

Brahmastra

File to

Crack CA

FINAL LAW

MCQs &

Integrated Case

Scenarios

Key pointers to solve MCQs

Sr.no.	Topic	Detailed Points	
1.	Section 218 PROTECTION OF EMPLOYEES DURING INVESTIGATION	Appeal: If the company, other body corporate or person concerned is dissatisfied with the objection raised by the Tribunal, it may, within a period of thirty days of the receipt of the notice of the objection , prefer an appeal to the Appellate Tribunal. The Registrar may, by issuing a written notice, call the ex-directors for seeking the requisite information.	
2.	Section 206 POWER TO CALL FOR INFORMATION, INSPECT BOOKS AND CONDUCT INQUIRIES	Failure to furnish information: If a company fails to furnish any information or explanation or produce any document required under this section, the company and every officer of the company , who is in default shall be punishable with a fine which may extend to 1 lakh rupees and in the case of a continuing failure, with an additional fine which may extend to 500 rupees for every day after the first during which the failure continues [Section 206 (7)].	
3.	Section 212 Investigation into affairs of Company by Serious Fraud Investigation Office	SFIO will proceed with its investigation while Income-tax authorities shall keep on hold its investigation.	
4.	Schedule V Part II Remuneration		
Section II Remuneration payable by companies having no profit or inadequate profit without Central Government approval			
Where in any financial year during the currency of tenure of a managerial person or other director , a company has no profits or its profits are inadequate, it may pay remuneration to the managerial person or other director not exceeding, the limits under (A) and (B) given below:-			
Sl. No.	(1) Where the effective capital (in rupees) is	(2) Limit of yearly remuneration payable shall not exceed (in Rupees) in case of a managerial person	(3) NEWLY ADDED Limit of yearly remuneration payable shall not exceed (in rupees) in Case of other director
(i)	Negative or less than 5 crores.	60 lakhs	12 Lakhs
(ii)	5 crores and above but less than 100 crores.	84 lakhs	17 Lakhs
(iii)	100 crores and above but less than 250 crores.	120 lakhs	24 Lakhs
(iv)	250 crores and above.	120 lakhs plus 0.01% of the effective capital in excess of Rs.250 crores:	24 Lakhs plus 0.01% of the effective capital in excess of Rs.250 crores:
Note : "Explanation.— For the purposes of Section I, Section II and Section III, the term or other director shall mean a non-executive director or an independent director.			

5.	"Person carrying on designated business or profession" means, —under PMLA (limit notified by CG)	<ul style="list-style-type: none"> ➤ real estate agent, as may be notified by the Central Government; "Real Estate Agents", as a person engaged in providing services in relation to sale or purchase of real estate and <u>having annual turnover of ₹ 20 Lakhs or above</u> ➤ dealer in precious metals, precious stones and other high value goods, as may be notified by the Central Government; The Central Government hereby notifies the dealers in precious metals, precious stones as persons carrying on designated businesses or professions - if they engage in any cash transactions with a customer equal <u>to or above ₹ 10 Lakhs,</u> carried out in a single operation or in several operations that appear to be linked.
6.	IBC 2016	An Adjudicating Authority order the liquidation of a corporate debtor even after approving the resolution plan: Yes, if the resolution plan is contravened.
7.	Section 288 Submission of periodical reports to Tribunal Winding up	The periodicity of submission of report by company liquidator with respect to the progress of winding up of the company to the Tribunal- Quarterly.
8.	FEMA (Limit on bringing Indian currency notes at the time of return to India.)	INR 25,000
9.	IBC 2016 Section 13(9) Joint financing	In the case of financing of a financial asset by more than one secured creditor, there secured creditor shall be entitled to exercise any of the rights conferred on him is agreed upon by the secured creditors representing Not less than 60% in value of the amount outstanding as on a record

		date in order to make such an action binding on all the secured creditors.
10.	Section 272 Petition for winding up	Eligibility to file petition for winding up - holding shares for 6 months or more prior to presenting such petition for winding up
11.	Section 285 Settlement of list of contributories and application of assets	<p>In the case of a company limited by shares , no contribution shall be required from any person, who is or has been a member exceeding the amount, if any, unpaid on the shares in respect of which he is liable as such member;</p> <p>A person who has been a member shall not be liable to contribute in respect of any debt or liability of the company contracted after he ceased to be a member;</p>
12.	Section 332 Effect of floating charge	Where a company is being wound up, a floating charge on the undertaking or property of the company created within the twelve months immediately preceding the commencement of the winding up, shall, unless it is proved that the company immediately after the creation of the charge was solvent, be invalid, except for the amount of any cash paid to the company at the time of, or subsequent to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of five per cent. per annum or such other rate as may be notified by the Central Government in this behalf.
13.	FCRA key points	<p>Rule 23- Authority to whom an application or intimation to be sent. - Any information or intimation about political or speculative activities of a person as mentioned in rule 3 or rule 4, shall be furnished to <u>the Secretary to the Government of India in the Ministry of Home Affairs, New Delhi.</u> Such information or intimation</p>

