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PART-I: CORPORATE LAWS

Sl. No	Chapter	Section / Rule	Topic
1.	Chapter-XI: Appointment and Qualifications of Directors	Rule-12A	Directors KYC
2.	Chapter-XIV: Inspection, Inquiry and Investigation	Sec.212	Arrest of a Person for punishable offence
		Sec.212	Application by CG to Tribunal
3.	Chapter-XV: Compromises, Arrangements and Amalgamations	Sec.232	Appointed Date
4.	Chapter-XVI: Prevention of Oppression and Mismanagement	Sec.241	Fit and Proper Criteria for Directors
5.	Chapter-XXVI: Nidhi's	Rule-84 of NCLT Rules, 2016	Criteria for Filing Application u/s 245
		Rule-3 of Nidhi Rules	Definition of Nidhi
		Rule-3A	Power of CG to notify Nidhi
		Sec.403	Power of CG to grant Exemption
		Rule-5	Extension of Time

CHAPTER-XI: APPOINTMENT AND QUALIFICATION OF DIRECTORS

Rule-12A: Directors KYC

A. *First-Time Filing*

Every Individual who holds a DIN as on 31st March of a Financial Year, shall submit e-form DIR-3-KYC, on or before 30th September of immediately following FY.

B. *Subsequent Filing*

Where an individual who has already submitted e-form DIR-3 KYC in relation to any previous financial year, submits web-form DIR-3 KYC-WEB through the web service in relation to any subsequent financial year it shall be deemed to be compliance of the provisions of this rule for such subsequent financial year.

C. *Updates in KYC*

» In case an individual desires to update his personal mobile number or the e-mail address, he shall update the same by submitting e-form DIR-3 KYC only.

D. *Fees*

Fee for filing e-form DIR-3 KYC or web-form DIR-3 KYC-WEB through the web service shall be payable as provided in Companies (Registration Offices and Fees) Rules, 2014.

CHAPTER-XIV: INSPECTION, INQUIRY AND INVESTIGATION

Arrest of a Person u/s 212

» Any officer not below the rank of Additional Director, of Serious Fraud Investigation Office, who has been authorized by the Central Government,
if he has reason to believe that any person has been guilty of offence punishable u/s 212(6), may arrest such person [**Sec.212(8)**] .

» Every person arrested u/s 212 (8) shall within 24 hours, be taken to a Special Court or Judicial Magistrate.

The period of 24 hours shall exclude the time necessary for the journey from the place of arrest to the Special Court or Magistrate's court.

Fraud [Sec.212 (14A)]

Where the report u/s 212 (11) or u/s 212 (12) states that fraud has taken place in a company and due to such fraud any director, key managerial personnel, other officer of the company or any other person or entity, has taken undue advantage or benefit,

the Central Government may file an application before the Tribunal for appropriate:

a. Orders with regard to disgorgement of assets, property or cash involved in fraud; and
b. Orders making such director, key managerial personnel, other officer or any other person personally liable without any limitation of liability.

CHAPTER-XV: COMPROMISES, ARRANGEMENTS AND AMALAGAMATIONS

Appointed Date [Sec.232(6)]

» As per Sec.232(6) companies involved in merger or amalgamation may choose an appointed date.
Such chosen appointed date shall be mentioned in the scheme.

» The 'appointed date' identified under the scheme shall also be deemed to be the:
a. 'Acquisition Date'; and
b. Date of transfer of control for the purpose of conforming to accounting standards

» The chosen appointed date may precede the date of filing the scheme with NCLT.
However, if the 'appointed date' is significantly past (beyond a year) from the date of filing, the justification for such old date shall be mentioned in the scheme and it should not be against public interest.

» The appointed date may be based on the occurrence of an event (e.g., grant of license by a competent authority) which would be after the date of filing tribunal's order with RoC u/s 232(5).
In such a case, the company shall file an intimation of the same with the Registrar within 30 days of such scheme coming into force.

