VOL 23 | NO. 01 | PAGES 36 | JUNE 2019 | ₹50

The Institute of Chartered Accountants of India
(Set up by an act of Parliament)

The Chartered Accountant STUDENT

Your monthly guide to CA news, information and events

CONTENTS

Office
Board of Studies
The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector-62, Noida-201 309.

HEAD OFFICE
The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110 104.

Cover Image Courtesy: www.shutterstock.com
Inside image: www.shutterstock.com

INSIDE

03 President's Communication

04 Vice-President's Communication

05 Chairperson's Communication

06 Company Law

30 News Update

32 Examination

34 Announcements

36 Crosswords

SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

ANNUAL SUBSCRIPTION RATES

CA Students	Members and Others	Overseas
₹200	₹500	US $ 100

Total Circulation: 2,21,635

Check your Address: All students should check their mailing address printed on back cover. In case, there is any change or the PIN Code (Postal Index Code) is either missing or is incorrect, kindly inform immediately the concerned Regional Office, giving full particulars of your address alongwith correct PIN Code. This would enable us to ensure regular and prompt delivery of the Journal.

Correspondence with regard to subscription, advertising and writing articles
Email: writesj@icai.in

Non-receipt of Students' Journal
Email: nosj@icai.in

EDITOR: CA. Kemisha Soni
Printed and published by CA. Vandana D. Nagpal, on behalf of The Institute of Chartered Accountants of India, New Delhi.
PUBLISHED at the Institute's Office at Indraprastha Marg, New Delhi and printed at Spenta Multimedia Pvt. Ltd., Plot 15,16 & 21/1, Village Chikhloli, Morivali, MIDC, Ambernath (West), Dist. Thane

Dear Students,

This issue would reach you whilst you are busy with your ongoing exams. I sincerely hope that you would have attempted to the best of your capability and knowledge till now and will continue to give your best in the rest of the exams. My advice to you all will be to take some rest and then commence your preparation for the subsequent exam.

Board of Studies Initiatives

- The Board of Studies (BoS) of ICAI is mindful of your needs and is committed towards your welfare and well-being. This issue includes a 24 page capsule on **CA Final Paper - 4 Corporate and Economic Laws,** summarising the important topics in a clear and lucid manner to help you recapitulate/revise the subject ahead of examinations. The capsule is expected to act as a ready reckoner for quick revision and you must use it wisely.
- As we have communicated earlier, the ICAI has introduced Live Virtual Classes (LVC) for the students of Intermediate and Final courses. The timings of LVC have been kept in such a manner that they do not clash with your article training timings. As the virtual lectures, can be accessed from anywhere through computers and/or mobile, you will also be able to view these classes in an uninterrupted manner while away for outstation audits. In case live lectures are missed the recorded lectures are also available. Thus, Live Virtual Classes are convenient for you all with flexibility to attend lectures anywhere any time.
- A booklet **BoS: One Stop Referencer** has also been published which contains detailed information about the BoS initiatives and activities, contact details of the respective officials handling the activities, web addresses where detailed information related to the respective activity can be found. In case of any difficulty or ambiguity, you may contact the concerned officials for quick redressal.
- As apprised in the previous issue, a series of webcasts has been initiated to connect with you and 2 such webcasts have already been conducted. As a response to the issues raised and clarifications sought by you during these webcasts, BoS has hosted **Frequently Asked Questions** to disseminate pertinent information about procedures and regulations at the Link: https://resource.cdn.icai.org/54948bosfaq-mcq.pdf?newbg=true. Further, work on **e-Books** is in final stages to render complete mobility and accessibility for anywhere and anytime learning. To begin with, CA Foundation study material will be provided in the e-Book format incorporating video lectures by experts and MCQs to impart clarity and enhance comprehension. I hope you will avail benefit of all these initiatives/measures taken by BoS to succeed in your exams.

Enrich your character, Enhance your knowledge

Noted thinker and motivator **Steven Covey** remarked - ***Our character is a composite of our habits; sow a habit, reap a character.*** Developing a regular reading habit helps to build your thought process besides enhancing your knowledge. Post examination, you must utilise your time rationally. Continual enhancement of knowledge is essential to stay ahead of your peer group. Knowledge empowers you to take on the world with confidence, to confront and surpass any challenge. Also utilise this available time to complete training programmes (ICITSS and AICITSS).

Acquire soft skills; enhance communication, presentation and interpersonal skills for holistic personality development. Your behaviour, attitude and conduct differentiate you from other professionals helping you to adapt seamlessly in a diverse working environment during practical training and later in profession. You may also join the **4 week Residential Programme on Professional Skills Development** to whet your team building and leadership skills in particular among others, such as communication and presentation.

Persevere...To Create Your own Destiny

In your pursuit to achieve your academic, personal and professional goals, you invest several years working incessantly at a nerve-wrecking pace to find your worthy place in the society as a citizen and in industry as a professional. In this incredible journey called **Life**, you have to constantly discover hidden dimensions of your persona, pursuing the **passion** of your life with **perseverance**, not restricting yourself to the stereotypes and conventions imposed by your social milieu. The greatest scientist Einstein once said: ***"Not everything that counts can be counted and not everything that is counted truly counts".*** Do not benchmark your life by standards set by others. ***Set your own standards and break your own records.***

Make consistent and concerted efforts until you succeed. You should visualise your goal on a macro level to plan and on a micro level to execute meticulously and positive results shall follow on their own. ***Let knowledge be the wind beneath your wings, surge ahead and fly!***

With all the best wishes,

CA. PRAFULLA P. CHHAJED
PRESIDENT, ICAI

Never say never because limits, like fears, are often just an illusion. - Michael Jordan

VICE PRESIDENT'S COMMUNICATION

My Dear Students,

This journal will reach you during the CA examinations. My heartfelt best wishes to all the students who all are appearing in these examinations. With a positive attitude and a well-planned strategy, you can easily pass the examinations as they are not as difficult as some students perceive them to be. I am sure that the students who have thoroughly studied all the subjects and have also completed revisions a couple of times will easily score good marks in these examinations. I am happy that, as a part of their preparation, a large number of students have participated in the Mock Tests organised by Board of Studies across the country.

You are the backbone of the Institute. The success of the Institute largely depends upon the satisfaction level of its students. I am sure that you must have utilised the learning resources and publications provided by Board of studies. The Board of Studies, ICAI your mentor and guide strives hard to introduce useful learning and service initiatives in the best interest of our students.

Initiatives Taken by BoS:

- **Open House Question Answer Sessions**
  Open House Question Answer sessions for all subjects of Intermediate and Final (including Electives) were conducted for all students of IPCC, Inter, Final (Old) and Final (New). The questions asked in these sessions has been compiled and uploaded at the BOS Knowledge Portal for the benefit of the students at large.
- **BoS: One Stop Referencer**
  A booklet namely BoS: One Stop Referencer has been published for the benefits of Regions, Branches, Members in Practice, Members in Industry and CA Students. This booklet contains detailed information about the BoS initiatives and activities, contact details of the respective officials handling the activities, web addresses where detailed information related to the respective activity can be found.
- **Revamping the Layout of Programme Structure of Students Conferences**
  The Board organises various Students' Conferences through its Regional Councils and Branches in order to disseminate knowledge and for holistic development of its students. It provides a platform for the CA student's fraternity having different knowledge insight to come together and develop their public speaking skills by presenting technical papers on various contemporary topics and motivating the presentation skills of the participants. By revamping the layout of the Programme Structure, the participation of the students will increase as they will also get the chance to participate and be the part of the conference. Previously, the students who are on the dais are mainly participating in the Conference due to which the level of participation is contemporary less. Modifications are made in the programme structure, by incorporating various sessions like Debate, Quiz, SWOT Analysis, Student Representation, Case study Session, Mock Tribunal etc.

  For a holistic development of students, a holistic Structure is created to have a balance between Technical and Special Sessions.
- **Reading Room Portal**
  Many Regional Councils/ Branches have set up the facility of Reading Rooms. At present, around 150 such Reading Rooms are working. The view is to provide conducive reading environment to the students who are pursuing the Chartered Accountancy course. The interested students can Login and Register anytime anywhere. Securing seat by paying monthly fees in advance.

  24 *7 online services available for flexible registrations by the students for a day/ a month.
- **Articleship and Industrial Training Placement Portal**
  An easy-to-use platform for easy interaction between CA firms, Organisations and Students. This portal fills gaps by linking members, industry to students seeking articleship and industrial training opportunities.

Initiatives in Pipeline:

- **e-Books**
  The Board of Studies will be launching the e-Books for Foundation Course. These e-Books will incorporate embedded video lectures pertaining to topics of study material and self-assessment quizzes at the end of each unit/ chapter to provide greater conceptual clarity to the students through integrated resources at one place. You can study the same on Laptop, Mobile or even tab/iPad. The students can access study content at one place i.e. Digital Learning Hub. Students will also have the facility to track their learning through Learning Management System.
- **Harmonising CA Education with University Education**
  Under BoS, a Group on "Harmonising CA Education with University Education" has been constituted with an objective to standardise B. Com(H) Course syllabus of UGC in order to streamline its recommended syllabus across various Indian Universities conducting B.Com (H) Course.

  The Institute would formulate and propose its Model syllabi in its core subjects to UGC as per requirement of our economy so that the course is relevant and contemporary in anticipation that the Commerce graduates become more employable. Furthermore, the study material based on the proposed UGC Model syllabus would be prepared by the Institute.

"The Pessimist sees difficulty in every opportunity.

The Optimist sees opportunity in every difficulty." – Winston Churchill

Yours sincerely

CA. ATUL K. GUPTA
VICE PRESIDENT, ICAI, NEW DELHI

CHAIRPERSON'S COMMUNICATION

Dear Students,

By the time this journal reaches your hand, CA examinations would be in full swing. I wish good luck to those of you who are appearing in May 2019 examinations. I sincerely hope that you all will perform to the best of your abilities in the examination and make your parents proud. If you have meticulously planned your studies, laid focus on concept clarity and have been consistent in your studies in the preceding months, it is certain that your hard work will reap good dividends.

CA examinations are not as difficult as they are perceived to be. Being a professional examination, they require strategic planning with dedicated and persistent efforts. I am sure those of you who have prepared on these lines and comprehensively revised the entire curriculum at least twice before the examination, can achieve their set goals successfully. At this juncture, I would also advise you to have a positive outlook. Give your best in whatever you do. Negativity can mar any well-rounded preparation. Have faith in your abilities and hard work. Set your goals high and do not stop till you get there. You should not just aim to pass the examination; rather you should strive to secure a rank. Aim for the sky and you'll reach the ceiling. Aim for the ceiling and you'll stay on the floor.

I am delighted to know that a large number of students have participated in the Mock Tests organised by Board of Studies across the country. These mock tests will help you assess your preparation levels so that you can work on your grey areas and face the examination with confidence.

A word of advice for the examination – do not burn the midnight oil before the day of the examination; you need to be fully rested before writing the examination. Reach the examination hall at least 30 minutes prior to the scheduled time. Make best use of the reading time of 15 minutes available for going through the question paper. Start with the question which you know best as that creates a positive impression on the examiners. Budget your time wisely. Don't linger on one question for too long. Remember that 5 good answers will fetch you more than 3-4 perfect answers. Write legibly; avoid spelling mistakes and grammatical errors. Refrain from discussions on the question paper after the examination is over. Let bygones be bygones and move ahead. Do not continue to ponder on the question paper for which the examination is over; utilise the available time judiciously and concentrate on the next paper.

A striking feature of this examination is introduction of MCQs for 30 marks. MCQs are a very good tool of assessing the conceptual clarity and analytical prowess of the students. I am sure that MCQs will help you in leveraging your scores and managing the three hours of the examination more effectively and efficiently. Since there is no negative marking, do not leave any MCQ unattempted even if you may not be completely sure of the answer.

It is heartening to note that the subject-wise Open House Sessions conducted under the aegis of Live Virtual Classes for May 2019 examination were well received by the student community. In these Live Open House Sessions, the queries raised by students were answered by subject experts. With a view to benefit the students at large, the Open House Sessions were made accessible to all the students. To facilitate you in your preparation for the examination, the significant queries raised at such sessions and the replies given by the experts have been compiled and webhosted at the Cloud Campus.

The Board of Studies duly considers the feedback on its various publications received from different stakeholders. Let me tell you that updation and review of study materials is a continuous exercise. A panel of reviewers is being constituted for each subject for updation and review of study material. The process of review would be exhaustive and encompass review of correctness of the technical content of the Study Material, spelling and grammatical correctness, consistency in flow of discussion and correctness of examples and illustrations. Such detailed process of review would ensure that errors, if any, in the study materials are removed.

I am happy to inform you that a booklet titled **"BoS : One Stop Referencer"** has been published for the benefits of Regions, Branches, Members in Practice, Members in Industry and students. This booklet contains detailed information about the BOS initiatives and activities, contact details of the respective officials handling the activities and web addresses, where detailed information related to the respective activity can be found.

Before I wrap up, I must tell you to regularly visit the ICAI's website. It contains all the educational inputs of the Board of Studies like latest study materials, suggested answers, RTPs, supplementary study materials, notifications etc. It also contains announcements like relevant list of publications, Accounting Standards and Standards on Auditing etc., applicable for the examination. So, do make it a habit to browse the website and keep yourself updated with the latest information.

Once again wishing you all the best.

CA. KEMISHA SONI

CHAIRPERSON, BOARD OF STUDIES, ICAI

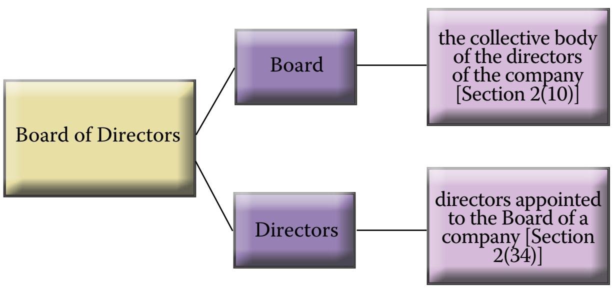
Capsule for Corporate and Economic Laws (Final Course)

At the Final level, for the Company Law portion of the subject "Corporate and Economic Laws" largely involves analysis and application of provisions of the Companies Act, 2013 to solve application-oriented issues. This subject is very dynamic on account of the large number of amendments/ circulars/ notification as issued by the Ministry of Corporate Affairs.