		<p>shall be sent by registered post [or in electronic form]</p> <p>Section 14 Cancellation of certificate under FCRA Any person whose certificate has been cancelled under this section shall not be eligible for registration or grant of prior permission for a period of three years from the date of cancellation of such certificate.</p> <p>Member of Parliament should take prior permission of the Central Government before taking any foreign hospitality Refer section 6 FCRA Restriction on acceptance of foreign hospitality</p>
14.	Section 420 of Companies Act,2013 - Orders of Tribunal	The Tribunal may amend / rectify its own order, which is apparent from the record within a period of two years from the date of the order.
15.	Section 230 Power to compromise or make arrangements with creditors and members	<p>Notice to creditors, members,debentureholders shall provide that the persons to whom the notice is sent may vote in the meeting either themselves or through proxies or by postal ballot to the adoption of the compromise or arrangement within one month from the date of receipt of such notice.</p> <p>Provided that any objection to the compromise or arrangement shall be made only by persons holding not less than ten per cent. of the shareholding or having outstanding debt amounting to not less than five per cent. of the total outstanding debt as per the latest audited financial statement .</p> <p>The Tribunal may dispense with calling of a meeting of creditor or class of creditors where such creditors or class of creditors, <u>having at least ninety per cent. value, agree and confirm, by way of affidavit, to the scheme of compromise or arrangement.</u></p>

16.	Section 14 FEMA Enforcement of orders of AA	State the time limit before which the person at fault should pay the penalty, assuming he does not prefer an appeal to the Appellate Authority: Within 90 days from the date of the Order imposing the penalty
17.	Section 252 of the Companies Act 2013	Registrar may file an application for the restoration of the name of the company in the register of company and within the period of 3 years from the date of passing of the order dissolving the company.
18.	Section 15 IBC	Public announcement – IRP should do announcement immediately. (here immediately means not later than three days from the date of his appointment)
19.	ECB guidelines under FEMA	A Startup is permitted to raise ECB under the automatic route with the minimum average maturity period of 3 years.
20.	IBC -Alteration of Claim by OC after submission	Shivdeep submitted his claim as an operational creditor to the liquidator of Chiranjeevi Food Products Limited, a company under liquidation. If Shivdeep wants to alter his claim, state the time period within which he can do so after its submission. - 14 days Refer Section 38 of IBC 2016 Consolidation of claims. A creditor may withdraw or vary his claim under this section within fourteen days of its submission
21.	Appointment of valuer	A valuer in a company will be appointed by the Audit committee or in its absence, by the BOD of that company.

22.	PMLA general ques.	Money laundering transactions done via credit card and online payments comes under the Prevention of Money Act.
23.	Section 12A IBC 2016	Withdrawal is possible by approval of 90% of voting shares of the CoC.
24.	Regulation 27(2) LODR	The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by the Board from time to time to the recognized stock exchange(s) within fifteen 21 days from the end of each close of the quarter.
25.	Regulation 24 LODR	<p>A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.</p> <p>The term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.</p>
26.	Section 239 Preservation of books and papers of amalgamated companies	Not be disposed of without prior permission of the Central Government
27.	Section 454A Penalty for repeated default	Where a company or an officer of a company or any other person having already been subjected to penalty for default under any provisions of this Act, again commits such default

		within a period of three years from the date of order imposing such penalty passed by the adjudicating officer or the Regional Director, as the case may be, it or he shall be liable for the second or subsequent defaults for an amount equal to twice the amount of penalty provided for such default under the relevant provisions of this Act.
28.	ECB Guidelines	Minimum Average Maturity Period prescribed for ECB raised for working capital purposes or general corporate purposes under the ECB framework is: 10 years.
29.	Section 16 FCRA	Every person who has been granted a certificate under section 12 shall have such certificate renewed within six months before the expiry of the period of the certificate. The Central Government shall renew the certificate, ordinarily within ninety days from the date of receipt of application for renewal of certificate subject to such terms and conditions as it may deem fit and grant a certificate of renewal for a period of five years.
30.	Section 29A Arbitration Act	Under which circumstances the arbitration process comes to an end as per the Arbitration and Conciliation Act, 1996- When arbitrator fails to pass the award within 12 months
31.	Quorum of meeting of Committee of creditors	A meeting of committee of creditors shall quorate if members of the CoC representing at least thirty three percent of the voting rights are present either in person or by video/audio means.
32.	Section 9 Banking Regulation Act	No banking company shall hold any immovable property howsoever acquired except for its own use, for period exceeding seven years from the acquisition thereof.
33.	Insurance Company	Policy of life insurance shall be called in question on any ground – within

