of India at the Software Technology Parks of India (STPIs) or at the Free Trade Zones (FTZs) or Special Economic Zones (SEZs) in India.

(ii) After certifying all three copies of the SOFTEX form, the said designated official shall forward the original directly to the nearest office of the Reserve Bank and return the duplicate to the exporter. The triplicate shall be retained by the designated official for record.

C. Duplicate Declaration Forms to be retained with Authorised Dealers

- On the realisation of the export proceeds, the duplicate copies of export declaration forms viz. EDF and SOFTEX and Exchange Control copies of the shipping bills shall be retained by the Authorised Dealers.

9. Period within which export value of goods/software/ services to be realised:-

(1) The amount representing the full export value of goods / software/ services exported shall be **realised and repatriated to India within nine months** from the date of export, provided

a. that where the goods are exported to a **warehouse established outside India** with the permission of the Reserve Bank, the amount representing the full export value of goods exported shall be paid to the authorised dealer as soon as it is realised and in any case within **fifteen months** from the date of shipment of goods;

b. further that the Reserve Bank, or subject to the directions issued by that Bank in this behalf, the authorised dealer may, for a sufficient and reasonable cause shown, extend the period of nine months or fifteen months, as the case may be.

(2) In case of Special Economic Zones (SEZ) / Status Holder exporter / Export Oriented Units (EOUs) and units in Electronics
Hardware Technology Parks (EHTPs), may extend the period **further by 9 month** for a sufficient and

	reasonable cause shown. **10. Submission of export documents:-** ▯ The **documents** pertaining to export shall be submitted **to the authorised dealer** mentioned in the relevant export declaration form, **within 21 days** from the date of export, or from the date of certification of the SOFTEX form: ▯ Provided that, subject to the directions issued by the Reserve Bank from time to time, the authorized dealer may accept the documents pertaining to export submitted after the expiry of the specified period of 21 days, for reasons beyond the control of the exporter. 12. Payment for the Export:- No authority shall initiate any action for Sale proceed realisation full or part with in permissible period of time unless such period expired. **14. Delay in receipt of payment** Reserve Bank may give such directions to any person who has sold the goods or software or who is entitled to sell the goods or software or procure the sale thereof, as appear to it to be expedient, for the purpose of securing - the **payment** therefor if the goods or software has been sold and - the **sale of goods** and payment thereof, if goods or software has not been sold or **re-import** thereof into India. **15. Advance payment against exports:-** **(1)** Where an exporter receives advance payment the exporter shall ensure that:- (i) the shipment of goods is made within **one year** from the date of receipt of advance payment; (ii) the **rate of interest**, if any, payable on the advance payment does **not exceed the rate of interest London Inter-Bank Offered Rate (LIBOR) + 100 basis points** and (iii) the documents covering the shipment are routed through the authorised dealer through whom the advance payment is received; Provided that in the event of the exporter's inability to make the shipment, partly or fully, within one year from the date of receipt of advance payment, no remittance towards refund of unutilized portion of advance payment or towards payment of interest, shall be made after the expiry of the period of one year, without the prior approval of the Reserve Bank. **(2)** Notwithstanding anything contained in clause (i) of sub-regulation (1), an exporter may receive advance payment where the export agreement itself duly provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment. **17. Project exports:-** (1) Where an export of goods or services is proposed to be made on **deferred payment** terms or in execution of a **turnkey project or a civil construction contract**, the exporter shall, before entering into any such export arrangement, submit the proposal for prior approval of the approving authority, which shall consider the proposal in accordance with the guidelines issued by the Reserve Bank of India from time to time. Here 9/15 month concept not applicable. (2) In case a guarantee is required to be given prior to post award approval, the same may be issued by an authorized dealer bank/ a person resident in India being an exporting company, for performance of a project outside India, or for availing of credit facilities, whether fund-based or non-fund based, from a bank or a financial institution outside India in connection with the execution of such project, provided that the contract / Letter of Award stipulates such requirements.