In this capsule for students, an attempt has been made to capture the significant provisions of Companies Act, 2013 (Sections 149 onwards). You are advised to read the August, 2017 edition of the Study Material with relevant RTP of November 2019 for a thorough understanding of the relevant provisions and the related amendments of Companies Act, 2013 and solve the illustrations and exercise questions given therein to hone your application skills. This capsule on Final Paper 4: Corporate and Economic Laws is intended to assist you in the process of revision of concepts discussed in the Study Material.

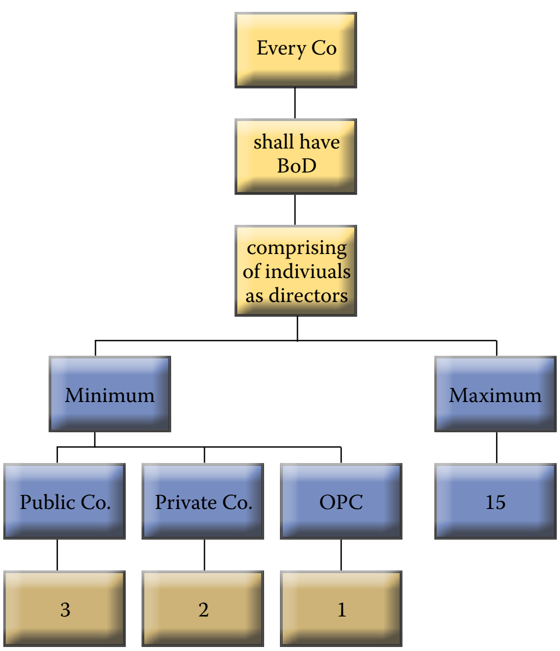
Chapter 1: Appointment and Qualifications of Directors

(1) Board of Directors



(2) Provisions related to appointment of directors in the companies

(i) Number of directors [Section 149(1)]



** A co. may appoint more than 15 directors after passing special resolution (SR)*
** Limit of maximum of 15 directors and their increase in limit by special resolution shall not apply to Government & section 8 companies.*

(ii) Provision related to Women director (WD) [Proviso to section 149(1) + relevant Rule]

No. of Women Director	◆ Atleast one
Companies which requires to have Women directors	◆ every listed co.;
	◆ every other public co. having -
	» paid–up share capital of one hundred crore rupees or more; or
	» turnover of three hundred crore rupees or more.
Filling of Intermittent Vacancy	◆ Immediate next Board meeting or three months from the date of such vacancy, whichever is later.

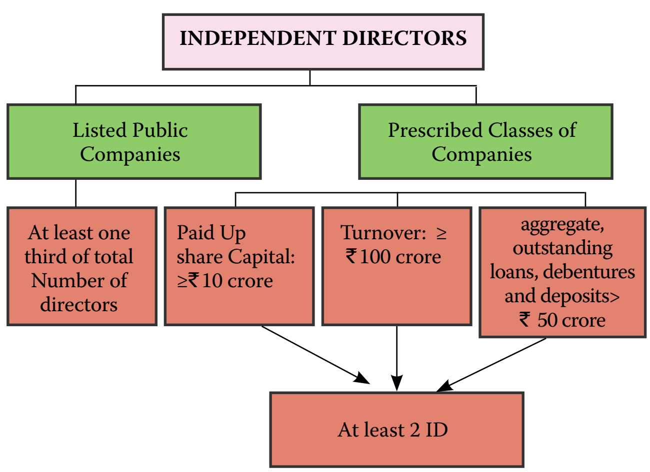
(iii) Provision related to Resident director (RD) [Section 149(3)]

Resident Director	Meaning of Resident Director	Who has stayed in india for a total period of not less than 182 days during financial year
	Number	Atleast One
	Companies which appoints residential director	Every Company

**In case of a newly incorporated company the requirement under this sub-section shall apply proportionately at the end of the financial year in which it is incorporated.*

(iv) Provisions related to Independent Directors (Section 149 read with the relevant rules]

(a) Companies require to appoint Independent Directors (ID)



Higher number of ID appointed: Due to composition of audit committee in the prescribed companies, higher number of ID shall be appointed
Non-Applicability: If company ceases to fulfil any of the 3 conditions for 3 consecutive years
Exemption from appointment of IDs in the joint venture, wholly owned subsidiary, and a dormant company.

(b) Remuneration of Independent Directors

Entitled to:	Not Entitled to:
Fee provided under section 197(5)	Any stock option
Reimbursement of **expenses** for participation in: (i) Board Meetings (ii) Other Meetings	
Profit related commission as may be approved by the members	

(v) Provisions related to small shareholder director (SSD) [Section 151]

Small Shareholders Director	Is it compulsory to appoint SSD?	No (not manadatory)
	Which co. may appoint?	Listed co.
	Number	One
	Who is Small Shareholders Director?	A shareholder holding shares of nominal value of not more than ₹ 20,000 or such other sum as may be prescribed
	How SSD is appointed?	by notice -
		of not less than 1000 small shareholders; or
		one-tenth of the total number of such shareholders
		whichever is lower

(vi) Provisions related to Additional director [Section 161(1)]

Additional Director		
Appointment	Disqualified	Term
• AOA of a co. may confer on its BoD the power to- • appoint any person as an additional director • at any time	• A person, who fails to get appointed as a director in a GM, cannot be appointed.	• Hold office up to the date of the next AGM or the last date on which the AGM should have been held, whichever is earlier.

(vii) Provision related to Alternate director [Section 161(2)]

Alternate Director (ALT. DIR)	Appointed by-	BoD, if so authorised by AOA, or
		resolution passed by company in GM
	Time of appointment	during the absence of original director for a period of not less than 3 months from India.
	Exception: No person shall be appointed as ALT. DIR-	who is holding any alternate directorship for any other director in the co. / holding directorship in the same co.
		for an independent director who is not qualified to be appointed as an ID
	Term of holding office:	Till the period permissible to the original director
	Vacation:	if & when the original director returns to India
	Automatic re-appointment:	apply to the original, and not to the alternate director.

(viii) Nominee Director [Section 161(3)]

Nominee Director

- Subject to the articles of a company, the Board may appoint-
- any person as a director
- nominated by any institution, or
- of any agreement or
- by the Central Government or the State Government by virtue of its shareholding in a Government company

(ix) Appointment of director through casual vacancy [Section 161(4)]

Occurence of casual vacancy takes place

where an office of any director(appointed by the co. in GM) is vacated before his term of office expires in the normal course.

Filing of such vacancy

the resulting casual vacancy may be filled by the BoD at a meeting (approved by members in immediate next GM).

Term of office

person appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office if it had not been vacated.

(3) Modes of appointment [Section 162 & 163]

(i) Appointment through single resolution

Appointment of Directors to be voted Individually

- Each director shall be appointed by a separate resolution.
- Unless the meeting first agreed that the appointment shall be made by a single resolution and no vote has been cast against such agreement.
- Contravention of above shall be void.
- A motion for approving a person or for nominating a person, for appointment as a director, shall be treated as a motion for his appointment.

**Non –applicability of section 162 to the following companies:*
(1) A Government company in which the entire paid up share capital is held by the Central Government / by any State Government / Governments / by the Central Government and one or more State Governments;
(2) A subsidiary of a Government company, referred above, in which the entire paid up share capital is held by the Government company;
(3) A Private company.

(ii) Appointment through proportional representation

Option to adopt principle of proportional representation for appointment of directors

- AOA of co. may provide for appointment of not less than 2/3rd of total number of directors, in accordance with principle of proportional representation,
- by single transferable vote / by system of cumulative voting /otherwise
- Such appointments may be made once in every three years
- Casual vacancies of such directors shall be filled as per section 161(4).

** Non applicability of section 163 shall not apply to:*
(1) A Government company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments;
(2) A subsidiary of a Government company, referred to above, in which the entire paid up share capital is held by the Government company.

(4) Disqualifications for appointment of director [Section 164 (1)]

General disqualifications of director in the following situations:	of unsound mind and so declared by a competent court;
	an undischarged insolvent;
	applied to be adjudicated as an insolvent and his application is pending

General disqualifications of directors in the following situations:	convicted by a court of any offence, and sentenced in respect thereof to imprisonment for minimum 6 months and a period of 5 years has not elapsed from the date of expiry of the sentence. However, if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of 7 years / more, he shall not be eligible to be appointed as a director in any company
	an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
	not paid any calls in respect of any shares of the company held by him, and 6 months have elapsed from the last day fixed for the payment of the call;
	convicted of the offence of dealing with related party transactions under section 188 at any time during the last preceding 5 years;
	he has not complied with section 152(3) which requires a director to have a DIN under section 154.
	he has not complied with the provisions of section 165(1).

Other disqualifications [Section 164(2)]

person who is /has been a director of a company which

has not filed financial statements or annual returns for any continuous period of three financial years;

or

has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more

shall not be eligible to be-

re-appointed as a director of that company or	appointed in other company for a period of five years from the date on which the said company fails to do so

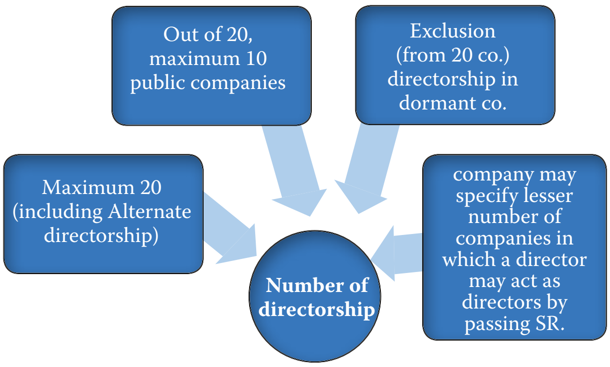
Provided that where a person is appointed as a director of a company which is in default as above

he shall not incur the disqualification for a period of six months from the date of his appointment.

**A private company may by its articles provide for any disqualifications for appointment as a director in addition to those specified in sub-sections (1) and (2).*

***Section 164(2) is not applicable to Government company.*

(5) Holding of maximum number of directorship [Section 165]



* *Provision related to maximum holding of directorship shall not apply to section 8 companies.*

** *If a person accepts an appointment as a director in contravention to holding directorship in more than 20 companies / more than 10 public companies -liable to ₹ 5000 for each day after the first during which such contravention continues.*

(6) Duties of Directors [Section 166]

- act in accordance with AOA, subject to the provisions of the Act.
- act in good faith to promote the objects of co. for benefit of its members & in the best interests of co., its employees, shareholders, community & for protection of environment.
- exercise his duties with due & reasonable care, skill & diligence & with independent judgment.
- not involve in a situation in which he may have a direct / indirect interest that conflicts, or possibly may conflict, with interest of co.
- not achieve / attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates & if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company
- not assign his office & if any assignment so made, it shall be void.

**In case of contravention, a director of the company shall be levied fine from ₹ 1,00,000 to ₹ 5,00,000.*

(7) Vacation of Office of Director (Section 167)

- Director incurs any of the disqualifications specified in sec. 164;
- In case, he incurs disqualification under section 164(2), the office shall become vacant in all the companies, except the company in default
- on absence from all meetings of BoD held during a period of 12 months
- acts in contravention of provisions of sec. 184 relating to entering into contracts /arrangements in which he is interested;
- fails to disclose his interest in any contract / arrangement in which he is interested, in contravention of the provisions of sec. 184;
- becomes disqualified by an order of a court / the Tribunal;
- convicted by a court for any offence & sentenced to imprisonment for not less than 6 months.
- removed in pursuance of the provisions of this Act;
- having been appointed a director by virtue of his holding any office / other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

(8) Resignation of Director [Section 168]

- Director may by giving a notice in writing to co.
- Board shall on receipt take note of the same
- Co. shall within 30 days from receipt, intimate the Registrar & post the information on its website, if any.
- Co. shall also place the fact of such resignation in BoD's Report laid in immediately following GM.
- Director may also forward a copy of his resignation with reasons to Registrar within 30 days of resignation
- Resignation will be effective from the date on which the notice is received by co. / the date, specified by the director in the notice, whichever is later.

(9) Removal of Directors (Section 169)]

(i) Procedure of removal

1. By Ordinary Resolution, company may remove a director before expiry of period of office
2. Special notice shall be required
3. On receipt of the notice of a resolution for removal, the company shall forthwith send a copy thereof to the concerned director
4. director shall be given opportunity to be heard
5. director concerned is entitled thereto make representation in writing to the co. and requests its notification to members.

(ii) Restrictions on removal of certain directors

- Directors appointed by Tribunal u/s 242
- ID: who are re-appointed for second term u/s 149(10) can be removed only by passing SR+ opportunity of being heard
- Directors appointed u/s 163

Chapter 2: Appointment and Remuneration of Managerial Personnel

(1) Appointment of Managing Director, Whole-Time Director or Manager [Section 196]

(i) Appointment of MD and Manager [Section 196(1)]

Company shall not appoint/ employ at the same time
- **MD**
- **Manager**

(ii) Tenure [Section 196(2)]

Tenure of MD, WTD or Manager — **Maximum 5 years**

(iii) Disqualifications for MD, WTD or Manager [Section 196(3)]

- *below the age of 21 years or has attained the age of 70 years; or
- is an undischarged insolvent or has at any time been adjudged as an insolvent; or
- has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or
- has at any time been convicted by a court of an offence and sentenced for a period of more than six months.
- Additional conditions prescribed through Schedule V (for appointment without approval of Central Government)

**Provided* that appointment of a person who has attained the age of seventy years may be made by : (1) passing a special resolution with an explanatory statement indicating the justification for such appointment.*

*(2) **further** that where no such special resolution is passed but votes cast in favour of such motion,and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.*

(iv) Procedure of appointment of MD, WTD or Manager [Section 196(4)]

- Subject to provisions of sec. 197 and Schedule V
- Terms and conditions and remuneration payable be approved by BOD at meeting
- Approval of shareholders in next GM
- Approval of Central Government (if appointment is at variance with Schedule V)
- Return in prescribed form shall be filled with Registrar within 60 days of such appointment.