		three years from the date of issuance of the policy or the date of commencement of risk or the date of revival of the policy or the date of the rider to the policy, whichever is later.
34.	Section 7 Prohibition to accept foreign contribution FCRA	<p>No person who - (a) is registered and granted a certificate or has obtained prior permission under this Act; and (b) receives any foreign contribution, shall transfer such foreign contribution to any other person.</p> <p>Earlier, foreign contribution accepted with the permission of the Central Government could be transferred to any other person who is registered under FCRA, 2010 or has obtained prior permission. It can be seen that the legislature has placed a blanket prohibition on transfer of foreign contribution received by any person to any other person. The intention is to prevent recipients of foreign contribution acting as mere conduits or facilitating agents for obtaining foreign contribution.</p> <p>Important Note : Rule 24 is removed now.</p>
35.	Section 8 - Restriction to utilize foreign contribution for administrative purpose. FCRA	<p>Maximum Twenty per cent of such contribution, received in a financial year, to meet administrative expenses. Administrative expenses exceeding twenty per cent of such contribution may be defrayed with prior approval of the Central Government.</p>
36.	Rule 16 of the Foreign Contribution (Regulation) Rules, 2011.(IMPORTANT)	<p>Reporting by banks of receipt of foreign contribution. *The bank shall report to the Central Government within forty-eight hours any transaction in respect of receipt or utilization of any foreign contribution by any person whether or not such person is registered or granted prior permission under the Act.</p>

37.	Applicability of IBC ,2016 on NBFC	The Central Government in consultation with the Reserve Bank of India notifies that the insolvency resolution and liquidation proceedings of the non-banking finance companies (which include housing finance companies) with asset size of Rs.500 crore or more , as per last audited balance sheet.
38.	Section 277 Intimation to Company Liquidator, provisional liquidator and Registrar	Company liquidator or provisional liquidator shall within three weeks from date of winding up order apply to tribunal for formation of winding up committee.
39.	FEMA	R plan to visits USA. He can carry foreign currency in cash for travel abroad: -USD 3000 per visit can be carried in cash (as foreign currency notes/coins) for travel abroad.
40.	Section 247 Registered Valuer	As per sec 247 of Companies Act, 2013 registered valuer shall not undertake valuation of any assets in which he has direct or indirect interest or becomes so interested at any time during a period of 3 years prior to his appointment or 3 years after valuation of asset was conducted by him.
41.	Section 244	As per sec 244 of Companies Act, 2013 members eligible for applying to Tribunal for relief in cases of oppression, etc. are: Company having share capital, LOWEST of following: - I) 100 members OR II) 1/10th of total number of members OR III) One or more members holding not less than 1/10th of issued share capital
42.	Section 455	A company can make application to ROC to obtain status of dormant company if it is an inactive company. Inactive company means a company which has not filed financial statements and annual returns during last 2 FYs.


43.	Section 209 Search and seizure	Where registrar or inspector has reasonable grounds to believe that books and papers of company are likely to be destroyed, mutilated, altered or falsified he may enter and search place where books are kept & can seize only after obtaining an order from special court for a period of 180 days only.
44.	FEMA	On return from a foreign trip, travelers are required to surrender unspent foreign exchange in form of currency notes within 90 days and travelers' cheque within 180 days of return. However, they are free to retain foreign exchange up to USD 2000 in form of foreign currency.
45.	Section 73 of Companies Act. It is technically not a part of CA Final Syllabus	Prohibition on acceptance of deposits from public-Maximum deposits companies can normally accept from its members is 35 % of aggregate of paid-up share capital, free reserves and securities premium
46.	Trade-Marks Act, 1999	It is technically not a part of CA Final Syllabus. For your knowledge, as per Trade-Marks Act, 1999, time limit for making application to CG against anomaly is 3 years from registration of company.
47.	Section 88 Register of members, etc.	Where company maintains register at a place outside India, it shall file form MGT-3 with ROC in 30 days from date of opening any foreign register as per sec 88 of Co Act, 2013
48.	Notice requiring special meeting.	As per sec 115 of Companies Act, 2013 Where, by any provision contained in this Act or in the articles of a company, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the company by such number of member holding not less than one per cent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been