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CHAPTER-XVI: PREVENTION OF OPPRESSION AND MISMANAGEMENT

Fit and Proper Criteria for Directors [Sec. 241(3)]

In the following cases, the CG may request the Tribunal to initiate an inquiry against a person as to whether such person is a fit and proper person to hold the office of director or any other office connected with the conduct and management of any company:

(a) Any person involved in the conduct and management of the affairs of a company is or has been (in connection with the affairs of the company) guilty of fraud, misfeasance, persistent negligence or default in carrying out his obligations and functions under the law or of breach of trust;

(b) The business of a company is not or has not been conducted and managed by such person in accordance with sound business principles or prudent commercial practices;

(c) A company is or has been conducted and managed by such person in a manner causing damage to the interest of the business to which such company pertains;

The business of a company is or has been conducted and managed by such person with intent to defraud its creditors, members or any other person or in a manner prejudicial to public interest.

Termination due to failure of fit and proper criteria

a. Any person declared by the tribunal as not fit and proper shall not hold the office of a director or any other office connected with the conduct and management of the affairs of any company for a period of 5 years from the date of the order **[Sec.243(1A)]**.

b. The Central Government may, with the leave of the Tribunal, permit such person to hold any such office before the expiry of the said period of five years.

c. The person so removed shall not be entitled for any compensation for loss of office Notwithstanding anything contained in any contract, memorandum or articles **[Sec.243(1B)]**.

Criteria for Filing Application u/s 245(1) (Rule-84 of NCLT Rules)

A. Members

Based on Number	*Based on Capital Holding*
(a) at least 5% of the total number of members of the company; or (b) 100 members of the company, whichever is less.	(a) UNLISTED CO - Member(s) holding not less than 5% of the issued share capital of the company; (b) LISTED CO – Member(s) holding not less than 2% of the issued share capital of the company.

B. Depositors

Based on Number	*Based on Capital Holding*
(a) at least 5% of the total number of depositors of the company; or (b) 100 depositors of the company, whichever is less.	Depositor (s) to whom the company owes 5% of total deposits of the company;

CHAPTER-XXVI: NIDHI'S

1. Nidhi (Rule-3) - "Nidhi" means a company which has been incorporated as a Nidhi with the object of:
   a. Cultivating the habit of thrift and saving amongst its members,
   b. Receiving deposits from, and lending to, its members only, for their mutual benefit, and

   which complies with the rules made by the central Government.

2. Declaration of Nidhi's (Rule-3A)

   The CG, on receipt of application (Form NDH-4) from a public company for declaring it as Nidhi and on being satisfied that the company meets the requirements under these rules, shall notify the company as a Nidhi in the official Gazette.

   A Nidhi incorporated under the Act on or after the commencement of the Nidhi (Amendment) Rules, 2019 shall file Form NDH-4 within 60 days from the date of expiry of:

   (a) One year from the date of its incorporation or

(b) The period up to which extension of time has been granted by the Regional Director.

(a) Every company functioning on the lines of a Nidhi company or Mutual Benefit Society but has either not applied for or has applied for and is awaiting notification to be a Nidhi or Mutual Benefit Society u/s 620A (1) of CAct, 1956; and

(b) Every Nidhi incorporated under the Act, before the commencement of Nidhi (Amendment) Rules, 2019,

shall also get itself declared u/r 3A within a period of :

(i) 1 year from the date of its incorporation or

(ii) 9 months from the date of commencement of Nidhi (Amendment) Rules, 2019,

whichever is later **(Rule-23A)**

Every company which had been declared as a Nidhi or Mutual Benefit Society u/s 620A (1) of the CA, 1956 shall file Form NDH-4 for updating its status.

No fees shall be charged for filing Form NDH-4, in case it is filed within six month of the commencement of Nidhi (Amendment) Rules, 2019.

In case a company does not comply with Rule-3A or Rule-23A or Rule-23B, it shall not be allowed to file Form No. SH-7 (Notice to Registrar of any alteration of share capital) and Form PAS-3 (Return of Allotment).

3. Sec.406 – Power of Central Government to Grant Exemptions to Nidhi Company

(1) "Nidhi" or "Mutual Benefit Society" means a company declared as such by the Central Government may, by notification in the Official Gazette.

(2) The Central Government may, by notification, direct that any of the provisions of this Act specified in the notification—
   (a) shall not apply to any Nidhi or Mutual Benefit Society; or
   (b) shall apply to any Nidhi or Mutual Benefit Society with such modifications as may be specified in the notification.

(3) A copy of every such notification proposed to be issued, shall be laid in draft before each House of Parliament, for a total period of 30 days.