**In case of private company – given Section 196(4) shall not apply.*
***In case of government company – given Section 196(2) and (4) shall not apply.*

(2) Overall maximum Managerial Remuneration [Section 197(1)]

S. No.	Conditions	Maximum remuneration in any financial year	Conditions when remuneration can exceed as referred in column (b)
	(a)	(b)	(c)
(i)	Overall limit	11% of the net profits of the company for that financial year	Company in general meeting may authorise the payment of remuneration exceeding eleven per cent of the net profits of the company subject to provisions of Schedule V
(ii)	If there is one Managing director/ Whole time director/ manager	5% of the net profits of the company for that year	With the approval of the company in general meeting by SR, this limit may be exceeded.
(iii)	If there is more than one Managing director/ Whole time director/ manager	10% of the net profits	With the approval of the company in general meeting by SR, this limit may be exceeded.
(iv)	If there is directors who are neither Managing director nor whole time directors	1% of the net profits of the company if there is a managing director or a whole time director	Approval of the company in general meeting by SR is required.
(v)	If there are directors who are neither Managing director nor whole time directors	3% of the net profits of the company if there is no managing director or whole time director	Approval of the company in general meeting by SR is required.

Where the company has defaulted in payment of dues to any bank / PFI/ non-convertible debenture holders / any other secured creditor, the prior approval of the bank / PFI concerned / the non-convertible debenture holders / other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval in the general meeting.

**In case of Government Company, Section 197 shall not apply.*

(3) Appointment of KMP [Section 203]

(i) KMP [section 2(51)]

Who are KMP's?

- MD/ CEO / M
- WTD (in absence of MD/CEO/M)
- CS;
- CFO.
- Officer not more than one level below the directors (in whole time employment desigated as KMP)
- Other prescribed officer

(ii) Companies which mandatorily required appointment of whole time KMP [Section 203(1) + relevant Rule]

companies mandatorily required to appoint whole-time KMP

- every listed co. &
- every other public co. having a paid-up share capital of ₹ 10 crore or more

(iii) Provisions related to appointment of whole time KMP [Section 203(2) &(3)]

Mode of Appointment	Restriction on holding of office	Appointment of KMP as director
by means of resolution of Board containing terms & conditions & remuneration	Whole time KMP shall not hold office in more than one co. at the same time excepts its subsidiary co.	KMP can be appointed as a director in any company with the permission of the Board.

(iv) Managing Director / Manager in more than one company [Third proviso to section 203(3)]

Appointment of person as MD in more than one company

- Co. may appoint a person as its MD , if he is MD / manager of one, & of not more than one, other co.
- Approved by resolution passed at meeting of Board with consent of all directors present at the meeting
- Specific notice of such meeting, & of the resolution to be moved thereat has been given to all the directors then in India.

(v) Vacancy in office of KMP [Section 203(4)]

Vacancy of KMP

- filled up by the board
- within 6 months from date of vacancy

**In case of government Company, as per section 4A, the provisions of sub-sections (1), (2), (3) and (4) of section 203, shall not apply to a managing director / Chief Executive Officer / manager and in their absence, a whole-time director of the Government Company."*

(4) Functions of the Company Secretary [Section 205]

Functions of the CS includes	
	to report to the Board about compliance
	to ensure that the co. complies with the applicable secretarial standards;
	to provide to the directors of the co.guidance as they may require, with regard to their duties, responsibilities and powers;
	to facilitate the convening of meetings and attend Board, committee and general meetings and maintain the minutes of these meetings;
	to obtain approvals from the Board, general meeting, the government and other authorities as required
	to represent before various regulators, and other authorities in connection with discharge of various duties under the Act;
	to assist the Board in the conduct of the affairs of the co.;
	to assist and advise the Board in ensuring good corporate governance and compliance & best practices
	to discharge such other duties as have been specified under the Act or rules; &
	such other duties as may be assigned by the Board from time to time.

(5) Secretarial Audit (Section 204)

Companies that are required to conduct Secretarial Audit

- Every Listed co.
- Every public company having a paid up share capital of ₹ 50 crore or more; or
- Every public company having a turnover of ₹ 250 crore or more.

** The above companies shall annex with its Board's report made in section 134(3), a secretarial audit report, given by a company secretary in practice.*

(6) Penalty [Section 203(5)]

On company	Every Director & KMP in default	where the contravention is a continuing one
fine of 5 lakh rupees	fine extending to fifty thousand rupees	with a further fine from one thousand rupees to five lakh rupees for each day after the first during which default continues.

CHAPTER 3: MEETINGS OF BOARD AND ITS POWERS

(1) Board Meeting (BM) [Section 173]

(i) Frequency of holding of BM

Holding of BM [(173(1)]	
First BM shall be held within 30 days of the date of its Incorporation	**Subsequent BMs** • hold minimum of 4 meetings every year • gap between two consecutive board meetings shall not be more than 120 days

Proviso to section 173(1)

Central Government

may by notification

exempt any class , or descriptions of companies, or

apply provisions subject to exceptions, modifications or conditions

Exemption to Section 8 companies from compliance of section 173(1)

Applicable to the extent that the Board of Directors, of Section 8 companies shall hold at least one meeting within every six calendar months.

(ii) Exceptions to section 173 [Section 173(5)]

Companies deemed to have been complied with the provisions of section 173

*One Person Company (OPC)	small company	dormant company	private start ups

if at least one meeting of the BoD has been conducted-

in each half of a calendar year, and	the gap between the two meetings is not less than 90 days.

**In case of OPC, in which there is only one director on its Board of Directors, it shall not be required to hold at least one Board meeting in each half of a calendar year.*

(iii) Participation in BM [Section 173 (2)]

Directors may attend board meeting -

- in person
- Through video conferencing
- other audio visual means as prescribed under Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014.

(iv) Notice of the BM [Section 173 (3)+ Relevant Rules]

Period & mode of serving of notice

at least 7 days' notice in writing	to all the directors at registered address	sent by hand delivery/ by post/ by electronic means

Shorter notice less than 7 days may be served

to transact an urgent business	atleast one independent director, if any, shall be present	In absence, decisions taken shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any

Option to participate through video conferencing mode/ other audio visual means (Rule 3)

notice of the meeting shall inform the directors regarding the option available to them to participate through video conferencing mode or other audio visual means, and shall provide all the necessary information to enable the directors to participate through video conferencing mode or other audio visual means

On receival of notice

a director intending to participate through video conferencing or audio visual means shall communicate his intention to the Chairperson or the company secretary of the company

No intimation from director of his participation through the electronic mode

it shall be assumed that the director shall attend the meeting in person

(2) Quorum [Section 174]

(i) Quorum

Quorum of a BM

1/3rd of Total strength

OR

2 Directors

Which ever is higher

**For section 8 Companies, quorum for the BM, either 8 members or 25% of its total strength whichever is less, however, quorum shall not be less than two members.*

(ii) Quorum when directors participate through Video Conferencing

In case of participation of director through video conferencing or by other audio visual means

- shall also be counted for the purpose of determining the quorum at the meeting,
- unless he is to be excluded for any items of business under any provisions of the Act or the rules (Explanation as given in Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014)

(iii) Section 174(3)

Where the quorum of continuing directors is reduced (as fixed by article)

- the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or
- of summoning a general meeting of the company

* Where at any time the number of interested directors exceeds or is equal to 2/3 of the total strength of the BOD

the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time

**In case of Private Company - Section 174(3), shall apply with the exception that the interested director may also be counted towards quorum in such meeting after disclosure of his interest pursuant to section 184.*

(iv) Where a meeting of the Board could not be held for want of quorum [Section 174(4)]

Unless the articles of the company otherwise provide,

the meeting shall automatically stand adjourned
- to the same day
- at the same time and place
- in the next week,

if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place.

(3) Powers of Board [Section 179]

The BoD of a company shall be entitled to	Exception to Board's Power:
exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do	The Board shall not exercise any power or do any act or thing which is directed or required, • whether under this Act or • by the memorandum or • articles of the company or • otherwise, to be exercised or done by the company in general meeting

Board may exercise its powers by means of the resolution passed at a duly convened Board meeting

Powers of Board	make calls on shareholders in respect of money unpaid
	authorise buy-back of securities
	issue securities
	borrow monies
	invest the funds of the company
	grant loans or give guarantee or provide security
	diversify the business
	approve financial statement and the Board's report
	approve amalgamation, merger or reconstruction
	take over a company or acquire a controlling or substantial stake in another company
	any other matter which may be prescribed in Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014

Additional powers prescribed under Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014

- to make political contributions;
- to appoint or remove KMP;
- to appoint internal auditors and secretarial auditor.

(4) Restrictions on powers of Board [Section 180]

The BoD of a company shall exercise the following powers only with the consent of the company by a special resolution

To sell, lease or dispose of the undertaking of the company	To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings
To invest the amount of compensation received as a result of any merger or amalgamation;	To invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
Limit to borrow money,	To borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital,free reserves and securities premium apart from temporary loans obtained from the company's bankers in the ordinary course of business
Settlement of amount from director	To remit, or give time for the repayment of, any debt due from a director

**Section 180, is not applicable to private company as per the Notification no. 464(E), dated 5th June 2015.*

(5) Powers of BoD of a Company to make contributions [Section 181, 182, & 183]

To *Bona fide* charitable and other funds
- any amount the aggregate of which, in any financial year, exceed 5% of its average net profits for the three immediately preceding financial years.
- prior permission of the company in general meeting shall be required.

To Political Contributions
- a company, other than a Government company and a company which has been in existence for less than three financial years-
- may contribute any amount directly or indirectly to any political party, unless a resolution authorising the making of such contribution is passed at a meeting of the Board of Directors,
- and such resolution shall, subject to the other provisions of this section, be deemed to be justification in law for the making of the contribution authorised by it.

To National Defence Fund, etc.
- BoD authorised in general meeting, may, contribute such amount as it thinks fit to the National Defence Fund or any other Fund approved by the Central Government for the purpose of national defence.

(6) Disclosure of interest by director [Section 184]

(i) Applicabilty:

Section 184 is applicable
- on all directors of the company and
- all types of Companies

(ii) When to disclose & what are the disclosures

When to disclose	Disclosures
Every director shall: • At the First meeting of the Board in which he participates as a director, and • Thereafter, at the first meeting of the Board in every financial year, or • Whenever there is any change in the disclosures already made, then at the first Board meeting held after such change.	**General Disclosure** • Every director shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, • The directors shall disclose his concern or interest, by giving a notice in writing.

Specific Disclosure

- Whenever any director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.

(iii) Consequences of non-disclosure

Consequences of non disclosure of concerned or interest in any contract or arrangement -

- It shall be voidable at the option of company
- Penalty to a director of the company
- with imprisonment for a term extending to 1 year, or
- with fine upto ₹ 1 lakh, or
- with both.

Exceptions

Section 184 shall not apply to any contract or arrangement entered into or to be entered into between two companies or between one or more companies and one or more bodies corporate where any of the directors of the one company or body corporate or two or more of them together holds or hold not more than two per cent. of the paid-up share capital in the other company or the body corporate.

** In case of private company - Section 184 (2) shall apply; with the exception that the interested director may participate in such meeting after disclosure of his interest. - vide Notification G.S.R. 464(E), Notification dated 5th June, 2015.*

** Whereas with respect to the companies covered u/s 8 of the Companies Act, 2013, vide Notification G.S.R. 466(E), dated 5th June 2015, the Section 184(2) shall apply only if the transaction with reference to section 188 on the basis of terms and conditions of the contract or arrangement exceeds one lakh rupees.*

(7) Loan to directors, etc. [Section 185]

(i) Providing loan / guarantee / security

No company shall, directly or indirectly, advance

any loan, including any loan represented by a book debt to, or	give any guarantee or	provide any security in connection with any loan taken by

any director of company, or of a company which is its holding company or any partner or relative of any such director; or

any firm in which any such director or relative is a partner.

(ii) Conditions

A company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the director of the company is interested, **subject to the condition that—**

- a Special Resolution is passed by the company in general meeting along with the Explanatory statement
- the loans are utilised by the borrowing company for its principal business activities.

(iii) Any person in whom any of the director of the company is interested

Any person in whom any of the director of the company is interested" means—

- any private company of which any such director is a director or member;
- any body corporate at a general meeting of which not less than 25% of the total voting power may be exercised or controlled by any such director, or by 2 or more such directors, together; or
- any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

(iv) Exceptions to Section 185

Exceptions to section 185		
	giving of any loan to a managing director or whole-time director—	as a part of the conditions of service extended by the company to all its employees; or
		pursuant to any scheme approved by the members by a special resolution; or
	a company which in the ordinary course of its business provides loans/gives guarantees /securities for-	the due repayment of any loan and
		in respect of such loans an interest is charged at a rate not less than the rate of prevailing yield of one year, three years, five years or ten years Government security closest to the tenor of the loan; or

any loan made by a holding company to its wholly owned subsidiary company / any guarantee given/ security provided by a holding company in respect of any loan made to its wholly owned subsidiary company; or

Any guarantee given or security provided by a holding company in respect of any loan made by any bank or financial institution to its subsidiary company:

Provided loans made are utilised by the subsidiary company for its principal business activities.

(v) Contravention

In contravention of section 185, penalties levied-

- On Company
  - Minimum- 5 lakhs and maximum- 25 lakhs
- On defaulting officer
  - Imprisonment- Maximum 6 months, or,
  - Fine- Minimum- 5 lakhs and maximum- 25 lakhs,
- On defaulting director
  - Imprisonment- Maximum 6 months, or,
  - Fine- Minimum- 5 lakhs and maximum- 25 lakhs, or,
  - Both imprisonment and fine.