	Notice of Meeting	<p>paid-up and the company shall give its members notice of the resolution in such manner as may be prescribed.</p> <p>As per sec 101 of Co Act if co has to convene its AGM by shorter notice it must have consent from not less than 95% of members entitled to vote at such meeting.</p>
49.	Section 328	<p>As per sec 328, a transaction is deemed to be fraudulent preference if it relates to transfer of property. It took place within 6 months preceding date of winding up. It was a voluntary act. In such case tribunal may make such order as it thinks fit and declare such transaction as invalid and restore position. Official liquidator thus can recover sale of assets as per sec 328.</p>
50.	ODI (FEMA)	<p>Real Estate sector & Banking are prohibited sectors for overseas investment. {Real estate business means buying and selling of real estate or trading in transferable development rights but does not include development of township, construction or residential/commercial premises, roads & bridges.</p>

51. Important Penalties

Section	Penalty				
Section 165 (6)	If a person accepts an appointment as a director in violation of this section, he shall be liable to a penalty of ₹ 2000 for each day after the first during which such violation continues, subject to a maximum of ₹ 2,00,000				
Section 167 (2)	If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in subsection (1), he shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than one lakh rupee but which may extend to five lakh rupees, or with both five lakh rupees. CRUX: Minimum Fine - ₹ 1,00,000 Maximum Fine - ₹ 5,00,00				
Section 172	<table border="1"> <tr> <td>If a company is in default in complying with any of the provisions of this Chapter (Section 149 to 171) and for which no specific penalty or punishment is provided therein,</td><td> On Company – Minimum Fine - ₹ 50,000, Continuing fine ₹ 500 per day, Maximum Fine - ₹ 3,00,000 </td></tr> <tr> <td></td><td> On officer in default – Minimum Fine - ₹ 50,000, Continuing fine ₹ 500 per day, Maximum Fine - ₹ 1,00,000 </td></tr> </table>	If a company is in default in complying with any of the provisions of this Chapter (Section 149 to 171) and for which no specific penalty or punishment is provided therein,	On Company – Minimum Fine - ₹ 50,000 , Continuing fine ₹ 500 per day , Maximum Fine - ₹ 3,00,000		On officer in default – Minimum Fine - ₹ 50,000 , Continuing fine ₹ 500 per day , Maximum Fine - ₹ 1,00,000
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	On officer in default – Minimum Fine - ₹ 50,000 , Continuing fine ₹ 500 per day , Maximum Fine - ₹ 1,00,000				

Section	Penalty
178 (8)	In case of any contravention of the provisions of section 177 and this section, the company shall be liable to a penalty of ₹ 5,00,000 and every officer of the company who is in default shall be liable to a penalty of ₹ 1,00,000
184(4)	If a director of the company contravenes the provisions of sub-section (1) or subsection (2), such director shall be liable to a penalty of ₹ 1,00,000
187(4)	If a company is in default in complying with the provisions of this section, Fine on Company - ₹ 5,00,000 Fine on every officer in default- ₹ 50,000
188(5)	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,— (i) in case of listed company , be liable to a penalty of ₹ 25,00,000 (ii) in case of any other company , be liable to a penalty of ₹ 5,00,000