	Explanation: For the purpose of this Regulation, 'approving authority' means the EXIM Bank of India or the authorised dealer
	FOREIGN EXCHANGE MANAGEMENT (REALISATION, REPATRIATION AND SURRENDER OF FOREIGN EXCHANGE) REGULATIONS, 2015 (a) Period for surrender of realised foreign exchange: **PROI** shall surrender Acquired foreign exchange as a result of **Remuneration for service rendered, within 7 days/ In other case within 90 days.** (b) Period for surrender in certain cases :- - **PROI Acquire for the purpose mentioned in declaration not used** within the specified period of time then he shall surrender **within 60 days** from the date of acquisition or purchase by him. - **PROI Acquired foreign exchange for travel then unspent balance** shall surrender within **90 days** from the date of return to traveller to India. However if it is in the form of **travellers cheques then return within 180 days.** (c) Period for surrender of received/ realised/ unspent/ unused foreign exchange by **Resident individuals.- within 180 days** from the date of such receipt/realisation/purchase/acquisition or date of his return to India, as the case may be.
8	**Realisation and repatriation of foreign exchange**
	FOREIGN EXCHANGE MANAGEMENT (ACQUISITION AND TRANSFER OF IMMOVABLE PROPERTY OUTSIDE INDIA) REGULATIONS, 2015
	1. A **person resident in India** may acquire immovable property outside India, - (a) **by way of gift or inheritance** from a person referred to in sub-section (4) of Section 6 of the Act, or referred to in clause (b) of regulation 4 (acquired by a person resident in India on or before 8th July 1947 and continued to be held by him with the permission of the Reserve Bank.) (b) **by way of purchase out of foreign exchange held in Resident Foreign Currency (RFC) account** maintained in accordance with the Foreign Exchange Management (Foreign Currency accounts by a person resident in India) Regulations, 2015; (c) **jointly with a relative who is a person resident outside India, provided there is no outflow of funds from India;** **2.** A person resident in India may acquire immovable property outside India, by way of inheritance or gift from a person resident in India who has acquired such property in accordance with the foreign exchange provisions in force at the time of such acquisition. **3.** A company incorporated in India having overseas offices, may acquire immovable property outside India for its business and for residential purposes of its staff, in accordance with the direction issued by the Reserve Bank of India from time to time. 'relative' in relation to an individual means husband, wife, brother or sister or any lineal ascendant or descendant of that individual

The Competition Act, 2002

2	**Definition- Acquisition, agreement, cartel, consumer, goods, Services, person, enterprises**
	Acquisition [Section 2(a)] **"**Acquisition" means, directly or indirectly, acquiring or agreeing to acquire— (i) shares, voting rights or assets of any enterprise; or (ii) control over management or control over assets of any enterprise; **Agreement [Section 2(b)]** "Agreement" includes any arrangement or understanding or action in concert,— (i) whether or not, such arrangement, understanding or action is formal or in writing; or (ii) whether or not such arrangement, understanding or action is intended to be enforceable by legal proceedings; **Consumer [Section 2(f)]** "Consumer" means any person who— (i) buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment when such use is made with the approval of such person, whether such purchase of goods is for resale or for any commercial purpose or for personal use; (ii) hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first-mentioned person whether such hiring or availing of services is for any commercial purpose or for personal use; **Goods [Section 2(i)]** "Goods" means goods as defined in the Sale of Goods Act, 1930 (8 of 1930) and includes— (A) products manufactured, processed or mined; (B) **debentures, stocks and shares after allotment;** (C) in relation to goods supplied, distributed or controlled in India, goods imported into India; Section 2(7) of the Sale of Goods Act, 1930 defines goods as "every kind of movable property other than actionable claims and money; and include stock and shares, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale", **Person [Section 2(l)]** "Person" includes— (i) an individual; (ii) a Hindu undivided family; (iii) a company; (iv) a firm; (v) an association of persons or a body of individuals, whether incorporated or not, in India