(vi) Exemptions

Exemptions to following companies from application of section 185 –

Nidhis	Private company	Government company
Provided the loan is given to a director or his relative in their capacity as members and such transaction is disclosed in the annual accounts by a note.	■ In whose share capital no other body corporate has invested any money; ■ If the borrowings of such a company from banks or financial institutions or anybody corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is lower, and ■ Such company has no default in repayment of such borrowings subsisting at the time of making transactions under this section.	■ Such company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the state Government before making any loan or giving any guarantee or providing any security under the Section.

(8) Loan and Investment by Company [Section 186(1)]

(i) Investment by company

Investment by company

a company shall unless otherwise prescribed, make investment through not more than 2 layers of investment companies.

Exemption

However, above provisions shall not affect,—

- a company from acquiring any other company incorporated in a country outside India
- if such other company has investment subsidiaries beyond two layers as per the laws of such country;
- a subsidiary company from having any investment subsidiary for the purposes of meeting the requirements under any law / under any rule / regulation framed under any law for the time being in force.

(ii) Ceiling on the investment [Section 186(2) & (3) Read with Rule 13 of the Companies (Meetings of Board and its Powers) Rules, 2014]

Company shall

- Give any loan to any person or other body corporate
- Give any guarantee or provide security in connection with a loan to any other body corporate or person
- acquire by way of subscription, purchase or otherwise, the securities of any other body corporate

Limit

exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more unless previously authorised by a special resolution passed in a general meeting

Where the above transactions has been provided by company to its wholly owned subsidiary company or a joint venture company, or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, previous approval by SR is not required in a general meeting.

(iii) Disclosure to members [Section 186(4)]:

Company shall disclose to the members in the financial statement the full particulars of-

loan given,	investment made or guarantee given or security provided,	the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.

(iv) Maintenance of register [Section 186(9) & (10)]

Every company giving loan /a guarantee / providing security /making an acquisition shall

- keep a register
- containing such particulars and maintained as per Rule 12 of the Companies (Meetings of Board and its Powers) Rules, 2014
- be kept at the registered office of the company
- be open to inspection at such office and extracts may be taken therefrom by any member

(v) Non-applicability of section 186 [Section 186(11)]

Section 186 shall not apply | Except sub-section (1) of section 186

to a loan made, guarantee given /security provided or investment made by-	to any investment-
■ a banking company or ■ an insurance company or ■ a housing finance company in the ordinary course of its business or ■ or a company established with the object of and engaged in the business of financing industrial enterprises or ■ of providing infrastructural facilities.	■ made by an investment company; ■ of shares allotted in pursuance of section 62(1) (a) or in shares allotted in pursuance of rights issues made by a body corporate; ■ made, in respect of investment or lending activities, by a NBFC registered under Chapter III-B of the RBI Act, 1934 and whose principal business is acquisition of securities.

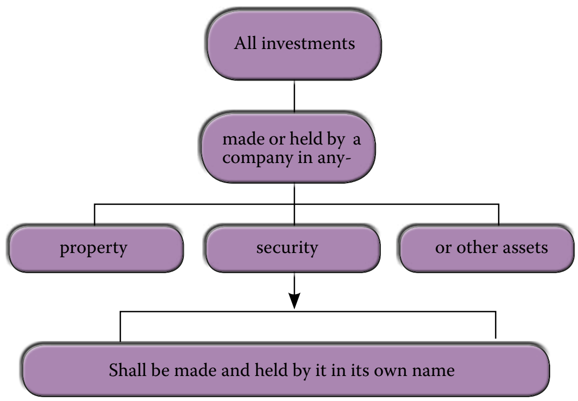
(vi) Penalty [Section 186(13)]

In contravention to section 186		In contravention to section 186
company shall be punishable with fine - ■ Min.- ₹ 25,000 ■ Max.- ₹ 5 lakh	And	Every officer of the company shall be punishable with imprisonment up to two years + fine - ■ Min.- ₹ 25,000 ■ Max.- ₹ 5 lakh

**In case of Government Company - Section 186 shall not apply to -*

- *Government company engaged in defence production.*
- *A Government company, other than a listed company, in case such company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government before making any loan or giving any guarantee or providing any security or making any investment under the section. - Notification dated 5th June, 2015.*

(9) Investments of company to be held in its own name [Section 187]



**However, the company may hold any shares in its subsidiary company in the name of any nominee or nominees of the company, if it is necessary to do so, to ensure that the number of members of the subsidiary company is not reduced below the statutory limit.*

(10) Related Party Transactions [Section 188 read with Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014]

(i) Meaning of Related Party

Related Party (Section 2 clause 76) with reference to a company, means-

a director / his relative;	a KMP / his relative;	a firm, in which a director, manager / his relative is a partner;	a private company in which a director / manager / his relative is a member or director;	a public company in which a director / manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;	any body corporate whose BoD, MD or manager is accustomed to act in accordance with the advice, directions or instructions of a director / manager;	any person on whose advice, directions or instructions a director or manager is accustomed to act:	any body corporate which is— a holding, subsidiary or an associate company of such company; or	a subsidiary of a holding company to which it is also a subsidiary;	an investing company or venturer of the company	such other person as prescribed in Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014 ;

(ii) Contracts with related parties (RP) which are covered under section 188 [Section 188(1)]

Company shall enter into any contract or arrangement with a RP with respect to the transactions- with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as prescribed under rule 15(1) of the Companies (Meetings of Board and its Powers) Rules, 2014.

Transactions

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company

**However, no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as prescribed under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, shall be entered into except with the prior approval of the company by a resolution. [First proviso to section 188(1)].*

(iii) Prescribed limits for the transactions to be entered into as contracts or arrangements with the prior approval of the Company [Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014]

(A) Where the transaction/s to be entered into as contracts or arrangements with respect to clauses (a) to (e) of section 188(1), with criteria as mentioned below -

Conditions with respect to transactions to be entered into with the prior approval	Prescribed limits for the transactions to be entered into as contracts or arrangements
sale, purchase or supply of any goods or materials, directly or through appointment of agent	Amounting to **10%** or more of the **turnover** of the company or ₹ 100 crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188
selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to **10%** or more of **net worth** of the company or ₹ 100 crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188
leasing of property of any kind	Amounting to **10%** or more of the **net worth** of the company or 10% or more of turnover of the company or ₹ 100 crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188
availing or rendering of any services, directly or through appointment of agent	Amounting to **10%** or more of the **turnover** of the company or ₹ 50 crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188

**It is hereby clarified that the limits specified above, shall apply for transaction/s to be entered into either individually or taken together with the previous transactions during a financial year.*

(B) Where the transaction/s to be entered into as contracts or arrangements is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding ₹ 2.5 lakh; or

(C) Where the transaction/s to be entered into as contracts or arrangements is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth as mentioned in section 188(1)(g).

(iv) Concept of "Arm's length transaction

Meaning

a transaction	between two related parties	conducted as if they were unrelated,	so that there is no conflict of interest

Applicability of section 188 on transactions on arm's length basis

Section 188(1) shall not apply to any transactions • entered into by the company in its ordinary course of business	Except the transactions which are not on an arm's length basis

(v) Relevant particulars to disclose in the notice of a general meeting and consequences on being a related party/or in relation to a related party, in a transaction. [Proviso & explanation to Section 188]

The explanatory statement to be annexed to the notice of a general meeting as per section 101, shall contain-

- name of the related party;
- name of the director / KMP who is related, if any;
- nature of relationship;
- nature, material terms, monetary value and particulars of the contract / arrangement;
- any other information relevant / important for the members to take a decision on the proposed resolution."

No voting by related member

- no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.
- the above shall not apply to a company in which ninety per cent or more members, in number, are relatives of promoters or are related parties.

Where any director is interested in any contract /arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement. [Rule 15(2)]

(vi) Passing of resolution is not necessitated [Proviso to Section 188(1)]

No resolution required to be passed under first proviso

for transactions entered into between a holding company and its wholly owned subsidiary,

whose accounts are consolidated with such holding company, and

are placed before the shareholders at the general meeting for approval.

(vii) Consequences of Related party transaction [Section 188(3) & (4)]

A contract or arrangement shall be voidable at the option of the Board/ shareholders

Where any contract /arrangement is entered into without obtaining the consent of the Board or approval by a resolution in the general meeting by-
- a director, or
- any other employee, and

if it is not ratified by
- the Board, or
- the shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into.

Such act shall be open to the company to proceed against-
- a director or any other employee
- who had entered into such contract or arrangement
- in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

Further, if the contract or arrangement is with a related party to any director, or is authorised by any other director,
- the directors concerned shall indemnify the company against any loss incurred by it.

(viii) Penalty for contravention [Section 188 (5)]:

In the case of a-	Liability
listed company	Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall- be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not be less than ₹ 25,000 but which may extend to ₹ 5 lakh, or with both; and
any other company	Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall- be punishable with fine which shall not be less than ₹ 25,000 but which may extend to ₹ 5 lakh.

**Exemption from applicability of section 188 for transactions arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 2013.*

(11) Committees

Committees
- Audit Committee (AC)
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

(i) Audit Committee [Section 177]

(A) Formation & composition of an AC:

AC shall be constituted by the BoD of-
- Every listed public company
- Such other class or classes of companies as prescribed under Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014
  - Public companies with a paid up capital of ₹ 10 cr / more;
  - Public companies having turnover of ₹ 100 cr /more
  - Public companies, having in aggregate, outstanding loans / borrowings / debentures / deposits exceeding ₹ 50 cr/ more.

** The paid up share capital or turnover or outstanding loans, or borrowings or debentures or deposits, as the case may be, as existing on the date of last audited Financial Statements shall be taken into account for the purposes of this rule.*

(B) Composition of AC

Composition of an AC

Disclosure in Board's Report-
- **Composition of Committee**
- **Non- acceptance of any recommendation with reasons**

- Minimum -3 directors
- independent directors forming a majority
- members of AC including its Chairperson shall be persons with ability to read and understand the financial statement

** Vide Notification G.S.R. 466(E) 'Independent Directors forming a majority' is omitted in constitution of AC for the Companies covered under Section 8 of the Companies Act, 2013.*

(C) Responsibilities of an AC

Every AC shall act in accordance with the terms of reference specified in writing by the Board which shall, *inter alia*, include

* the recommendation for appointment, remuneration and terms of appointment of auditors

review and monitor the auditor's independence , performance, and effectiveness of audit process;

examination of the financial statement and the auditors' report thereon;

examination of the financial statement and the auditors' report thereon;

The AC may make omnibus approval for related party transactions proposed to be entered into by the company as per the Rule 6A.	In case of transaction, other than transactions referred to in sec. 188, & where AC does not approve the transaction, it shall make its recommendations to the Board.	in case any transaction involving any amount not exceeding Rs. one crore is entered into by a director or officer of company without obtaining the approval of the AC and it is not ratified by the AC within 3 months from the date of the transaction, such transaction shall be voidable at the option of the AC and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it	The provisions of this clause shall not apply to a transaction, other than a transaction referred to in sec. 188, between a holding company & its wholly owned subsidiary company;

scrutiny of inter-corporate loans and investments;

valuation of undertakings or assets of the company, wherever it is necessary;

evaluation of internal financial controls and risk management systems;

monitoring the end use of funds raised through public offers and related matters.

** In case of Government companies, for point 1st, for the word "recommendation for appointment, remuneration and terms of appointment" the words "recommendation for remuneration" shall be substituted.*

(D) Rights of Audit Committee

Rights of Audit committee

- empowered to [Section 177(5)] -
  - call for the comments of the auditors about-
    - internal control systems,
    - the scope of audit, including the observations of the auditors,
    - review of financial statement before their submission to the Board,
  - discuss any related issues with the internal and statutory auditors, and
  - the management of the company
- Investigation by Audit committee [Section 177(6)]
  - on matters specified in 177(4), or
  - referred by the board
- power to obtain professional advice from external sources and have full access to information contained in the records of the company.

(E) Rights of others in AC

Auditors of a company + KMP → have a right to be heard in the meetings of the AC → during the consideration of the auditor's report → No right to vote

(ii) Vigil mechanism [Section 177(9) read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014]

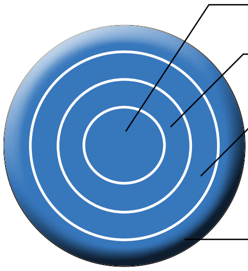
(A) Formation of vigil mechanism (VM)

VM shall be formed by-

- Every listed company,
- the Companies which accept deposits from the public,
- the Companies which have borrowed money from banks and public financial institutions in excess of ₹ 50 crore.

(B) Objective of formation of VM

Objective for formation of VM



- for directors and employees to report genuine concerns
- provide adequate safeguards against victimisation of persons who use such mechanism, and
- make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases
- company to disclose the details of the establishment of vigil mechanism on the website of the company and in Board's report

(C) Working of VM

Who may use Mechanism	employees and directors
Who will regulate the VM	(i) an audit committee (where company is required to constitute Audit Committee) (ii) BoD shall nominate a director to play the role of audit committee (In case of other companies)
How VM may work	Directors and employees may report their concerns to VM. They may have direct access to the Chairperson of the Audit Committee or the director nominated to play the role of Audit Committee, in exceptional case. In case of repeated frivolous complaints being filed by a director or an employee, the audit committee or the director nominated to play the role of audit committee may take suitable action against the concerned director or employee including reprimand.

(iii) Nomination and Remuneration Committee (N&R C) [Section 178 (1) -178(4)]

(A) Formation of nomination & remuneration committee by

Every Listed public company	Unlisted public company with a paid up capital of ten crore rupees or more; or	Unlisted public company having turnover of one hundred crore rupees or more; or	Unlisted public company having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.

** The paid up share capital or turnover or outstanding loans, or borrowings or debentures or deposits, as the case may be, as existing on the date of last audited Financial Statements shall be taken into account for the purposes of this rule.*

(B) Composition of nomination & remuneration committee (N&R C)

N&R C consist of	3 or more non-executive directors

out of which not less than one-half shall be independent directors.