	<p><u>Section 204-Secretarial audit for bigger companies</u> If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section ,Fine of ₹ 2,00,000</p> <p><u>Section 232 - Merger and amalgamation of companies</u></p> <p>If a company fails to comply with this section , the company and every officer of the company who is in default shall be liable to a penalty of ₹20,000, further continuing penalty of ₹ 1,000 per day, Subject to maximum of ₹ 3,00,000.</p>				
Important Penalties	<p><u>Section 242-Powers of Tribunal, Section 243- Consequence of termination or modification of certain agreements</u></p> <p>Section 242(8) - if a company contravenes the provisions of sub-section (5), penalty shall be</p> <table border="1"> <thead> <tr> <th>On Company</th><th>On Officer in default</th></tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Minimum Fine- ₹ 1,00,000 Maximum Fine-₹ 25,00,000 </td><td> <ul style="list-style-type: none"> Minimum Fine-₹ 25,000 Maximum Fine- ₹ 1,00,000 </td></tr> </tbody> </table> <p>Section 243(2) Any person who knowingly acts as a managing director or other director or manager of a company in contravention of clause (b) of sub-section (1) or sub-section (1A), and every other director of the company who is knowingly a party to such contravention, shall be punishable with  Fine which may extend to ₹ 5,00,000</p>	On Company	On Officer in default	<ul style="list-style-type: none"> Minimum Fine- ₹ 1,00,000 Maximum Fine-₹ 25,00,000 	<ul style="list-style-type: none"> Minimum Fine-₹ 25,000 Maximum Fine- ₹ 1,00,000
On Company	On Officer in default				
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Important Penalties	<p>Section 247- Registered Valuer</p> <p>Section 247(3)</p> <table border="1"> <tbody> <tr> <td> <p>If a valuer contravenes the provisions of this section or the rules made thereunder</p> <ul style="list-style-type: none"> Penalty of ₹ 50,000 </td><td> <p>if the valuer has contravened such provisions with the intention to defraud the company or its members</p> <ul style="list-style-type: none"> Imprisonment upto 1 year and Minimum Fine- ₹ 1,00,000 Maximum Fine- ₹ 5,00,000 </td></tr> </tbody> </table>	<p>If a valuer contravenes the provisions of this section or the rules made thereunder</p> <ul style="list-style-type: none"> Penalty of ₹ 50,000 	<p>if the valuer has contravened such provisions with the intention to defraud the company or its members</p> <ul style="list-style-type: none"> Imprisonment upto 1 year and Minimum Fine- ₹ 1,00,000 Maximum Fine- ₹ 5,00,000 		
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Section 392 Punishment for contravention

Without prejudice to the provisions of section 391, if a foreign company contravenes the provisions of this Chapter, **the foreign company shall be punishable-**

Minimum Fine - ₹ 1,00,000 Maximum Fine - ₹ 3,00,000 AND In case of continuing offence – Additional fine of up to ₹ 50,000 per day

Every officer of the foreign company who is in default shall be punishable
Minimum Fine - ₹ 25,000 Maximum Fine - ₹ 5,00,000

Section 446B Lesser Penalty for certain companies (substituted)

Notwithstanding anything contained in this Act, if penalty is payable for non-compliance any of the provisions of this Act by a **One Person Company, small company, start-up company or Producer Company**, or by any of its officer in default, or any other person in respect of such company, then such company, its officer in default or any other person as the case may be, shall be liable to a penalty which shall not be more than one-half of the penalty specified in such provisions subject to a **maximum of two lakh rupees** in case of company and **one lakh rupees** in case of an officer who is in default or any other person, the case may be.

CRUX: Reduced penalty will $\frac{1}{2}$ of specified penalty both in case of Company and officer in default or any other person whereas **maximum penalty for company is ₹ 2,00,000** and in case of officer in default or any other person is **₹ 1,00,000**

Section 450 Punishment where no specific penalty or punishment is provided

If a company or any officer of a company or any other person contravenes any of the provisions of this Act or the rules made thereunder, or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, and for which no penalty or punishment is provided elsewhere in this Act,

On Company -

Minimum Fine- ₹ 10,000

Continuing Fine - ₹ 1,000 per day

Maximum Fine - ₹ 2,00,000

On officer in default or any other person -

Minimum Fine- ₹ 10,000

Continuing Fine - ₹ 1,000 per day

Maximum Fine - ₹ 50,000

Important Penalties	<p>Section 454(8) – Penalty</p> <p>Where company or an officer of a company or any other person fails to comply with the order made under sub-section (3) or sub-section (7), as the case may be within a period of 90 days from the date of the receipt of the copy of the order.</p> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="border: 1px solid black; padding: 10px; width: 45%;"> <p style="text-align: center;">On Company -</p> <p>Minimum Fine- ₹ 25,000</p> <p>Maximum Fine -₹ 5,00,000</p> </div> <div style="border: 1px solid black; padding: 10px; width: 45%;"> <p>On officer in default or any other person -</p> <p>Imprisonment - upto 6 months</p> <p>or Fine as below</p> <p>Minimum Fine- ₹ 25,000</p> <p>Maximum Fine -₹ 1,00,000</p> <p>or with both.</p> </div> </div> <p style="margin-top: 20px;">Section 454A- Penalty for repeated default</p> <p>Where a company or an officer of a company or any other person having already been subjected to penalty for default under any provisions of this Act, again commits such default within a period of 3 years from the date of order imposing such penalty passed by the adjudicating officer or the Regional Director, as the case may be,</p> <p>it or he shall be liable for the second or subsequent defaults for an amount equal to twice the amount of penalty provided for such default under the relevant provisions of this Act.</p>
52. Arbitration	<p>The Arbitral award against Mr. X was rendered on 1st January 2021. Mr. X, the party wants to challenge the award. It can be challenged latest by 31st March ,2021 i.e within a period of 3 months from the date award is received by the party) (Refer Timeline-General Principles of Arbitration)</p> <p>Signature is only required when the arbitration agreement is contained in a contract. However, no signature is required if the arbitration agreement is contained in correspondence or exchange of pleadings .Refer Requirements of a valid arbitration agreement</p>
53. Section 442 Mediation and Conciliation Panel	<p>The Mediation and Conciliation Panel shall dispose of the matter referred to it within a period of <u>three months</u> from the date of such reference.</p>
54.SEBI LODR	<p>Regulation 17- Board of directors of Listed entity shall have an optimum combination of executive and non-executive directors <u>with at least one woman director</u> and not less than fifty percent. of the board of directors shall comprise of non-executive directors;</p> <p>Regulation 29 SEBI LODR Prior Intimations The listed entity shall give intimation to the stock exchange(s) at least eleven working days before any of the following proposal is placed before the board of directors -</p>