	or outside India; (vi) **any corporation established by or under any Central, State or Provincial Act or a Government company** as defined in section 617 of the Companies Act, 1956 (1 of 1956); (vii) any body corporate incorporated by or under the laws of a country outside India; (viii) a co-operative society registered under any law relating to cooperative societies; (ix) a local authority; (ix) every artificial judicial person, not falling within any of the preceding sub-clauses; **Enterprise [Section 2(h)]** "Enterprise" means a person or a department of the Government, who or which is, or has been, engaged in any activity, relating to the production, storage, supply, distribution, acquisition or control of articles or goods, or the provision of services, of any kind, or in investment, or in the business of acquiring, holding, underwriting or dealing with shares, debentures or other securities of any other body corporate, either directly or through one or more of its units or divisions or subsidiaries, whether such unit or division or subsidiary is located at the same place where the enterprise is located or at a different place or at different places, but does not include any activity of the Government relatable to the sovereign functions of the Government including all activities carried on by the departments of the **(i)** Central Government dealing with atomic energy, currency, defence and space.
8,9,10	**Composition**
	1 Chairperson, 2-6 member, appointed by selection commission for maximum period of 5 year & Maximum age is 65 year.
15	**Validity of Act- Vacancy, etc. not to invalidate proceedings of Commission**
	No any act or proceeding of the Commission shall be invalidated merely on the ground of: (a) any **vacancy in, or any defect** in the constitution of, the Commission; or (b) any **defect in the appointment** of a person acting as a Chairperson or as a Member; or (c) any **irregularity in the procedure** of the Commission not affecting the merits of the case.
11	**Removal by CG**
	As per Sub-section 2, the Central Government may, by order, **remove** the Chairperson or any other Member from his office if such Chairperson or Member, as the case may be,— (a) is, or at any time has been, **adjudged as an insolvent**; or (b) has **engaged** at any time, during his term of office, **in any paid employment,** or (c) has been **convicted of an offence** which, in the opinion of the Central Government, involves **moral turpitude**; or (d) has **acquired such financial or other interest** as is likely to **affect prejudicially his functions** as a Member; or (e) has so **abused his position** as to render his continuance in office prejudicial to the public interest; or (f) has become **physically or mentally incapable** of acting as a Member.
12	**Restriction on employment of Chairperson and other Members in certain cases**
	(Section 12) The Chairperson and other Members **shall not, for a period of two years** from the date on which they cease to hold office, **accept any employment** in, or be connected with the

	management or administration of, **any enterprise which has been a party to a proceeding** before the Commission. However, nothing contained in this section shall apply to any employment under the Central Government or a State Government or local authority or in any statutory authority or any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956.
3	**Anti competitive agreement**
	No enterprise or association of enterprises or person or association of persons shall 'enter' into an agreement in respect of **control of goods or acquisition, storage, distribution, supply, production or provision of services,(CA Store DSP)** which causes or is likely to cause an **appreciable adverse effect on competition (AAEC)** within India. All such agreements entered into in contravention of the aforesaid prohibition shall be **void.** **Agreement at different stages in different markets** Any agreement amongst enterprises or persons at different stages or levels of the production chain in different markets, in respect of production, supply, distribution, storage, sale or price of, or trade in goods or provision of services shall be a **void agreement if it causes or is likely to cause an appreciable adverse effect on competition in India including**— (a) **tie-in arrangement -** includes any agreement requiring a purchaser of goods, as a condition of such purchase, **to purchase some other goods**; (b) **exclusive supply agreement -** includes any agreement **restricting** in any manner the **purchaser** in the course of his trade **from acquiring** or otherwise **dealing in any goods other than those of the seller** or any other person; (c) **exclusive distribution agreement-** includes any agreement to limit, **restrict** or withhold the output or **supply of any goods** or allocate any **area or market** for the disposal or sale of the goods; (d) **refusal to deal -** includes any agreement which **restricts**, or is likely to restrict, by any method the persons or classes of persons **to whom goods are sold or from whom goods are bought**; (e) **resale price maintenance -** includes any agreement to sell goods on condition that the prices to be charged on the resale by the purchaser shall be the prices stipulated by the seller unless it is clearly stated that prices lower than those prices may be charged.
5,6	Combination
	The **acquisition** of one or more enterprises by one or more persons or **merger or amalgamation** of enterprises shall be a **combination** of such enterprises and persons or enterprises, if it cross the below limit, in such case, Sec-6: notify to CCI **within 30 days** of approval of merger & amalgamation by the board. Such combination shall take affect only when it is approved by CCI within **210 days**.