Restriction on Chairman of Co.	The Chairman (whether executive or non-executive) of the company shall not chair such a committee

However, he may be appointed as a member to the committee.

(C) Functions of the Nomination and Remuneration Committee (N&R C)

- formulate the criteria for determining qualifications; positive attributes and independence of a director,
- recommend to the Board a policy, relating to the remuneration for the directors, KMP and other employees,
- identify persons who are qualified to become directors who may be appointed in senior management in accordance with the criteria laid down,
- recommend to the Board the appointment and removal of directors and senior management and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the N&R C or by an independent external agency and review its implementation and compliance.
- According to section 178(4), the Nomination and Remuneration Committee shall, while formulating the above policy ensure that—

■ the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
■ relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
■ remuneration to directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

* *It is imperative that such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.*

** *In the case of Listed company formation, composition, responsibilities and rights of Nomination and Remuneration committee shall be governed by SEBI (LODR) Regulations issued under SEBI Act, 1992.*

(iv) Stakeholders Relationship Committee (SRC) [Section 178(5)-178(6)]

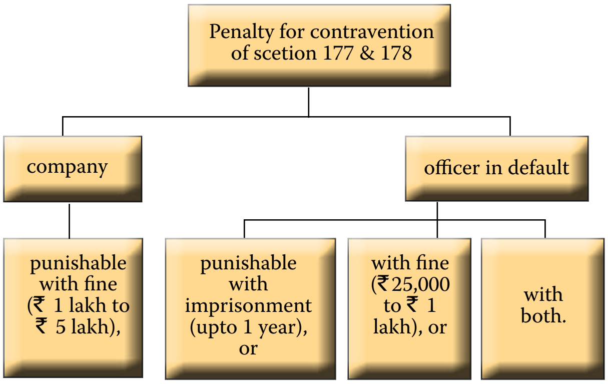
Formation and constitution of SRC	The BoD of a company consisting of more than 1000 shareholders, debenture-holders, deposit-holders and any other security holders during a financial year.
Members of SRC	headed by a chairperson (a non-executive director) and such other members as decided by the Board.
Members of SRC	• consider and resolve the grievances of security holders of the company. • protect the interests of all security holders.

* *In the case of listed company formation, composition, responsibilities and rights of Stakeholder Relationship committee shall be governed by SEBI (LODR) Regulations issued under SEBI Act, 1992.*

** *This section 178 shall not apply to the Companies covered under section 8 of the Companies Act.*

*** *In case of Government company- Sub-sections (2), (3) and (4) of Section 178 i.e. relating to the N&R C, shall not apply except with regard to appointment of 'senior management' and other employees. - Notification dated 5th June, 2015.*

(V) Penalty for contravention of section 177 & 178



* *However, inability to resolve or consider any grievance by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section.*

** *The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.*

*** *In the case of Listed company formation, composition, responsibilities and rights of Audit committee shall be governed by SEBI (LODR) Regulations issued under SEBI Act, 1992.*

CHAPTER 4: INSPECTION, INQUIRY AND INVESTIGATION

(1) Power to call for information, inspect books and conduct inquiries [Section 206]

Concerned authorities	In the following circumstances	Have following Powers
Registrar under section 206 (1)	• On a scrutiny of any document filed by a company, or • on any information received by him, -the Registrar is of the opinion that any further information /explanation /any further documents relating to the company is necessary.	He, may by a written notice require the company— (a) to furnish in writing such information or explanation; or (b) to produce such documents.
Registrar under section 206 (3)	(a) If no information or explanation is furnished within time, or (b) If on an examination of the documents furnished, he is of the opinion that the information or explanation furnished is inadequate; or (c) If he is satisfied on a scrutiny of the documents furnished that an unsatisfactory state of affairs exists in the company and the information or documents do not disclose a full and fair statement of the information required.	He, may by another written notice call on the company to produce for his inspection such further books of account, books, papers and explanations as he may required at such place & time as specified in the notice.

Concerned authorities	In the following circumstances	Have following Powers
Registrar under section 206(4)	(1) on the basis of information available with or furnished; or (2) on a representation made to him by any person that the business of a company is being carried on for a fraudulent or unlawful purpose or not in compliance with the provisions of this Act; or (3) the grievances of investors are not being addressed,	He may call on the company to furnish in writing any information or explanation on matters specified in the order (within specified time) and carry out such inquiry after providing the co. a reasonable opportunity of being heard.
Central Government [Section 206(4)]	if it is satisfied that the circumstances so warrant	direct the Registrar / an inspector to carry out the inquiry under this section 206(4).
Central Government [Section 206 (6)]	if satisfied that the circumstances so warrant	direct inspection of books and papers of a company by an inspector appointed by it for the purpose.
Central Government [Section 206 (6)]	having regard to the circumstances	by general or special order, authorise any statutory authority to carry out the inspection of books of account of a company or class of companies.

* *If a company fails to furnish any information /explanation / production of any document, the company and every officer in default shall be punishable with a fine upto one lakh rupees and in the case of a continuing failure, with an additional fine upto five hundred rupees per day.*

(2) Search and Seizure [Section 209]

(i) Circumstances for search & seizure

Where, upon information, the Registrar /inspector has reasonable ground to believe that

the books & papers of a co. / relating to the KMP /any director /auditor /CS in practice if the co. has not appointed a CS,

are likely to be destroyed, mutilated, altered, falsified / secreted, he may, after obtaining an order from the Special Court for the seizure of such books and papers,—

(a) enter, with / assistance and search, the place /s where such books or papers are kept; and

(b) seize such books and papers as he considers necessary after allowing the co. to take copies of, or extracts from, such books or papers at its cost.

(ii) Period of Seizure

Registrar/Inspector shall return the book & papers seized

- as soon as may be
- **Original period of seizure:** not later than 180th day after such seizure.
- **Further period of seizure:** call for a further period of 180 days by an order in writing if they are needed again.

(3) Investigation into affairs of company [Section 210]

(i) By Central Government

The CG may order an investigation into affairs of co.

- On the receipt of a report of the Registrar or inspector under section 208; or
- on intimation of SR passed by a co. that the affairs of the co. ought to be investigated; or
- in public interest.

(ii) By Court/Tribunal

Court/ Tribunal pass an order that affairs of a company ought to be investigated. → CG shall order an investigation into affairs of that co. → CG appoints 1/more person as inspector for investigation.

(4) Investigation into affairs of Co. by SFIO [Section 212]

CG consider it necessary to investigate into affairs of company by SFIO, may by order assign its investigation to SFIO

on receipt of report of Registrar or inspector u/s 208	On intimation of SR by company	In Public Interest	on request from any dept. of CG or SG

↓

On recipt of such order, SFIO may designate inspectors

↓

If investigation is pending with other investigating agency, such concerned agency shall transfer the relevant documents and records to SFIO

↓

SFIO shall conduct the investigation according to chapter XIV and submit its report to CG within such period as specified in order

↓

the investigating officer shall have the power of the inspector u/s 217

↓

the company and its officers and employees shall be responsible to provide assistance to investigating Officer as may be required

↓

Offences covered u/s 447 shall be cognizable and person accused shall not be released on bail or on bond except under certain circumstances

↓

the concerned officers of SFIO may arrest the guilty person if has reason to believe and inform him of the grounds for such arrest.

↓

the concerned officers of SFIO shall immediately after arrest forward a copy of order to SFIO

↓

Every person arrested shall within 24 hours be taken to JM or MM having jurisdiction

↓

Submission of interim report and Investigation report to CG

↓

CG may order the SFIO to initiate prosecution against the company and its officers and employees

(5) Investigation into company's affairs in other cases (Section 213)

The Tribunal may order for investigation into affairs of the company on application by-

- not less than 100 members /s holding not less than 1/10th of the total voting power, in the case of a company having a share capital; or
- not less than 1/5th of the persons on the company's register of members, in the case of a company having no share capital, and
- any other person/ otherwise under the circumsatnces stated in section 213(b)

(6) Powers of inspector

Powers of inspector

- To conduct investigation into affairs of related companies, etc. (Section 219)
- Seizure of documents by inspector (Section 220)
- Freezing of Assets of Company on Inquiry and Investigation (Section 221)
- Imposition of Restrictions upon Securities (Section 222)

CHAPTER 5: COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS

(1) Power to Compromise or make arrangements with Creditors and Members [Section 230]

Where a compromise or arrangement is proposed between—

a company and its creditors or any class of them; or	a company and its members or any class of them,

↓

the Tribunal may, on the application of the-

Company, or	creditor, or	member of the company, or	Liquidator in case of company is into voluntary liquidation

↓

order a meeting of the creditors or class of creditors, or of the members or class of members, as the case may be, to be called, held and conducted in such manner as the Tribunal directs.

↓

The company or any other person, by whom an application is made, shall disclose to the Tribunal by affidavit—

all material facts relating to the company	reduction of share capital	any scheme of corporate debt restructuring

↓

Where a meeting is proposed to be called in pursuance of an order of the Tribunal, a notice of such meeting shall be sent to-

all the creditors or class of creditors, and	to all the members or class of members,	and the debenture-holders of the company,	Sectoral regulators u/s 230(5)

→

Notice of meeting shall be accompanied by a statement disclosing the details of the compromise or arrangement, a copy of the valuation report, if any, explaining their effect, the effect of the compromise or arrangement on any material interests of the directors of the company or the debenture trustees.

↑

Notices to sectoral regulators to make representation, if likely to be affected by the compromise or arrangement.

↑

Meeting can be dispensed by Tribunal if atleast 90% value of creditors agree & confirm to scheme of compromise or arrangement.

↑

Objection to the compromise/arrangement shall be made by persons-

holding 10% or more of shareholding	having outstanding debt 5 % or more of total outstanding debt

↑

Where, at a meeting , majority of persons representing three-fourths in value agree to any compromise or arrangement and if such compromise or arrangement is sanctioned by the Tribunal by an order, the same shall be binding.

↑

Filing of order of tribunal with registrar within thirty days of the receipt of the order.

(2) Power of Tribunal to enforce Compromise or Arrangement [Section 231]

Where the Tribunal makes an order u/s 230 sanctioning a compromise or an arrangement in respect of a co., it—

- shall have power to **supervise the implementation** of the compromise or arrangement; &
- **give such directions** as it may consider necessary for the proper implementation of the compromise or arrangement.

(3) Circulation of information for the meeting by the merging companies / the companies in respect of which a division is proposed

draft of the proposed terms of the scheme	drawn up and adopted by the directors of the merging company;
confirmation of filing of draft scheme	a copy of the draft scheme has been filed with the Registrar;
report adopted by the directors	a report of the merging companies explaining effect of compromise on shareholders, KMP, promotors and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties;
report of the expert	with regard to valuation
supplementary accounting statement	if the last annual accounts of any of the merging company relate to a financial year ending more than six months before the first meeting of the company summoned for the purposes of approving the scheme.

(4) Order of Tribunal on the agreement of compromise or arrangement

Order of Tribunal

- Date of Transfer
- Transfer of Instruments
- Legal Proceedings
- Dissolution
- Provision for Dissent Persons
- NRI Holder
- Employee Transfer
- Listed Company to Unlisted Company
- Fees in Authorised Share Capital
- Certificate by Company's Auditor

(5) Requirements as to acquisition of shares of Shareholders dissenting from Scheme or Contract Approved by Majority [Section 235)

1. The scheme involving the transfer of shares in a company (the transferor company) to another company (the transferee company) has been approved by the holders of not less than 9/10th in value of the shares whose transfer is involved.
2. The approval from 9/10th shareholders in value shall be received within 4 months after making of an offer in that behalf by the transferee company.
3. The shares already held at the date of the offer by Transferee Company, or by a nominee of the transferee company or its subsidiary companies shall not be counted for this purpose.
4. The transferee company shall express his desire to acquire the remaining shares of dissenting shareholders within 2 months after the expiry of the said 4 months and shall give notice in the prescribed manner to any dissenting shareholder that it desires to acquire his shares.

(6) Purchase Of Minority Shareholding [Section 236]

- an acquirer, or a person acting in concert with such acquirer → becoming registered holder of ninety per cent. or more of the issued equity share capital of a company
- any person or group of persons → becoming ninety per cent. majority or holding ninety per cent. of the issued equity share capital of a company

Such acquirer, person or group of persons, shall notify the company of their intention to buy the remaining equity shares

↓

The acquirer, person or group of persons shall offer to the minority shareholders of the company for buying the equity shares held by such shareholders at a price determined on the basis of valuation by a registered valuer in accordance with Rule 27.

↓

The minority shareholders of the company may offer to the majority shareholders to purchase the minority equity shareholding of the company at the price determined in accordance with Rule 27

↓

The majority shareholders shall deposit an amount equal to the value of shares to be acquired by them in a separate bank account to be operated by company whose shares are being transferred for at least 1 year for payment to the minority shareholders and such amount shall be disbursed to the entitled shareholders within sixty days.

↓

Company whose shares are being transferred to act as a transfer agent in the event of purchase.

↓

Right of shareholders to make an offer for sale of minority equity shareholding

(7) Power of CG to provide for amalgamation of companies in Public interest (Section 237)

Power of CG to Provide for Amalgamation of Companies in Public Interest [Section 237]

- Central Government may by order provide for amalgamation in the public interest.
- Continuation by or against the transferee company of any legal proceedings.
- Same Interest Rights or Compensation.
- Appeal by aggrieved person on assessment of compensation.
- Requirements for passing of an order.
- Copies to be presented to parliament.