If, both Houses agree any modification in the notification, the notification shall be issued only in such modified form as may be agreed upon by both the Houses.

If both the Houses disapprove notification, then such notification shall not be issued.

(4) In counting the said 30 days any period during which the House is adjourned for more than 4 consecutive days.

(5) The copies of every notification issued under this section shall, as soon as may be after it has been issued, be laid before each House of Parliament.

4. Extension of time

» If a Nidhi is not complying with requirements relating to Number of Members or Ratio of Net Owned Funds to Deposits.

» It shall within 30 days from the close of the first financial year, apply to the Regional Director in Form NDH-2 for extension of time.

» The Regional Director may extend the period up to 1 year from the date of receipt of application.

PART-II: ECONOMIC LAWS

Sl. No	ACT	Section / Rule	Topic
1.	Foreign Exchange Management Act, 1999	Sec.6	Capital Account Transactions
		RBI Master Direction No.5/2018-19	External Commercial Borrowings A. Recognized Lenders. B. Minimum Average Maturity C. Prohibited Utilization D. Limit and Leverage. E. Procedure for Raising ECB F. Reporting Requirements G. Conversion of ECB into Equity H. ECB for Start-Up's I. Borrowing by entities under Investigation. J. Compliance with the Guidelines.
2.	Prevention of Money Laundering Act, 2002	Sec.8	Confirmation of Provisional Attachment
		Sec.11A	Verification of Identity
3.	Foreign Contribution Regulation Act, 2010	Sec.6A	Exempted Gifts
		Rule-7	Intimation of Emergency Medical Aid
		Rule-12	Renewal of Registration
4.	Arbitration and Conciliation Act, 1996	Sec.1	Applicability to Jammu and Kashmir
5.	Insolvency and Bankruptcy Code, 2016	Sec.5	Scope of Resolution Plan
		Sec.7	Rejection of Application for CIRP
		Sec.12	Time-Limit for completion of CIRP
		Sec.21	Authorized Representatives
		Sec.30	Payments to Operational Creditors and Dissenting Financial Creditors
		Sec.31	Binding of Resolution Plan
		Sec.33	Liquidation Decision

I. FOREIGN EXCHANGE MANAGEMENT ACT, 1999

Capital Account Transactions

Involving Debt Instruments	*Not Involving Debt Instruments*
The **Reserve Bank may, in consultation with the Central Government**, specify— (a) Classes of permissible capital account transactions, involving debt instruments; (b) The limit up to which foreign exchange shall be admissible for such transactions; (c) Any conditions which may be placed on such transactions. Restrictions shall not be imposed on the drawal of foreign exchange for: • Payment due on account of amortization of loans; or • Depreciation of direct investments in the ordinary course of business.	The **Central Government may, in consultation with the Reserve Bank**, prescribe: (a) Classes of permissible capital account transactions, not involving debt instruments; (b) The limit up to which foreign exchange shall be admissible for such transactions; and (c) Any conditions which may be placed on such transactions.
The term "debt instruments" shall mean, such instruments as may be determined by the Central Government in consultation with the Reserve Bank.	

EXTERNAL COMMERCIAL BORROWINGS

"External Commercial Borrowings are commercial loans raised by eligible resident entities from recognized non-resident entities and should conform to parameters such as minimum maturity, permitted and non-permitted end-uses, maximum all-in-cost ceiling, etc.

Parameter	*Foreign Currency Denominated ECB*	*INR Denominated ECB*
Forms of ECB	• Loans including bank loans. • Floating/ fixed rate notes/ bonds.	Same as FC Denominated ECB's. In addition to that

	• Debentures (other than fully and compulsorily convertible instruments); • Trade credits beyond 3 years; • FCCB's • FCEB's; and • Finance Leases	Plain vanilla Rupee denominated bonds issued overseas.
Eligible borrowers	⇒ All entities eligible to receive FDI. ⇒ Port Trusts; ⇒ Units in SEZ; ⇒ SIDBI; ⇒ EXIM Bank of India.	a) All entities eligible to raise FC ECB; and b) Registered entities engaged in micro-finance activities, viz., registered Not for Profit companies, registered societies/trusts/ cooperatives and Non-Government Organizations.