		Assets	Turnover	
Enterprises Level	In India	2000	6000	Rupees in Crore
	In India or outside India	1 billion US$	3 billion US$	
Group	In India	8000	24000	Rupees in Crore
	In India or outside	4 billion US$	12 billion US$	

	India			
Minimum Indian capital	Enterprises/group Level	1000	3000	Rupees in Crore

Exemption from section 5 if on acquisition assets value doesn't exceed Rupees 350 crore & Turnover Rupees 1000 crore in INDIA.

The prevention of money laundering Act, 2002

2	**Definition – money laundering**
	Money Laundering - whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering. "**Proceeds of crime"** as any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property.
4	**Punishment for money laundering**
	Section 4 provides for the punishment for Money-Laundering. Whoever commits the offence of money-laundering shall be punishable with rigorous imprisonment for a term which shall not be less than **three years** but which may extend to **seven years** and shall also be liable to **fine (without any limit)**. But where the proceeds of crime involved in money-laundering relate to any offence specified under Narcotic Drugs and Psychotropic Substances Act,1985 the maximum punishment may extend to **ten years** instead of seven years and shall also be liable to **fine (without any limit)**.
12	**Banking Companies financial institution to Maintain, furnish and verify records.**
	Section 12 provides for the obligation of Banking Companies, Financial Institutions and Intermediaries of securities market. Every banking company, financial institution and intermediary shall – (a) maintain a record of all transactions, the nature and value of which may be prescribed, Such records shall be maintained for a period of **five year** from the date of cessation of the transactions. (b) furnish information of the above transactions within the prescribed time to the Director appointed under section 49 for the purposes of the Act, (c) verify and maintain the records of the identity of all its clients, in the prescribed manner. (d) Identify the be beneficial owner.
26	**Appeal to Appellate tribunal**
	The Director or **any person aggrieved by an orde**r made by the **Adjudicating Authority** under this Act may prefer an **appeal to the Appellate Tribunal** within a period of **forty-five days** from the date on which a copy of the order made by the Adjudicating Authority or Director is received and it shall be in such form and be accompanied by such fee as may be prescribed. The **Appellate Tribunal** may, **after giving an opportunity of being heard, entertain an appeal after the expiry of the said period of forty-five days** if it is satisfied that there was sufficient cause for not filing it within that period & Pass such order as it think fit. The **Appellate Tribunal** constituted under section 12(1) of **the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 shall be the Appellate Tribunal for hearing appeals against the orders of the Adjudicating Authority and the other authorities under this Act**."
45	**Certain offence to be cognizable and non-bail able.**
	offences under the Act shall be cognizable and non-bailable.
	Special Courts Sections 43 – 47 deals with provision relating to Special Courts. Section 43 empowers the Central

	Government (in consultation with the Chief Justice of the High Court) for trial of offence of money laundering, to notify one or more Courts of Sessions as Special Court or Special Courts for such area or areas or for such cases as may be prescribed in the notification to this effect. Section 44 clearly provides for the offences triable by Special Courts. It overrides the provisions of the Code of Criminal Procedure, 1973 and provides that – (i) the scheduled offence and the offence punishable under section 4 shall be triable only by the Special Court constituted for the area in which the offence has been committed; (ii) a Special Court may, upon a complaint made by an authority authorised in this behalf under this Act take cognizance of the offence for which the accused is committed to it for trial. The requirement of police report of the facts which constitute an offence under this Act is no more applicable.