- a) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof.
- b) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.

55. Difference between PPIRP and CIRP

Sr.no	Difference criteria	CIRP	PPIRP
1.	Minimum default	1 Crore	10 Lakhs
2.	Applicability	All	MSMEs (Company & LLP)
3.	Application filed by	Financial Creditor/Operational Creditor/ Corporate Debtor	Only Corporate Debtor
4.	Control	Transferred to Creditors	Remains with Promoters
5.	Management during IRP	Resolution Professional	The existing Management unless they seems be fraudulent
6.	Time period	180+90+60= 330 days Maximum	90 days – RP + 30 days -NCLT } 120 da
7.	Approval from CoC	Different % exists like 66% ,75 % in case of Fast- track CIRP	For every case, its 66%
8.	Pre-requisite for filing application	Not required	BASE RESOLUTION PLAN
9.	Constitution of CoC	All FC, if there is no FC then 18 largest OC by value ,1 representative elected by all workmen and 1 representative elected by all employees.	All FC, if there is no FC the 10 largest OC by value ,1 representative elected by all workmen and 1 representative elected by all employees.
10.	Preparation of Information memorandum	BY Resolution Professional	BY Corporate Debtor, RP is required to finalize the IM, s received from CD and submit the same to the CoC

56. Section 54A IBC 2016

Without prejudice to sub-section (1), an application for initiating pre-packaged insolvency resolution process may be made in respect of a corporate debtor, who commits a default referred to in section 4 (minimum default of ₹ 10 Lakhs),subject to the following conditions, that—

- (a) it has not undergone pre-packaged insolvency resolution process or completed corporate insolvency resolution process, as the case may be, during the period of three years preceding the initiation date; (cooling off period of 3 years)
- (b) it is not undergoing a corporate insolvency resolution process;
- (c) no order requiring it to be liquidated is passed under section
- (d) it is eligible to submit a resolution plan under section 29A;

	<p>Declaration given by Directors</p> <p>f) the majority of the directors or partners of the corporate debtor, as the case may be, have made a declaration, in such form as may be specified, stating, inter alia,</p> <p>(i) that the corporate debtor shall file an application for initiating pre-packaged insolvency resolution process within a definite time period not exceeding ninety days; (it is talking about the Base Resolution Plan which will be prepared before filing for PPIRP)</p> <p>Special Resolution required for initiating PPIRP</p> <p>(g) the members of the corporate debtor have passed a special resolution, or at least three-fourth of the total number of partners, as the case may be, of the corporate debtor have passed a resolution, approving the filing of an application for initiating pre-packaged insolvency resolution process.</p> <p>Special Resolution required for initiating PPIRP The corporate debtor shall obtain an approval from its financial creditors, not being its related parties, representing not less than sixty-six per cent. in value of the financial debt due to such creditors, for the filing of an application for initiating pre-packaged insolvency resolution process, in such form as may be specified.</p>
57. Section 54C IBC 2016 (PPIRP)	<p>The Adjudicating Authority shall, within a period of 14 days of the receipt of the application, by an order, —</p> <p>(a) admit the application, if it is complete; or</p> <p>(b) reject the application, if it is incomplete:</p> <p>Provided that the Adjudicating Authority shall, before rejecting an application, give notice to the applicant to rectify the defect in the application within 7 days from the date of receipt of such notice from the Adjudicating Authority.</p>
58. Section 244	<div><div>SECTION 244</div><div>Right of members to apply for relief from Oppression & Mismanagement under section 241</div><div><div><u>In the case of a company having a share capital:</u><div><div>Not less than 100 members of the company or</div><div>Not less than one tenth of the total no of members whichever is less</div><div>Or any member or member's holding not less than one-tenth of the issued share capital of the company.</div></div></div><div><u>In the case of a company not having a share capital:</u><div>Not less than one-fifth of the total number of members.</div></div></div></div>
59. Meaning of Partial Demerger	<p>Partial demerger results when a part/department/division of company is separated and transferred to one or more new company/companies formed with the same shareholders allotted shares in new company in same proportion as held by them in the demerged company. Ques based on general understanding</p>
60. Foreign companies	<p>Section 382. Display of name, etc., of foreign company</p> <p>Every foreign company shall—</p> <p>(a) conspicuously exhibit on the outside of every office or place where it carries on business in India, the name of the company and the country in which it is incorporated, in letters easily legible in English characters, and also in the characters of the language or one of the languages in general use in the locality in which the office or place is situate;</p>