(8) Fast Track Mode Of Merger Or Amalgamation Of Certain Companies [Section 233]

1. Preparation of proposed scheme
2. Notice of the proposed scheme to Registrar and OL
3. Consider their objections/suggestions, if any and amend the scheme accordingly
4. Approval of scheme in respective General meeting of transferor company and transferee company

- Filing of declaration of solvency with Registrar by company
- Convening meeting of creditors by giving 21 days notice
- Approval of scheme by majority representing 9/10th in value of creditors
- Filing of the approved scheme by transferee company with a Central Govermment (power delegated to Regional Director) Registrar and OL
- RD to consider objections or suggestions of ROC and OL if any
- Passing of an application to Tribunal for approval of scheme
- Confirmation by Tribunal

Merger/ Amalgamation Between

- 2 or more small companies
- a holding company and its wholly-owned subsidiary company
  - If 100% of its share capital is held by the holding company, except the shares held by the nominee or nominees to ensure that the number of members of subsidiary company is not reduced below the statutory limit as provided in section 187.
- such other class or classes of companies as may be prescribed

(9) Merger Or Amalgamation of Company With Foreign Company [Section 234]

Foreign Company with Indian Company

- A foreign company incorporated outside India may merge with an Indian company after obtaining prior approval of RBI and after complying with the provisions of sections 230 to 232 of the Act and relevant rules.
- the scheme of merger may provide for the payment of consideration to the shareholders of the merging company as per the drawn scheme, in-
  - cash, or
  - in Depository Receipts, or
  - partly in cash and partly in Depository Receipts

Indian Company with Foreign Company

- A company may merge with a foreign company incorporated in any of the jurisdictions specified by the CG in consultation with RBI and after complying with provisions of sections 230 to 232 of the Act and relevant rules.

CHAPTER 6: PREVENTION OF OPPRESSION AND MISMANAGEMENT

(1) Application to Tribunal for Relief in cases of Oppression, etc. [Section 241]

(i) Right to apply to Tribunal:

Members of the co. may apply to the Tribunal (provided has a right to apply under section 244) where-	affairs of the company have been / are being conducted prejudicial to-	public interest	
		him or any other member /s	
		the interests of the company	
	the material change	has taken place in the management /control of the company (in case of share capital)	
		in its membership, or	
		in any other manner	
		affairs of the company will be conducted in a manner prejudicial to its	interests or members / any class of members

(2) Right to Apply under Section 241 [Section 244]

Rights of Members to Apply:

Right of members to apply u/s 241

- Company having share capital
  - 'Which ever is less' of:
    - Atleast 100 members; OR
    - At least 1/10th of the total members or any member holding 1/10th of issued share capital
- Company not having share capital
  - At least 1/5th of the total number of members

Subject to the condition that the applicant or applicants has or have paid all calls and other sums due on his or their shares

(ii) Central Government suo moto to apply the Tribunal:

Central Government, of the opinion → that the affairs of the company conducted → in a manner prejudicial to public interest → it may itself apply to the Tribunal.

(3) Powers of Tribunal [Section 242]

Order passed by the Tribunal

- on any application , if the Tribunal is of the opinion—
- that the company's affairs have been /are being conducted in a manner prejudicial or oppressive to
- any member /s or
- to public interest or
- the interests of the company; and
- that to wind up the company would unfairly prejudice such member/s,
- the making of a winding-up order on just and equitable ground
- the Tribunal may, with a view to bringing to an end the matters complained of, make
- such order as it thinks fit.

Nature of orders that can be passed by the Tribunal

- regulation of conduct of affairs of the company in future
- purchase of shares or interests of any members of the company by other members /company
- purchase of its shares by consequent reduction of its share capital
- restrictions on the transfer /allotment of the shares
- termination, setting aside or modification, of any agreement
- setting aside of any transfer, delivery of goods, payment, execution or other act relating to property made or done by or against the company within three months before the date of the application
- removal and recovery of undue gains made by any MD, Manager or Director during the period of his appointment
- appointment of MD /Manager subsequent to an order removing the existing MD /Manager
- appointment of directors to report to tribunal
- imposition of costs
- any other matter.

Filing of copy of order of Tribunal

certified copy of the order of the Tribunal shall be filed by the company with the Registrar within 30 days of the order of the Tribunal.

Alteration through order of the Tribunal:

Where an order of the Tribunal makes any alteration in the MoA /AoA , the company shall, permitted in the order, to make, without the leave of the Tribunal, any alteration.

Punishment in case of contravention

- the company with fine varying from ₹ 1 lakh - ₹ 25 lakh and
- every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than ₹ 25,000 but which may extend to ₹ 1 lakh, or with both.

(4) Consequences Of Termination Or Modification Of Certain Agreements [Section 243]

Where an order passed

- terminates,
- sets aside or
- modifies an agreement referred in section 242(2)

Such passed order shall not give rise to-

- to any claims against the company by any person for damages or
- for compensation for loss of office or
- in any other respect either in pursuance of the agreement or
- otherwise;

No MD/ other D / M whose agreement is so terminated or set aside shall,

- for a period of five years from the date of the order terminating or setting aside the agreement,
- without the leave of the Tribunal,
- be appointed, or act, as the managing director or other director or manager of the company

Penalty to MD/D /M of a company and every other director of the company knowingly acts in contravention

- shall be punishable with imprisonment for a term extending to 6 months or
- with fine extending to ₹ 5 lakh, or
- with both.

Provided that the Tribunal shall grant leave only when notice of the intention to apply for leave has been served on the Central Government and that government has been given a reasonable opportunity of being heard in the matter.

(5) Class Action (Section 245)

(i) Filing of application before the Tribunal on behalf of the members /depositors:

number of member /s, depositor /s or any class of them are of the opinion that
- the management or
- conduct of the affairs of the company

are being conducted in a manner-
- prejudicial to the interests of the company or its members / depositors,

May file an application before the Tribunal on behalf of the members or depositors

(ii) Order of Tribunal: Members/depositors may seek the following orders –

- restrain the company from committing an *ultra vires* act
- to restrain the company from committing breach of any provision of the company's AoA/MoA
- to declare a resolution altering the memorandum or articles of the co. as void if
  - the resolution was passed by suppression of material facts, or
  - obtained by mis-statement to the members or depositors;
- to restrain the co. and its directors from acting on such resolution;
- to restrain the co. from doing an act contrary to the provisions of this Act / any other law
- to restrain the company from taking action contrary to any resolution passed by the members;
- to claim damages /compensation /demand /any other suitable action from or against—
  - the co. / its directors for any fraudulent, unlawful /wrongful act / omission /conduct / any likely act / omission / conduct on its /their part;
  - the auditor including audit firm of the co. for any improper / misleading statement of particulars made in his audit report / for any fraudulent, unlawful / wrongful act / conduct; or
  - any expert or advisor or consultant / any other person for any incorrect / misleading statement made to the company / for any fraudulent, unlawful / wrongful act / conduct / any likely act / conduct on his part;
- to seek any other remedy as the Tribunal may deem fit.

(iii) Required number of members to apply:

whichever is less

in the case of a company having a share capital

atleast 100 members, or such percentage of the total number of its members as prescribed undre respective rules or any member or members holding not less than such percentage of the issued share capital of the company as may be prescribed

in the case of a company not having a share capital

not less than one-fifth of the total number of its members

(iv) Required number of depositors to apply:

No. of depositors who may apply

atleast 100 or such % of the total number of depositors as may be prescribed, whichever is less, or

any depositor/s to whom the company owes such % of total deposits of the company as may be prescribed

(v) Consideration of application by Tribunal under section 245(1):

member /depositor is acting in good faith in making the application

any evidence as to the involvement of any person (other than directors) or officers of the company on any of the matters under 245(1)

same cause of action which the member / depositor could pursue in his own right rather than through an order

any evidence as to the views of the members / depositors of the company who have no personal interest, direct / indirect, in the matter being proceeded

where the cause of action is an act / omission that is yet to occur, whether the act or omission could be, and in the circumstances would be likely to be—

authorised by the company before it occurs; or	ratified by the company after it occurs;

where the cause of action is an act / omission that has already occurred, whether the act or omission could be, and in the circumstances would be likely to be, ratified by the company.

(vi) In case of admission of application

When an application is admitted, the Tribunal shall

- serve public notice on admission of the application to all the members / depositors
- all similar applications prevalent in any jurisdiction should be consolidated into a single application
- the class members or depositors should be allowed to choose the lead applicant
- the members or depositors of the class are unable to come to a consensus, the Tribunal shall appoint a lead applicant, who shall be in charge of the proceedings from the applicant's side
- two class action applications for the same cause of action shall not be allowed;
- the cost / expenses connected with the application for class action shall be defrayed by the company or any other person responsible for any oppressive act

(vii) Order to be binding on the parties:

Order passed by the Tribunal shall be binding on the

- company and all its members,
- depositors and
- auditor including
- audit firm or
- expert or
- consultant or
- advisor or
- any other person associated with the company.

(viii) Punishment for non-compliance of section 245

Company which fails to comply with an order of Tribunal shall be punishable with-	And	every officer of the company who is in default
fine - minimum ₹ 5 lakh to maximum ₹ 25 lakh,		Imprisonment for a term extending to 3 years + fine not be less than ₹ 25,000 extending to ₹ 1 lakh.

(ix) Exemption from application of section:

Section 245

Not applicable to banking company

(x) Application may be filed on behalf of affected persons:

In compliance of this section, application may be filed or any action may be taken by the following-

any person

group of persons

any association of persons representing the persons affected as stated in section 245(1)

CHAPTER 7: WINDING UP

(1) Definition of Winding Up [Section 2(94A)]

Winding Up Includes

- Winding up under Companies Act, 2013
- Liquidation under Insolvency and Bankruptcy Code, 2016

**In most of the cases, liquidation (winding up) of companies are through the Insolvency Code only. Direct winding up process under Companies Act, 2013 are used very rarely.*

(2) Circumstances in which Company may be Wound Up by Tribunal [Section 271]

Company may, wound up by Tribunal on petition filed u/s 272-

- by SR resolved that company be wound up
- If acted against the national interest (soveriegnity & integrity, security etc.)
- Tribunal on an application, is of opinion that affairs of the company have been conducted in a fraudulent manner, or formed for fraudulent and unlawful purpose or the persons concerned in the formation /management of its affairs have been guilty of fraud, misfeasance or misconduct
- Co. has defaulted in filing financial statements/ annual returns for immediately preceding 5 consecutive FY
- On just and equitable ground

(3) Petition for Winding up [Section 272 (1)]

(i) Presentation of Petition

Petition for Winding up to Tribunal can be made by

- The Company
- Any Contributory / Contributories
- All or any of the persons specified above
- The registrar
- Any person authorised by Central Government in that behalf
- the CG/SG , in case falling u/s 271(b) i.e., if Co. acted against the national interest etc.

Copy of petition shall also be filed with the registrar

Registrar submit his views to Tribunal within 60 days of receipt of petition.

(ii) Petition filed by contributory [Section 272(2)]

Contributory can file petition, though

- He may be the holder of fully paid-up shares.
- The company may have no assets at all.
- The company may have no surplus assets left for distribution among the shareholders after the satisfaction of its liabilities.
- Shares in respect of which he is a contributory/alloted to him/held by him & regsitered in his name for atleast 6 months during 18 months immediately before commencement of Winding up
- have devolved on him through the death of a former holder.

(iii) Petition filed by Registrar [Section 272(3)]

Registrar can present petition for W.U under section 271 → on previous sanction of CG → CG shall accord his sanction on providing reasonable opportunity of representation.

**Registrar cannot file petition for winding up on the grounds given u/s 271(a) & 271(e) i.e. where the petition is made by the company/person authorised by the CG.*

(iv) Petition presented by Co. for winding up

- shall be presented before the Tribunal
- admitted only if accompanied by a statement of affairs

(4) Powers of Tribunal [Section 273]

(i) Order passed by Tribunal

Orders by Tribunals

- Dismiss of order
- pass an interim order
- Appointment of a provisional liquidator
- order for the winding up of the company
- Any other order as it thinks fit

(ii) Time period for passing of an order

Order u/s 273 shall be made

within 90 days from the date of presentation of petition.

(5)Tribunal may order company to file a statement of its affairs [Section 274(1)]

- where petition for winding up filed by any person (except the company)
- on *prima facie* satisfaction, Tribunal by an order direct the company to file its objections + statement of its affairs within 30 days of the order.
- further extend time period by 30 days under special circumstances
- in case of failure in filing of S.O.A, Tribunal shall forfeit right to oppose the petition
- Director/any officer in default for such non-compliance shall be liable for punishment u/s 274(4)

(6) Company Liquidator (CL) & their appointment [Section 275]

Tribunal , at the time of passing of order of winding up	shall appoint an Official Liquidator or a liquidator (from the panel maintained as the Company Liquidator)
The provisional liquidator /the Company Liquidator	shall be appointed by the Tribunal from amongst the insolvency professionals registered under the Insolvency and Bankruptcy Code, 2016;
Powers, terms and conditions of appointment of a provisional liquidator / Company Liquidator, and their removal and replacement	shall be regulated by Tribunal as per section 275 & 276
On appointment as provisional liquidator / Company Liquidator	such liquidator shall file a declaration within 7 days from the date of appointment disclosing conflict of interest / lack of independence in respect of his appointment with the Tribunal.

(7) Intimation of appointment to CL, PL & Registrar [Section 277(1)]

(i) Intimation of order of Tribunal of an appointment of provisional liquidator (PL) /winding up of a company

Within 7 days from the date of passing of an order

↓

intimate to company liquidator/ provisional liquidator + registrar

(ii) On receipt of order of appointment /winding up [Section 277(2)]

Registrar shall

Listed Company	All Companies
Intimate about such appointment/order to the stock exchanges where the securities of the company are listed.	Make an endorsement to that effect in his records relating to the company and notify in the Official Gazette that such an order has been made.

(iii) In case of winding up order by the Tribunal [Section 277(4)]

On passing and intimation of WU order by Tribunal

- CL shall make an application
- Within three weeks from the date of passing of WU order

for constitution of a winding up committee

- to assist and monitor the progress of liquidation proceedings by the Company Liquidator

winding up committee shall comprise of

- Official Liquidator attached to the Tribunal;
- nominee of secured creditors; and
- a professional nominated by the Tribunal.