The banking regulation Act, 1949

7	**The word Bank, Banker, banking can only be used by banking companies.**
	No company other than banking company shall use as part of its name or, in connection with the business any of the words bank, banker or banking. And No company shall carryon the business of banking in India unless it uses any of parts of its name at least one of such word.
9	**Disposal of non- banking Assets within 7 year and maximum 5 year extension can be by RBI.**
	Maximum period for which any immovable property can be held is **7 year** from the date of acquisition. Extension of period can be granted for maximum for **5 year** by the permission of RBI. If property is held for own use- condition for disposal within 7 year and extension upto 5 year is not applicable.
17	**Transfer of Profit to Reserve fund**
	Every Banking Company incorporated in India must **create a Reserve Fund** and transfer a sum equal to not less than **20 % of its net profits**. However, the Central Government is empowered to exempt from this requirement on the recommendation of the RBI. Such **exemption** will be allowed only:- - when the amounts in the reserve fund and the **share premium account are not less than the paid-up capital** of the banking company - when the Central Govt. feel that **its paid-up capital and reserves are adequate to safe guard the interest of the depositors** If a banking company appropriates any sum from the Reserve fund or the share premium account, it must be **reported to RBI within 21 days** explaining the circumstances leading to such appropriation
30	**Audit-Additional disclosure**
	the auditor is required to state in his report: **ITR p/l** • Whether or not the **information and explanation** required by him have been found to be *satisfactory*; • The **transactions of the bank** which have come to his notice have been *within the powers of the bank or not*; • The **return** received from branch offices have been *found adequate* for the purpose of his audit; • Whether the **profit and loss account** shows a *true balance of profit or loss* for the period covered by such account; and • Any other matter which he considers should be brought to the notice of the share holders of the company;
31	**Publish and submission of return.**
	The accounts and balance sheet along with auditor's report shall be published in prescribed manner and **three copies** thereof shall be furnished as returns to RBI within **three months** from the end of the period to which they refer. The **RBI may extend** the period by a further period of **not exceeding three months**.
36AA 36AB	Removal of director Additional director
	Section 36AA:- Power of Reserve Bank to remove managerial and other persons from office:- **RBI can terminate / remove** any chairman, Director, Chief Executive, other officials or any employee of

	the bank where it considers desirable to do so particularly when RBI is of the opinion that **conduct of such person is detrimental to the interest of the depositors or for securing proper management of the banking company**. Before such termination concerned person should be **given opportunity to be heard** of. Such terminated officials can make appeal to the Central Govt. **within 30 days** from the date of communication of such termination order. . Contravention of the above provision shall be punishable with a fine, which may extend to Rs 250 per day. . Section 36AB:- RBI is empowered to appoint **additional Directors** for the banking company with effect from the date to be specified in the order, in the interest of the bank or that of depositors. Such additional directors **shall hold office for a period not exceeding three years** or such further periods not exceeding three years at a time.

The Securitisation and reconstruction of financial assets and enforcement of securities interest Act, 2002	
2	**Definition- Obligor, originator, Financial Assets, Assets Reconstruction, Securities receipt.**
	"**asset reconstruction**" means acquisition by any securitisation company or reconstruction company of any right or interest of any bank or financial institution in any financial assistance for the purpose of realization of such financial assistance. "**financial asset"** means debt or receivables and includes- (i). a claim to any debt or receivables or part thereof, whether secured or unsecured; or (ii). any debt or receivables secured by, mortgage of, or charge on, immovable property; or (iii). a mortgage, charge, hypothecation or pledge of movable property; or (iv). any right or interest in the security, whether full or part underlying such debt or receivables; or (v). any beneficial interest in property, whether movable or immovable, or in such debt, receivables, whether such interest is existing, future, accruing, conditional or contingent; or (vi). any financial assistance [Section 2(l)] **"non-performing asset"** means an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset,
3	**Registration – prerequisites and condition.**
	Such a company can commence or carry on the business of securitisation or asset reconstruction only after obtaining a certificate of registration granted under this section and having net owned fund of not less than **two crore (200)** rupees or **such other higher amount as the Reserve Bank, may, by notification, specify** the following conditions should be fulfilled before obtaining registration, namely:- (a) that the securitisation company or reconstruction company has **not incurred losses in any of the three preceding financial years**; (b) that such securitisation company or reconstruction company has made **adequate arrangements for realisation of the financial assets** acquired for the purpose of securitisation or asset reconstruction and shall be **able to pay periodical returns and redeem on respective due dates on the investments made in the company by the qualified institutional buyers or other persons;** (c) that the **directors** of securitisation company or reconstruction company have **adequate professional experience** in matters related to finance, securitisation and reconstruction; (d) omitted (e) that any of its **directors has not been convicted of any offence involving moral turpitude;** (f) that a sponsor of an asset reconstruction company is a **fit and proper person** in accordance with the criteria as may be specified in the guidelines issued by the Reserve Bank for such persons; (g) that securitisation company or reconstruction company has **complied with or is in a position to comply** with prudential norms specified by the Reserve Bank. Require prior permission of RBI for 1. Change in name 2. Change in location of registered office. 3. **Substantial change** in management including appointment of any director on board of