A. RECOGNIZED LENDERS

The lender should be resident of FATF or IOSCO compliant country, including on transfer of ECB. However,

a) Multilateral and Regional Financial Institutions where India is a member country will also be considered as recognized lenders;

b) Individuals as lenders can only be permitted if they are foreign equity holders or for subscription to bonds/debentures listed abroad; and

c) Foreign branches / subsidiaries of Indian banks are permitted as recognized lenders only for FCY ECB (except FCCBs and FCEBs).

Foreign branches / subsidiaries of Indian banks, subject to applicable prudential norms, can participate as arrangers/underwriters/market-makers/traders for Rupee denominated Bonds issued overseas.

However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks will not be allowed.

B. MINIMUM AVERAGE MATURITY

ECB raised by manufacturing companies up to USD 50 Million in a FY	1 Year
ECB raised from foreign equity holders for working capital purposes or for repayment of rupee loans	5 Years
ECB's raised for on-lending by NBFC's for working capital purposes	10 Years
ECB's raised for repayment of rupee loans availed domestically for capital expenditure purposes	7 Years
Other Cases	3 Years

C. PROHIBITED UTILIZATION – END USES FOR WHICH ECB PROCEEDS CANNOT BE UTILIZED

a) Real estate activities.
b) Investment in capital market.
c) Equity investment.
d) Working capital purposes, except as mentioned above.
e) General corporate purposes, except as mentioned above.
f) Repayment of Rupee loans, except as mentioned above.
g) On-lending to entities for the above activities, except in case of ECB raised by NBFCs as mentioned above.

D. LIMIT AND LEVERAGE

a) Under the aforesaid framework, all eligible borrowers can raise ECB up to USD 750 million per FY under the automatic route.

b) In case of FC denominated ECB raised from direct foreign equity holder, ECB liability-equity ratio cannot exceed 7:1.

However, this ratio will not be applicable if the outstanding amount of all ECB, including the proposed one, is up to USD 5 million.

Further, the borrowing entities will also be governed by the guidelines on debt equity ratio, issued, if any, by the sectoral or prudential regulator concerned.

E. PROCEDURE For RAISING ECB

- All ECB can be raised under the automatic route if they conform to the parameters prescribed under this framework.
  Entities desirous to raise ECB under the automatic route may approach an AD Category I bank with their proposal along with duly filled in Form ECB.
- For approval route cases, the borrowers may approach the RBI with an application for examination through their AD Category I bank.
- Such cases shall be considered keeping in view the overall guidelines, macroeconomic situation and merits of the specific proposals.
- ECB proposals received in the Reserve Bank above certain threshold limit (re-fixed from time to time) would be placed before the Empowered Committee set up by the Reserve Bank.
- The Reserve Bank will take a final decision taking into account recommendation of the Empowered Committee.

F. REPORTING REQUIREMENTS

A. Loan Registration Number - Any draw-down in respect of an ECB should happen only after obtaining the LRN from the Reserve Bank.
To obtain the LRN, borrowers are required to submit duly certified Form ECB, in duplicate to the designated AD Category I bank. In turn, the AD Category I bank will forward one copy to the RBI.

B. Changes in Terms and Conditions of ECB – Changes in ECB parameters should be reported to RBI within 7 days from the changes effected.

C. Monthly Reporting of Actual Transactions - The borrowers are required to report actual ECB transactions through Form ECB 2 Return through the AD Category I bank on monthly basis so as to reach DSIM within seven working days from the close of month to which it relates.

G. CONVERSION OF ECB INTO EQUITY

Conversion of ECB, including those which are matured but unpaid, into equity is permitted subject to the following conditions:

(i) The activity of the borrowing company is covered under the automatic route for FDI or Government approval is received, wherever applicable.

(ii) The conversion, which should be with the lender's consent and without any additional cost, should not result in contravention of eligibility and breach of applicable sector cap on the foreign equity holding under FDI policy;

(iii) Applicable pricing guidelines for shares are complied with.

(iv) If the borrower has availed of other credit facilities from the Indian banking system, the applicable prudential guidelines issued RBI are complied with.

(v) Consent of other lenders, if any, to the same borrower to be obtained or at least information regarding conversions is exchanged with other lenders of the borrower.