CL shall place report of the committee to Tribunal

- on monthly basis
- duly signed by the members till the submission of final report for dissolution of the company

The Company Liquidator shall prepare the draft final report

- for consideration and approval of the winding up committee
- shall be submitted by the Company Liquidator before the Tribunal for passing of a dissolution order in respect of the company

FINANCE UPDATES

Securities and Exchange Board of India (SEBI) to usher in interoperability in equity and currency settlement by June 1

From June 1, market participants can clear and settle all their equity, equity derivatives and currency derivatives transactions with any clearing corporation, irrespective of the exchange on which the trade is executed. The objective of the regulator is to protect investors and their collateral and also to bring about greater efficiency in the clearing and settlement mechanism.

Currently, trades executed on the NSE are cleared and settled only through NSE Clearing, transactions on the BSE are settled through Indian Clearing Corporation, and those on Metropolitan Stock Exchange through Metropolitan Clearing Corporation of India. The clearing corporations also manage client collateral and carry out risk management.

Prior to the rollout, numerous agreements have to be signed by stock exchanges and clearing corporations regarding inter-clearing corporation links and their links with trading venues, risk management framework, monitoring of client margin/position limits, the settlement process, surveillance systems, sharing of client data, sharing of product information, default handling and the dispute resolution process.

Besides the legal part, the entire physical communication architecture will need to be re-designed and care has to be taken to ensure that there is no disruption in normal trading in the initial days. In the present system, communication pipelines are needed only between the exchange and the clearing subsidiary. But now, physical connectivity lines have to be established to enable interlinking of all the exchanges and clearing corporations.

https://www.thehindubusinessline.com/todays-paper/article26765892.ece

SEBI's newly introduced insider trading norms raise the bar on unpublished price sensitive information

As per the SEBI's new insider-trading norms, companies and promoters will be responsible if they hold on to Unpublished Price-Sensitive Information (UPSI) without any 'legitimate purpose'.

The regulator has now extended the requirement for reporting trades, and seeking clearance before trading in the company's shares, even to senior employees of material subsidiaries and promoters of listed companies.

Companies will have to formulate policies to determine what constitutes 'legitimate purpose', whistle-blower norms for reporting leaks of UPSI and inquiry norms for determining the source of leaks.

SEBI has specified that the term 'legitimate purpose' will include the sharing of UPSI in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisers or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

The markets regulator decided to amend insider trading rules after it passed several directions against various companies, including Axis Bank, Tata Motors and HDFC Bank, to ascertain leakage of confidential financial results in private WhatsApp groups ahead of their official announcement.

https://www.thehindubusinessline.com/markets/sebis-newly-introduced-insider-trading-norms-raise-the-bar-on-unpublished-price-sensitive-information/article26905053.ece

Bourses' stricter norms on price-sensitive info reduce trading period for promoters, staff

SEBI's new insider-trading rules come with fresh curbs on promoters, employees and those closely linked to listed companies. According to a recent diktat of the BSE and the NSE, issued in line with the new regime on Unpublished Price Sensitive Information (UPSI), the compliance officer of a company will no longer be at liberty to decide on the closure of trading window on origination of UPSI.

The trading window is a specific period during which dealing in the equity shares of the company and its transfer is allowed by a company mainly for its promoters and employees. According to SEBI's prohibition of insider-trading norms, trading window should remain closed when the UPSI is generated and 24 hours after it is published.

The UPSI could come from any corporate announcement that the company could be planning to make or specifically during announcement of its financial results every quarter.

So far, it was the company which decided when its 'trading window' could close, but the BSE and NSE have now said "it will mandatorily remain closed at the end of each quarter up to the expiry of 48 hours from the declaration of financial results of a company's previous quarter"

https://www.thehindubusinessline.com/todays-paper/tp-markets/article26928177.ece

SEBI bars NSE from securities market for 6 months in co-location case

The SEBI directed the National Stock Exchange (NSE) to disgorge ₹ 625 crore, along with interest at 12 per cent per annum since 2014, for lapses at its Co-location (Colo) facility, which allowed unfair access to certain brokers. The regulator also barred the exchange for a period of six months from accessing the securities market.

The markets regulator also came down heavily on NSE's former managing directors (MDs) and chief executive officers (CEOs) Ravi Narain and Chitra Ramkrishna, who were at the helm when the exchange servers were exploited.

https://www.business-standard.com/article/markets/sebi-bars-nse-from-securities-market-for-6-months-in-co-location-case-119050100034_1.html

SEBI panel may recommend FPI investment in unlisted cos

The SEBI committee on the overhaul of regulations for offshore investors is set to recommend that Foreign Portfolio Investors (FPIs) be allowed to buy shares of unlisted companies.

Such a measure would be a boost for startups and other unlisted entities as they will get access to a broader pool of capital. Currently, overseas funders of startups have to come in through the Foreign Direct Investment (FDI) route and hence can only be strategic investors in such companies.

Allowing FPIs to buy shares in unlisted companies will help them bring big-ticket investors on board without having to list on the exchanges. Further, FPIs will be able to pick up smaller chunks of stakes in unlisted companies, something that's typically not done through the FDI route.

https://economictimes.indiatimes.com/markets/stocks/news/sebi-panel-may-recommend-fpi-investment-in-unlisted-cos/articleshow/69193757.cms

DIRECT TAX UPDATES

I-T dept again defers GST, GAAR reporting in tax audit report till March 2020

The income tax department deferred for the second time the requirement for companies to include in their tax audit report the details of Goods and Services Tax (GST) and GAAR. The reporting requirement of these details in income tax audit form has been kept in abeyance till March 31, 2020 -- meaning that all income tax audit reports need not include details on GST and General Anti-Avoidance Rules (GAAR) till March 2020.

Where the business entities or professionals are required to comply with the tax audit requirements, the due date for filing of return of income is September 30 and if the taxpayer is covered by transfer pricing provisions, the due date is November 30.

The Central Board of Direct Taxes (CBDT) in an order issued, said the Board has received representations that implementation of reporting requirements under clause 30C (pertaining to GAAR) and clause 44 (pertaining to GST compliance) of the Form No 3CD may be deferred further. "The matter has been examined and it has been decided by the Board that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till March 31, 2020," the CBDT said. In July 2018, the I-T department had changed the tax audit form - 3CD, seeking details under GST as well as GAAR, which seeks to prevent companies from routing transactions through other countries to avoid taxes. The changes were to come into effect from August 20, 2018.

With stakeholders complaining that the change is onerous and a burden on companies, the CBDT had then deferred the implementation of the change in I-T audit form till March 31, 2019. With this order, its implementation has been further deferred till March 31, 2020.

[Source:https://www.businesstoday.in/pti-feed/i-t-dept-again-defers-gst-gaar-reporting-in-tax-audit-report-till-march-2020/story/346583.html] /

[For more details, refer CBDT Circular No. 9/2019 dated 14.5.19 at https://www.incometaxindia.gov.in/communications/circular/circular_9_2019.pdf]

INDIRECT TAX UPDATES

Businesses must pay interest on entire tax liability: Telangana HC

Businesses will have to pay interest on entire tax liability, including the part to be paid through Input Tax Credit (ITC), the Telangana High Court has ruled. The liability would mean taxes that are not paid by the due date.

Interestingly, the GST Council, in its 31st meeting approved the amendment of Section 50 of the CGST Act to allow interest to be charged only on the net tax liability of the taxpayer, after taking into account the admissible input tax credit. Interest would be leviable only on the amount payable through the electronic cash ledger. It was said that this recommendation would be made effective only after the necessary amendments in the GST Acts are carried out. But "unfortunately, the recommendations of the GST Council are still on paper. Therefore, we cannot interpret Section 50 in the light of the proposed amendment," the two-judge Bench said in its recent ruling.

The Bench took cognisance of Section 50 of the CGST Act which made it very clear that the liability to pay interest arises automatically when a person who is liable to pay tax fails to do so within the period prescribed. The liability to pay interest is in respect of the period for which the tax remains unpaid. In fact, the liability to pay interest arises even without any assessment, as the person is required to pay such interest 'on his own.' The court made it clear that the liability to pay interest is self-imposed and also automatic, without any determination by one.

[Source: The Hindu Business Line Published on April 23, 2019]

CROSSWORD SOLUTION – MAY 2019

[1]F	[2]I	[3]A	[4]T		[5]O	[6]P	[7]E	N		[8]B	[9]O	A	[10]R	D	
[11]O	G	E	E		[12]S	I	X		[13]H	E	D	G	E		[14]L
[15]E	S	O	P		E		[16]E	[17]N	A	T	E		[18]V	[19]E	T
[20]S	T	N	I	[21]C	K		[22]C	I	T	E		[23]S	E	N	D
			D	R		[24]I	U	C				[25]I	R	R	
[26]O	[27]N	E		[28]E	[29]L	A	T	E	[30]D		[31]D		[32]I	O	[33]C
[34]B	E	T		[35]W	I	F	I		[36]C	O	E		[37]E	L	F
J	T			S	I		[38]V	[39]B	A		P			L	O
[40]E	W	[41]A	[42]Y		[43]I	[44]S	E	E		[45]B	O	[46]N	D		
[47]C	O	L	E			H		[48]A	[49]R	I	S	E		[50]L	[51]A
[52]T	R	A	N	[53]S	[54]F	O	[55]R	M	A	T	I	O	[56]N	A	L
[57]I	T	C		[58]H	I	N	E		M		T		[59]E	E	L
V	H		[60]C	O	V	E	R	[61]T		[62]P	O	K	E		
E		[63]F	I	V	E		[64]A	C	T	O	R				
[65]S	M	I	L	E				[66]S	A	S	S	Y			

The Institute of Chartered Accountants of India
[Set up by an Act of Parliament]
Post Box No.7112, ICAI BHAWAN, Indraprastha Marg
New Delhi – 110002

3rd May, 2019

IMPORTANT ANNOUNCEMENT

In partial modification of the Institute's Notification No. 13-CA(Exam)/M/2019 dated 11th March, 2019, it is notified for general information that due to certain unavoidable circumstances, Paper – 3 of Foundation Examination and Paper 4 & 5 of Final Examination {Old as well as New Scheme} stand postponed and the examination in the said paper(s) shall now be held as detailed below.

EXAMINATION CENTRES (IN INDIA):

Examination & Paper	Previous Notified Date	Rescheduled Date
Final {Old Scheme} Examination, (Group I), Paper – 4, Corporate and Allied Laws. **Final** {New Scheme} Examination, (Group I), Paper – 4 Corporate and Economic Laws.	**2nd June 2019** (Sunday)	**4th June 2019** (Tuesday)
Final {Old Scheme} Examination, (Group II), Paper – 5, Advanced Management Accounting. **Final** {New Scheme} Examination, (Group II), Paper – 5 Strategic Cost Management & Performance Evaluation.	**4th June 2019** (Tuesday)	**13th June 2019** (Thursday)
Foundation Examination, Paper – 3, Business Mathematics, Logical Reasoning and Statistics.	**9th June 2019** (Sunday)	**13th June 2019** (Thursday)

However, it is clarified that the schedule of examinations notified vide Notification No. 13-CA(Exam)/M/2019 dated 11th March, 2019 in respect of all other papers shall remain the same. In other words, there will be no change in the schedule of examinations for other papers, as already notified

Candidates are advised to take note of the above changes and act accordingly.

(B. Muralidharan)
Joint Secretary (Exams)

Attend Student Conferences across the Country
The Board of Studies has planned the following Conferences for CA Students as on date For June-July, 2019-2020

S. No.	Branch	Nomenclature of the Programme	Approved Dates
1	Jamnagar	CA Students Conference	29-30 June, 2019
2	Ernakulam	CA Students Conference	5- 6 July,2019
3	Indore	National Conference	6-7 July, 2019
4	Aurangabad	CA Students Conference	12-13 July,2019
5	Guwahati	CA Students Conference	12-13 July,2019
6	Guntur	CA Students Conference	13-14 July,2019
7	Baroda	CA Students Conference	19-20 July,2019
8	Chandigarh	CA Students Conference	27-28 July, 2019

Students Eligible to attend the Students Conference: Students who have registered as IPCC/Intermediate Students/ Students who are pursuing their Article ship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training.(CPT Students and Students who have completed one year beyond their Articleship training will not be eligible to register for these Conferences)

It may however be noted that during April, 2019 - March, 2020, the students can be Paper Presenters for maximum 2 Students Conferences only. Best paper presenters (overall category) of National Conference can be permitted to present technical papers in International CA Students Conference where the limit of two programmes per year will not be applicable.

The Institute of Chartered Accountants of India
[Set up by an Act of Parliament]
Post Box No.7112, ICAI BHAWAN, Indraprastha Marg
New Delhi – 110002

21st May, 2019

IMPORTANT ANNOUNCEMENT

Subject: Information System Audit – Assessment Test (ISA – AT), June 2019

Members are hereby informed that the next Information Systems Audit (ISA) Course Assessment Test which is open to the members of the Institute, will be held on **29th June, 2019 (Saturday) from 9.00 AM to 1.00 PM (IST)** at the following cities provided that sufficient number of candidates offer themselves to appear there from.

Sl. No.	Name of the Cities	Sl. No.	Name of the Cities	Sl. No.	Name of the Cities
1	Agra	21	Gwalior	41	Moradabad
2	Ahmedabad	22	Hisar	42	Mumbai
3	Ajmer	23	Hyderabad	43	Muzaffarnagar
4	Amritsar	24	Indore	44	Nagpur
5	Aurangabad	25	Jaipur	45	Nasik
6	Bengaluru	26	Jalandhar	46	Patna
7	Bhilwara	27	Jammu	47	Pune
8	Bhubaneswar	28	Jamshedpur	48	Raipur
9	Bilaspur	29	Jodhpur	49	Rajkot
10	Chandigarh	30	Kanpur	50	Ranchi
11	Chennai	31	Karnal	51	Rohtak
12	Coimbatore	32	Kolhapur	52	Siliguri
13	Delhi / New Delhi	33	Kolkata	53	Sri Ganganagar
14	Ernakulam	34	Kollam	54	Surat
15	Faridabad	35	Kota	55	Thiruvananthapuram
16	Gandhidham	36	Lucknow	56	Udaipur
17	Ghaziabad	37	Ludhiana	57	Udupi
18	Gorakhpur	38	Madurai	58	Vijayawada
19	Guntur	39	Mangalore	59	Visakhapatnam
20	Guwahati	40	Meerut		

The Council reserves the right to withdraw any centre at any stage without assigning any reason. The above Test is open only to the Members of the Institute who are already registered with the Institute for the ISA course and fulfill the eligibility criterion laid down. The fee payable for the above Assessment Test is ₹ 2000/-.