	directors of the ARC or managing director or chief executive officer thereof. The expression "substantial change in management" means the change in the management by way of transfer of shares or **change affecting the sponsorship in the company by way of transfer of shares** or amalgamation or transfer of the business of the company.
4	**Cancellation of certification of registration.**
	The Reserve Bank may **cancel a certificate of registration** granted to a securitization company or a reconstruction company, if such company- (a) **ceases to carry on the business** of securitisation or asset reconstruction; or (b) **ceases to receive or hold any investment** from a qualified institutional buyer; or (c) has **failed to comply with any conditions subject to which the certificate of registration has been granted to it**; or (d) at any time **fails to fulfil any of the conditions referred to in clauses (a) to (g) of subsection (3) of section 3;** or (e) **fails to** (i) **comply with any direction** issued by the Reserve Bank under the provisions of this Act; or (ii) **maintain accounts** in accordance with the requirements of any law or any direction or order issued by the Reserve Bank under the provisions of this Act; or (iii) **submit or offer for inspection** its books of account or other relevant documents when **so demanded by the Reserve Bank**; or (iv) obtain prior approval of the Reserve Bank required under sub-section (6) of section 3:
5	**Acquisition of rights or interest in financial assets**
	Any securitisation company or reconstruction company may acquire financial assets of any bank or financial institution- 1.) **by issuing a debenture or bond or any other security** in the nature of debenture, for consideration **agreed upon between such company and the bank or financial institution,** incorporating therein such terms and conditions as may be agreed upon between them; "(1A) Any **document executed by any bank or financial institution** under sub-section (1) in favour of the asset reconstruction company acquiring financial assets for the purposes of asset reconstruction or securitisation shall **be exempted from stamp duty** in accordance with the provisions of section 8F of the Indian Stamp Act, 1899: Provided that the provisions of this **sub-section shall not apply** where the acquisition of the financial assets by the asset reconstruction company is **for the purposes other than asset reconstruction or securitisation**."; or (2.) **by entering into an agreement** with such bank or financial institution for the transfer of such financial assets to such company on such terms and conditions as may be agreed upon between them. "(2A) If the bank or **financial institution is holding any right, title or interest upon any tangible asset or intangible asset** to secure payment of any unpaid portion of the purchase price of such asset or an obligation incurred or credit otherwise provided to enable the borrower to acquire the tangible asset or assignment or licence of intangible asset, such right, title or interest **shall vest in the asset reconstruction company on acquisition of such assets under sub-section** (1)." - Right in relation to such financial assets would be the same as that of bank, Eg. If bank is