	<p>Section 380. Documents, etc., to be delivered to Registrar by foreign companies Foreign Company is required to file various documents with the jurisdictional Registrar of Companies maximum within 30 days of establishment of its business outlet in Mumbai.</p> <p>Section 381 Accounts of foreign company FC is required to make out every calendar a balance sheet and profit and loss account of its Indian business operations in accordance with Schedule III of the Companies Act, 2013</p> <p>Section 384. Debentures, annual return, registration of charges, books of account and their inspection FC is required to file its Annual Return with the jurisdictional Registrar of Companies maximum within a period of sixty days from the last day of its financial year.</p>
<p>61. Section 197(12)</p>	<p>Every listed company shall disclose in the Board's report, the ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed.</p>
<p>62. Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014</p>	<p>Provided also that the following individuals, who are or have been, for at least ten years :—</p> <p>(A) an advocate of a court; or</p> <p>(B) in practice as a chartered accountant; or</p> <p>(C) in practice as a cost accountant; or</p> <p>(D) in practice as a company secretary,</p> <p>shall not be required to pass the online proficiency self-assessment test.</p> <p>In the Companies (Appointment and Qualification of Directors) Rules, 2014, in rule 6 (Independent Director Data bank), after sub-rule (4), the following sub-rule shall be inserted, namely: -</p> <p>Any individual whose name has been removed from the databank under sub-rule (4) {non-passing of Test}, may apply for restoration of his name on payment of fees of Rs. 1,000 and the institute shall allow such restoration subject to the following conditions, namely :-</p> <p>(i) his name shall be shown in a separate restored category for a period of 1 year from the date of restoration within which,</p> <p>➤ he shall be required to pass the online proficiency self-assessment test and</p> <p>➤ thereafter his name shall be included in the databank, only, if he passes the said online proficiency self-assessment test and, in such case, the fees paid by him at the time of initial registration shall continue to be valid for the period for which the same was initially paid; and</p> <p>(ii) in case he fails to pass the online proficiency self-assessment test within 1 year from the date of restoration,</p> <p>➤ his name shall be removed from the data bank and</p> <p>➤ he shall be required to apply afresh under sub-rule (1) for inclusion of his name in the databank.</p>