An application for admission to the Assessment Test is required to be submitted online by visiting *http://isaat.icaiexam.icai.org* and the sum of ₹ 2100/- (₹ 2000/- as examination fees and ₹ 100/- towards the examination form) has to be paid online using Master / Visa / Maestro Credit or Debit Card on or from **3rd June, 2019**. Alternatively, the format of application form can be downloaded from the website of the Institute viz. www.icai.org and the cost of the application form of ₹100/- can be added to the Assessment Test fee of ₹ 2000/- and the Demand Draft for ₹ 2100/- of any Scheduled Bank drawn in favour of "The Secretary, The Institute of Chartered Accountants of India", payable at New Delhi only has to be sent to the Joint Secretary (Exams), The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi – 110002 so as to reach him on or before **17th June, 2019**. The applications received after **17th June, 2019** will not be entertained under any circumstances.

(B. Muralidharan)
Joint Secretary (Examinations)

ANNOUNCEMENT FOR MEMBERS AND STUDENTS

LAST DATE EXTENDED TO 30th JUNE, 2019

Survey for seeking preference for foreign language course from ICAI Members and Students

Committee for Export of CA Services & WTO of ICAI is working on the Action Plan for Champion Sector in which promoting foreign language amongst members and students is one of the mandates by Government of India. With an aim to overcome language barrier and thereby have enhanced professional opportunities overseas, ICAI, through German, French and Spanish Embassy had initiated batches of German, French and Spanish Languages for its members and students and is going to start with Chinese, Japanese and Arabic by next quarter.

Interested members/students are requested to kindly express their interest for the preferred foreign language which would facilitate ICAI to open up future batches of foreign languages in their respective jurisdictions. The expression of interest can be provided by visiting *https://www.icai.org/new_post.html?post_id=15512&c_id=240* which is open till 30th June, 2019.

Residential Programme on Professional Skills Development at Centre of Excellence, Hyderabad and Jaipur

The Board of Studies is pleased to announce the next batch of ICAI's 'Four Weeks Residential Programme' on Professional Skills Development as below:

Venue	Participant	Fees	Date	Online Registration
Centre of Excellence (CoE), Jaipur	Men	₹48,000/-	12th July, 2019 to 7th August, 2019	*https://resource.cdn.icai.org/54840fwrpjprj-a19main.pdf*
Centre of Excellence (CoE), Hyderabad	Women	₹48,000/-	29th July, 2019 to 25th August, 2019	*https://resource.cdn.icai.org/54842fwrphydj-a19main.pdf*

This programme aims to help the Chartered Accountancy students and newly qualified Chartered Accountants in imbibing the professional skills required for effective functioning in business organisations and the profession. The Programme environment focuses on development of communication skills, personal qualities, interpersonal and teamwork skills, problem solving skills, leadership skills etc.

Salient Features of the Programme:

- Emphasis on Soft Skills, Communication Skills and Personality Development.
- Exemption from payment of Fees to Top 10 Rank holders.
- Part of Practical Training.
- No need for Separate Management and Communication Skills(MCS) forming part of Advanced Integrated Course on Information Technology and Soft Skills(AICITSS).
- Special Session on Group Discussion & Interview.
- Preparation of Project and Presentation Skills.
- Building Team Spirit.

Students who have passed Chartered Accountancy Intermediate/IPCC/ PCC/ PE- II examination and pursuing last year of Practical training or completed Practical training are invited to join the course for this batch. Recently qualified Chartered Accountants are also welcome to join the course.

Student's opinion

What is learning without fun? Well in our CA course the word "fun" becomes a myth. But, there is one thing that every CA student must experience the four weeks residential programme at CoE, Hyderabad/Jaipur. Having experienced it myself, I can guarantee that you will come out as a changed person(for the better).

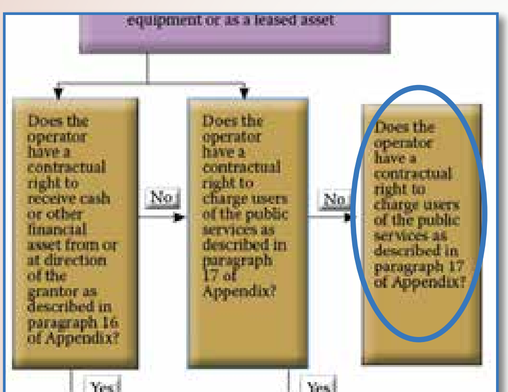
- **Ms. Priyamvada Tapadia,** Indore, Central Region (59th Batch)

Best environment, far away from city traffic and hustle bustle of the city. Faculty was very good, came from various part of India and shared their knowledge which didn't only covered the provided topic, but also from their life experience.

CA. Rajat Bansal, Hoshiarpur Northern Region (Participant of 60th batch)

For online registration, you can proceed with 'Board of Studies Announcements' *https://www.icai.org/new_category.html?c_id=345* under the 'Students' tab on the Home Page of the ICAI's website *www.icai.org*. For any query, you can write us at *ashokdua@icai.in* or may also contact us on 0120-3045935 and Mobile No.9868879548.

Director, Board of Studies



Corrigendum May, 2019 issue – Printed copy

Final new course Paper 1 Financial Reporting: A Capsule for Quick Revision

Readers of 'The Chartered Accountant STUDENT' May, 2019 issue, may note that at page 28 encircled box of the chart on 'Service Concession Arrangements' should be read as-

"OUTSIDE THE SCOPE OF APPENDIX - SEE PARAGRAPH 27 OF APPENDIX"

The suggested correction has been carried out in the referred Student Journal webhosted on the Institute's website.

ICAI President, CA. Prafulla P. Chhajed along with the students at the Akola Branch of WIRC of ICAI.

CA Students Conference - ERNAKULAM

5th & 6th JULY, 2019
Fine Arts Hall, Ernakulam

Organised by: Board of Studies, ICAI
Hosted by: Ernakulam Branch of SIRC of ICAI and Ernakulam Branch of SICASA of ICAI
THEME: "PATH FOR SUCCESS – LEARN, ADAPT AND ACCELERATE"

DAY-1	
10.00 am to 10.30 am	**Inaugural Session**
10.30 am to 12.15 pm	**Technical Session: I :** Accounting: Topic : 1. IND AS – A Road map for IFRS in India; 2. AS – 4 – Contingencies and events occurring after Balance Sheet date; 3. AS – 9 – Revenue Recognition.
12.15 pm to 1.15 pm	**Special Session: I**: BOS Presentation and Interaction with Board of Studies.
01.15 pm to 02.00 pm	**Special Session: I:** Session on "What makes ICAI different compared to similar profession across India"/ "Role of Chartered Accountant in transforming India".
03.00 pm to 04.15 pm	**Technical Session: II:** Direct Taxes: Topic: 1. Presumptive Taxation; 2. Acceptance of deposits and repayment of loans as per sec 269 SS, 269 ST & 269 T; 3. TDS under Sec 195.
04.15 pm to 05.30 pm	**Motivational Session: I:** Topic: Importance of Ethics/ ethical values in the Profession etc.
05.30 pm to 7.30 pm	**Special Session : III :** Open House Performance Session-Life Beyond Chartered Accountancy for Audience-SWOT Analysis session
DAY 2	
10.00 am to 11.30 am	**Technical Session: III:** Goods And Service Tax: Topic: 1. Reverse charge under GST; 2. TDS and TCS provisions in GST; 3. ITC under GST – apportionment and blocked credits.
11.30 am to 12.30 pm	**Motivational Session: II:** Special Address by CFOs.
12.30 pm to 01.45 pm	**Technical Session: IV:** Auditing: Topic: 1. Key Audit matters; 2. Reporting on frauds; 3. Internal financial control – Impact on ultimate reporting.
02.30 pm to 04.00 pm	**Technical Session : V:** Information Technology

Students Eligible to attend the Students Conference: Students who have registered as IPCC/IntermediateStudents/ Students who are pursuing their Article ship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (CPT Students and Students who have completed one year beyond their Article ship training will not be eligible to register for these Conferences.)

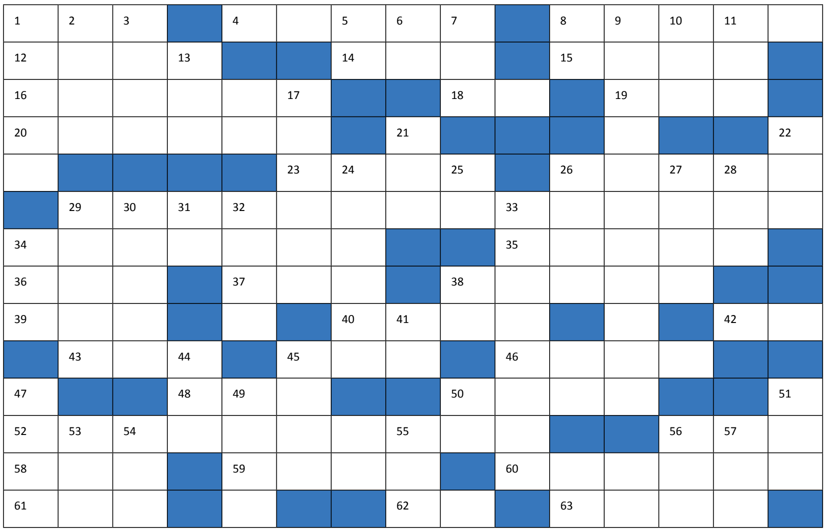
Registration fees	₹ 500 /- per student, ₹ 1000/- for others	Accommodation (if required) @ ₹ 1,500/- per student
Payment Mode	Students to register on portal at *https://bosactivities.icai.org*	

CA. Kemisha Soni, Chairperson, BOS; **CA. Durgesh Kabra,** Vice-Chairman, BOS; **CA. Babu Abraham Kallivayalil,** Central Council Member, Conference Director; **CA. Sreenivasan P. R,** Chairman, Ernakulam Branch of SIRC of ICAI & **CA. Deepa Varghese,** Chairperson, Ernakulam Branch of SICASA of ICAI, Conference Coordinators.

RNI NO. 66180/1997

Registered: DL(C)-01/1280/2018-20, D. NO. MH/MR/TECH-47/3/2019 License To Post Without Prepayment, WPP Licence No.: MR/TECH/WPP-247/DL(C)/2019 Posted at Mumbai Patrika Channel Sorting Office, Mumbai
Posting Date: Last three days of advance month & first 04 days of current month, Date of publication: 26th of previous month

CROSSWORD - JUNE 2019



ACROSS

1. The benefit of "Nil" Annual Value would be available in respect of ______ self occupied residential houses from A.Y.2020-21.
4. _______ has the second largest population of the world.
8. A particular way of thinking
12. Regrets
14. A Lodge
15. It is an ____ and shut case.
16. An ____________ account is a temporary pass through account held by a third party during the process of a transaction between two parties.
18. Undertake
19. A political party in Tamil Nadu
20. __________is a unique identification number issued to every resident of India.
23. In computer keypad we use Ctrl I for _____ (abb.)
26. Newly married woman
29. The withdrawal of a coin, note or precious metal from use as legal tender.
34. Chants again
35. Ceasefire
36. __________ is a frequency based pricing mechanism applicable in India for unscheduled electric power transactions
37. _________is an indirect tax imposed in India.
38. Contraction of has not
39. _________is an Indian mobile network operator owned by Reliance Industries
40. Obtain in return for labour or services
42 Used to link alternatives
43. _________is an organisation that processes insurance claims or certain aspects of employee benefit plans for a separate entity
45. Total
46. Facts and statistics collected together for reference or analysis
48. _________is a computer network that interconnects computers within a limited area
50. Caution
52. ____________Rule is attracted to address the concern of dual residency in cases where an individual is a resident of two countries as per the domestic tax laws of those countries
56. Objective.
58. Being
59. ________ bill replaces the way Bill which was a physical bill during VAT regime.
60. As per the law of ______, price and quantity demanded are inversely related.
61. Innovative series of exercises that assist the body in releasing deep muscular patterns of stress
62. Roman numeral of 200
63. Back part

DOWNWARD

1. Stride
2. _____ is a virtual television station.
3. .... is a model convention between two developed countries
5. Roman numeral of 501
6. Opposite of out.
7. Used to connect words of the same part of speech
9. Chance
10. Precious stone
11. A coloured fluid or paste used for writing, drawing, printing
13. Kane Williamson is the Captain of ________.
17. Squeezes
21. Tit for _________
22. A lair.
24. Tried and __________,
25. Roman Numeral of 51.
26. Prohibits
27. It provides solutions to challenges faced by Industry, Government Departments and Entrepreneurs through basic and applied research, and process development.
28. A female hare
29. ________ what comes in, credit what goes out.
30. Bar or preclude by estoppel
31. Roman numeral of 1001
32. An Indian multinational oil and gas company
33. ______ deduction has been increased from Rs. 40,000 to Rs. 50,000 from A.Y.2020-21.
34. British ______
38. ______ Department deals with the employment, training, support, records and other activities of a company's employees
41 ________ and BC are used to label or number years in the Julian and Gregorian calendars.
44. Vestment
45. Afresh
47. _________ appellate authority under the direct taxes and first independent forum in its appellate hierarchy.
49. Length multiplied by Breadth gives us ______ of a rectangle.
50 Used in formal contexts for a royal person
51. ________ is an agency of the Ministry of Earth Sciences of the Government of India.
53. _______ is used to measure the worth of an investment.
54. ________ is an undergraduate course in Engineering.
55. ________is the process of a business verifying the identity of its clients and assessing their suitability
56. Rating given by rating agency such as Standard to Poor's
57. ________ is the official currency of India