(vi) The exchange rate prevailing on the date of the agreement between the parties can be applied.

The fair value of the equity shares to be issued shall be worked out with reference to the date of conversion only.

H. ECB FACILITY FOR START-UP'S

a) *Eligibility*: An entity recognized as a Startup by the Central Government as on date of raising ECB.

b) *Maturity*: Minimum average maturity period will be 3 years.

c) *Recognized lender*: Lender / investor shall be a resident of a FATF compliant country.

d) *Forms:* The borrowing can be in form of loans or non-convertible, optionally convertible or partially convertible preference shares.

e) *Currency* - The borrowing should be denominated in any freely convertible currency or in Indian Rupees (INR) or a combination thereof.

f) *Amount:* The borrowing per Startup will be limited to USD 3 million or equivalent per financial year either in INR or any convertible foreign currency or a combination of both.

g) *All-in-cost*: Shall be mutually agreed between the borrower and the lender.

h) *End uses:* For any expenditure in connection with the business of the borrower.

i) *Conversion into equity:* Conversion into equity is freely permitted subject to Regulations applicable for foreign investment in Startups.

j) *Security:* The choice of security to be provided to the lender is left to the borrowing entity.

I. BORROWING BY ENTITIES UNDER INVESTIGATION

- All entities against which investigation / adjudication / appeal by the law enforcing agencies for violation of any of the provisions of the Regulations under FEMA are pending,
  may raise ECB as per the applicable norms, if they are otherwise eligible, notwithstanding the pending investigations / adjudications / appeals, without prejudice to the outcome of such investigations / adjudications / appeals.
- The borrowing entity shall inform about pendency of such investigation / adjudication / appeal to the AD Category-I bank / RBI as the case may be.
- The AD Category I Banks / Reserve Bank while approving the proposal shall intimate the agencies concerned by endorsing a copy of the approval letter.

J. COMPLIANCE WITH THE GUIDELINES:

- The primary responsibility for ensuring that the borrowing is in compliance with the applicable guidelines is that of the borrower concerned.
- Any contravention of the applicable provisions of ECB guidelines will invite penal action under the FEMA.
- The designated AD Category I bank is also expected to ensure compliance with applicable ECB guidelines by their constituents.

II. PREVENTION OF MONEY LAUNDERING ACT, 2002

CONFIRMATION OF PROVISIONAL ATTACHMENT OF SEIZURE [Sec.8(3)]

Where the Adjudicating Authority decides that any property is involved in money-laundering, he shall, by an order in writing, confirm the:

a) Attachment of the property made u/s 5(1); or
b) Retention of property or record seized or frozen u/s 17; or
c) Record or Property seized u/s 18

Upon such confirmation, the attachment or retention or freezing shall

(a) Continue during investigation for a period not exceeding 365 days or during the pendency of the proceedings relating to any offence under this Act; and

(b) Become final after an order of confiscation is passed by the Special Court.

For the purposes of computing 365 days, the period during which the investigation is stayed by any court shall be excluded.

VERIFICATION OF IDENTITY BY REPORTING ENTITY (Sec.11A)

A. Permissible Modes of Identity Verification

Every reporting entity shall verify the identity of its clients and the beneficial owner, by—

(a) Authentication under the Aadhaar Act, 2016 if the reporting entity is a banking company; or
(b) Offline verification under the Aadhaar Act, 2016; or
(c) Use of passport; or
(d) Use of any other officially valid document or modes of identification as may be notified by the Central Government:

B. Choice of Verification Mode

- If any reporting entity performs authentication under clause (a), it shall make the other modes of identification also available to such client or the beneficial owner.
- The use of modes of identification shall be a voluntary choice of every client or beneficial owner.
- No client or beneficial owner shall be denied services for not having an Aadhaar number.

C. Protection of Privacy

If authentication under clause (a) or offline verification under clause (b) of sub-section (1) is used, neither his core biometric information nor his Aadhaar number shall be stored.

III. FOREIGN CONTRIBUTION REGULATION ACT, 2010

1. Exempted Gifts (Rule-6A)

Any article gifted to a person for his personal use whose market value in India on the date of gift does not exceed ₹1,00,000 shall not be a foreign contribution.