	lender in respect of financial assets then S& R co, Shall also have right of lender.
6	**Notice to obligor and discharge of obligation of such obligor.**
	Notice of acquisition of financial assets should be given to concerned obligor by bank. Obligor on receipt of such notice would be liable to pay to securitisation and reconstruction company. Where no notice has been given by the bank and bank receipt any money from obligor, such money held under trust on behalf of securitisation and reconstruction company.
9	**Measures for assets reconstruction**
	1. A securitisation company or reconstruction company may, provide for any one or more of the following measures, for the purposes of asset reconstruction provide for any one or more of the following measures, namely:— (a) the proper management of the business of the borrower, by **change in, or takeover** of, the management of the business of the borrower; (b) the **sale or lease** of a part or whole of the business of the borrower; (c) **rescheduling of payment** of debts payable by the borrower; (d) **enforcement of security interest** in accordance with the provisions of this Act; (e) **settlement of dues** payable by the borrower; (f) **taking possession of secured assets** in accordance with the provisions of this Act; (g) **conversion of any portion of debt into shares of a borrower company**: Provided that conversion of any part of debt into shares of a borrower company shall be deemed always to have been valid (Restrospectively), as if the provisions of this clause were in force at all material times. 2. The Reserve Bank shall, for the purposes of sub-section (1), determine the policy and issue necessary directions including the direction for regulation of management of the business of the borrower and fees to be charged. 3. The asset reconstruction company shall take measures under sub-section (1) in accordance with policies and directions of the Reserve Bank determined under sub-section (2).
13	**Enforcement of security interest**
	Where any borrower, who is under a liability to a secured creditor under a security agreement, makes any default in repayment of secured debt or any installment thereof, and his account in respect of such debt is classified by the secured creditor **as non-performing asset (on expiry of 90 days)**, then, the secured creditor may require the borrower by notice in writing to discharge in full his liabilities to the secured creditor within **sixty days** from the date of notice failing which the secured creditor shall be entitled to exercise all or any of the rights under sub-section (4) of Section 13 13 (4) the secured creditor may take recourse to one or more of the following measures to recover his secured debt:- (a) **take possession of the secured assets** of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset; (b) **take over the management** of the secured assets of the borrower including the right to transfer by way of lease, assignment or sale and realise the secured asset;

	(c) **appoint any person** (hereafter referred to as the manager), **to manage** the secured assets the possession of which has been taken over by the secured creditor; (d) require at any time by **notice in writing**, **any person (third party other than borrower) who has acquired any of the secured assets from the borrower** and from whom any money is due or may become due to the borrower, to pay the secured creditor, so much of the money as is sufficient to pay the secured debt. 13(2) "Provided that— (a) the requirement of classification of secured debt as non-performing asset under this sub-section shall not apply to a borrower who has raised funds through issue of debt securities; and (b) **in the event of default**, the **debenture trustee (issuer of debenture which was owned by borrower and lend to secured creditor) shall be entitled to enforce security interest** in the same manner as provided under this section with such modifications as may be necessary and in accordance with the terms and conditions of security documents executed in favour of the debenture trustee; 13(8) "**Where the amount of dues of the secured creditor together with all costs, charges and expenses incurred by him is tendered (offered for payment by borrower) to the secured creditor** at any time before the date of publication of notice for public auction or inviting quotations or tender from public or private treaty for transfer by way of lease, assignment or sale of the secured assets,— (a) **the secured assets shall not be transferred** by way of lease assignment or sale by the secured creditor; and (b) **in case, any step has been taken by the secured creditor** for transfer by way of lease or assignment or sale of the assets before tendering of such amount under this sub-section, **no further step shall be taken by such secured creditor** for transfer by way of lease or assignment or sale of such secured assets."
15	**Manner and affect of takeover of management.**
	When the management of business of a borrower is taken over by a secured creditor, the secured creditor may, by publishing a notice in a newspaper on publication - **all persons holding office as directors** of the company (if the borrower is a company) and in any other case, all persons holding any office having power of superintendence, direction and control of the business of the borrower immediately before the publication of the above notice, shall be **deemed to have vacated** their offices. - **Resolution passed shall have no effect unless approved by secured creditor.** **Secured creditor will restore the office after realisation of debt in full.** "Provided that if any **secured creditor** jointly with other secured creditors or any asset reconstruction company or financial institution or any other assignee has **converted part of its debt into shares of a borrower company** and thereby acquired controlling interest in the borrower company, such secured creditors shall **not be liable to restore the management** of the business to such borrower."
17	Application against measure to recover secured debts
	1. Any person (including borrower), aggrieved by any of the measures referred to in sub-section (4) of section 13 taken by the secured creditor or his authorised officer under this

	Chapter, may prefer an appeal to the **Debts Recovery Tribunal** having jurisdiction in the matter **within forty-five days** from the date on which such measure had been taken. If the appeal is preferred by a borrower, such appeal is not entertained by the Debts Recovery Tribunal unless the borrower has deposited with the Debts Recovery Tribunal **Fifty per cent** of the amount claimed in the notice referred to in sub-section (2) of section 13. However, the Debts Recovery Tribunal may, waive or reduce this amount to be deposited, for reasons to be recorded in writing, "(1A) An application under sub-section (1) shall be filed before the Debts Recovery Tribunal within the local limits of whose jurisdiction— (a) the cause of action, wholly or in part, arises; (b) where the secured asset is located; or (c) the branch or any other office of a bank or financial institution is maintaining an account in which debt claimed is outstanding for the time being."; "(3) If, the Debts Recovery Tribunal, after examining the facts and circumstances of the case and evidence produced by the parties, comes to the conclusion that any of the measures referred to in sub-section (4) of section 13, taken by the secured creditor are not in accordance with the provisions of this Act and the rules made thereunder, and require restoration of the management or restoration of possession, of the secured assets to the borrower or **other aggrieved person**, it may, by order,— (a) declare the recourse to any one or more measures referred to in sub-section (4) of section 13 taken by the secured creditor as invalid; and (b) restore the possession of secured assets or management of secured assets to the borrower **or such other aggrieved person, who has made an application under sub- section (1), as the case may be;** and (c) pass such other direction as it may consider appropriate and necessary in relation to any of the recourse taken by the secured creditor under sub-section (4) of section 13."; "(4A) Where— (i) any person, in an application under sub-section (1), claims any tenancy or leasehold rights upon the secured asset, the Debt Recovery Tribunal, after examining the facts of the case and evidence produced by the parties in relation to such claims shall, for the purposes of enforcement of security interest, have the jurisdiction to examine whether lease or tenancy,— (a) has expired or stood determined; or (b) is contrary to section 65A of the Transfer of Property Act, 1882 or (c) is contrary to terms of mortgage; or (d) is created after the issuance of notice of default and demand by the Bank under sub-section (2) of section 13 of the Act; and (ii) the Debt Recovery Tribunal is satisfied that tenancy right or leasehold rights claimed in secured asset falls under the sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) of clause (i), then notwithstanding anything to the contrary contained in any other law for the time

	being in force, the Debt Recovery Tribunal may pass such order as it deems fit in accordance with the provisions of this Act.".
20A	**Integration** of registration systems with Central Registry
	(1) The **Central Government** may, **for the purpose of providing a Central database**, in consultation with State Governments or other authorities operating registration system for recording rights over any **property or creation, modification or satisfaction of any security interest on such property, integrate the registration records** of such registration systems with the records of Central Registry established under section 20, in such manner as may be prescribed. **Explanation**- For the purpose of this sub-section, the registration records includes records of registration under the Companies Act, 2013, the Registration Act, 1908, the Merchant Shipping Act, 1958, the Motor Vehicles Act, 1988, the Patents Act, 1970, the Designs Act, 2000 or other such records under any other law for the time being in force. (2) The Central Government shall after integration of records of various registration systems referred to in sub-section (1) with the Central Registry, by notification, declare the date of integration of registration systems and the date from which such integrated records shall be available; and with effect from such date, security interests over properties which are registered under any registration system referred to in sub-section (1) shall be deemed to be registered with the Central Registry for the purposes of this Act.
20B	Delegation of powers.
	The Central Government may, by notification, delegate its powers and functions under this Chapter, in relation to establishment, operations and regulation of the Central Registry to the Reserve Bank, subject to such terms and conditions as may be prescribed
30A	Where Reconstruction fails to comply with the direction of RBI then penalty shall be higher of - Not exceeding Rs.1 crore - 2 times of amount involved in such failure. If such default continue then Rs 1 lac per day.