2. Intimation of Emergency Medical Aid Received (Rule-7(4))

If a person receives emergency medical aid, he shall give intimation to the CG within 1 month, giving full details of source, approximate value and details of utilization.

3. Renewal of Registration (Rule-12(2))

Every registered person shall apply to the Central Government in in Form.FC-3 along with an affidavit executed by each office bearer and key functionary and member in Performa 'AA', 6 months before the expiry of certificate of registration, for renewal of registration.

IV. ARBITRATION AND COINCILIATION ACT, 1996

In Sec.1, proviso is omitted. Prior to its omission proviso read as under:

"Provided that Parts I, III and IV shall extent to the State of Jammu and Kashmir only insofar as they relate to international Commercial arbitration or, as the case may be, international Commercial Conciliation."

V. INSOLVENCY AND BANKRUPTCY CODE, 2016

1. Resolution Plan (Sec.5(26))

- "Resolution plan" means a plan proposed by resolution applicant for insolvency resolution of the corporate debtor as a going concern.
- A resolution plan may include provisions for the restructuring of the corporate debtor, including by way of merger, amalgamation and demerger.

2. Reasons for rejection of Application for initiating Corporate Insolvency Resolution Process (Sec.7(4))

If the Adjudicating Authority has not ascertained the existence of default and passed an order rejecting the application for insolvency resolution process, it shall record its reasons in writing.

3. Time-Limit for completion of Corporate Insolvency resolution process (Sec.12)

The CIRP shall mandatorily be completed within a period of 330 days from the insolvency commencement date, including any extension of time granted under this section and the time taken in legal proceedings in relation to such resolution process.

4. Authorized Representative of Depositors etc

A. Where a financial debt—

(a) Is in the form of securities or deposits and the terms of the financial debt provide for appointment of a trustee or agent, such trustee or agent shall act on behalf of such financial creditors;

(b) Is owed to a class of creditors exceeding the specified number, the IRP shall make an application to the AA, containing the name of an insolvency professional, to act as their authorized representative who shall be appointed by the AA prior to the first meeting of the committee of creditors;

(c) Is represented by a guardian, executor or administrator, such person shall act as authorised representative on behalf of such financial creditors,

Such authorized representative shall attend the meetings of the CoC, and vote on behalf of each financial creditor to the extent of his voting share (Sec.21(6A)).

B. The above discussed authorized representatives, shall cast their votes on behalf of all the FC's he represents in accordance with the decision taken by a vote of more than 50% of the voting share of the FC's he represents, who have cast their vote.

However, with regard to withdrawal of resolution application, the above discussed authorized representatives shall cast his vote in respect of each FC in accordance with instructions received from each financial creditor, to the extent of his voting share.

5. Payments to Operational Creditors and Dissenting Financial Creditors (Sec.30(2))

The resolution plan submitted by the resolution applicant shall provide for the following:

(a) Payment of insolvency resolution process costs in priority to the payment of other debts of the corporate debtor.

(b) Payment of debts of operational creditor

Provision for payment of debts to operational creditor shall be as specified by the IBBI. But such specification by IBBI shall not be less than the higher of the following:

1. *The amount to be paid to creditors in the event of liquidation;*
2. *The amount payable in the order of priority specified u/s 53(1).*

(c) Payment of debts of financial creditors, who do not vote in favor of the resolution plan, in such manner as may be specified by the Board, which shall not be less than the amount to be paid to such creditors in the event of a liquidation of the corporate debtor.

Applicability

The above provisions shall be applicable to the corporate insolvency resolution process of a corporate debtor:

(i) Where a resolution plan has not been approved or rejected by the Adjudicating Authority;
(ii) Where an appeal has been preferred u/s 61 or 62 or time limit for such appeal has not been expired; or
(iii) Where a legal proceeding has been initiated in any court against the decision of the Adjudicating Authority in respect of a resolution plan.

6. Binding of Resolution Plan (Sec.31(1))

The Resolution plan approved by the Adjudicating Authority shall be binding on the corporate debtor and its employees, members, creditors, including the Central Government, any State Government or any local authority to whom the statutory dues are owed.

7. Timing of Liquidation decision (Sec.33(2))

The committee of creditors may take the decision to liquidate the corporate debtor, any time before the confirmation of the resolution plan, including at any time before the preparation of the information memorandum.