63. Section 210 (3) Appointment of inspectors	Conditions as to Security- Rule 5 of the Companies (Inspection, Investigation and Inquiry) Rules, 2014 The C.G. may before appointment of an inspector u/s 210(3), require the applicant to give a security not exceeding ₹ 25,000 for payment of the costs and expenses of investigation as per the criteria given below: <table><tr><th>Sr.no.</th><th>Turnover as per previous year B/S(₹)</th><th>Amount of Security(₹)</th></tr><tr><td>1</td><td>Turnover up to ₹ 50 crore</td><td>₹ 10000</td></tr><tr><td>2</td><td>Turnover more than ₹ 50 crore & up to ₹ 200 crore</td><td>₹ 15000</td></tr><tr><td>3</td><td>Turnover more than ₹ 200 crore</td><td>₹ 25000</td></tr></table>	Sr.no.	Turnover as per previous year B/S(₹)	Amount of Security(₹)	1	Turnover up to ₹ 50 crore	₹ 10000	2	Turnover more than ₹ 50 crore & up to ₹ 200 crore	₹ 15000	3	Turnover more than ₹ 200 crore	₹ 25000
Sr.no.	Turnover as per previous year B/S(₹)	Amount of Security(₹)											
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3	Turnover more than ₹ 200 crore	₹ 25000											
64. Regulation 21 - Risk Management Committee	<p>➤ The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors.</p> <p>➤ The risk management committee shall meet at least [twice] in a year.</p> <p>➤ The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.</p> <p>➤ The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.</p> <p>➤ The provisions of this regulation shall be applicable to:</p> <p>i. the top 1000 listed entities, determined on the basis of market capitalization as at the end of the immediately preceding financial year; and,</p> <p>ii. a ‘high value debt listed entity’ High-value debt-listed entities are those entities that have listed non-convertible debt securities and an outstanding value of such securities are ₹500 crore and above.</p>												
65. Consolidation of LRS Scheme under FEMA	<p>Liberalized Remittance Scheme (LRS): Under the Liberalized Remittance Scheme (LRS), all resident individuals, including minors, are allowed to freely remit up to USD 250,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both. This is inclusive of foreign exchange facility for the purposes mentioned in Para 1 of Schedule III of Foreign Exchange Management (CAT) Amendment Rules 2015, dated May 26, 2015.</p> <p>In case of remitter being a minor, the LRS declaration form must be countersigned by the minor’s natural guardian. The Scheme is not available to corporates, partnership firms, HUF, Trusts etc.</p> <p>Consolidation of remittance of family members - Remittances under the Scheme can be consolidated in respect of family members subject to individual family members complying with its terms and conditions.</p>												

	Exception: clubbing is not permitted by other family members for capital account transactions such as opening a bank account/investment/purchase of property, if they are not the co-owners/co- partners of the overseas bank account/investment/property.
66.PMLA	<p>Section 12- Reporting entity to maintain records (Prevention of Money laundering (Maintenance of Records) Rules, 2005)</p> <p>Rule 3- Maintenance of records of transactions-Every reporting entity shall maintain records of following:</p> <ul style="list-style-type: none"> (i) Cash transactions of value of more than ₹ 10 lakhs in foreign currency. (ii) Series of cash transactions if total in a month exceeds ₹ 10 lakhs in foreign currency. (iii) Cash transactions where forged or counterfeit currency or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions (iv) Suspicious transactions: whether or not made in cash by deposits, withdrawals, transfers, cheques, credit or debit in non-monetary accounts like d-mat, security account, money transfers, loans and advances, collection services of currency etc. (v) All transactions involving receipts by non-profit organisations of value more than ₹ 10 lakhs or its equivalent in foreign currency.
67.IBC Regulations	<p>IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016</p> <p>Regulation 18- RP shall convene a meeting of the Creditors as and when she considers necessary and if requested by the members of the committee representing 33% of the voting rights</p> <p>Explanation: For the purposes of sub- regulation (2) it is clarified that meeting (s) may be convened under this sub-regulation till the resolution plan is approved under sub-section (1) of section 31 or order for liquidation is passed under section 33 and decide on matters which do not affect the resolution plan submitted before the Adjudicating Authority.</p> <p>Regulation 19- (1) A meeting of the committee shall be called by giving not less than five days' notice in writing to every participant, (2) The committee may reduce the notice period from five days to such other period of not less than twenty-four hours, as it deems fit: Provided that the committee may reduce the period to such other period of not less than forty- eight hours if there is any authorised representative.</p>
68.Arbitration	The Code of Civil Procedure, 1908 is the primary legislations that deals with alternate methods of dispute resolution.
69.FCRA	A Member of Parliament should take prior permission of the Central Government before taking any foreign hospitality.
70.Alternate Director	The authority to appoint alternate Director has been vested in the Board of Directors only and that too subject to empowerment by the Articles of Association.
71.NCLT	National Company Law Tribunal (NCLT) can amend its order to rectify any mistake apparent from the record when such mistake is brought to its notice by the parties and further, the order can be amended by NCLT at any time within a period

	of two years from the date of such order provided no appeal has been made against the said order. Refer Section 420 of Companies Act 2013.
72. Section 182 of Companies Act 2013	A company which has been in existence for 3 years or more may contribute any amount to any political party subject to the passing of such resolution in its Board's Meeting.
73.FCRA Exemption	<p>Section 4-Person to whom Sec. 3 shall not apply</p> <p>Nothing contained in Sec. 3 shall apply to the acceptance, by any person specified in that section, of any FC where such contribution is accepted by him:</p> <ul style="list-style-type: none"> (a) by way of salary, wages or other remuneration due to him or to any group of persons working under him, from any foreign source or by way of payment in the ordinary course of business transacted in India by such foreign source; or (b) by way of payment, in the course of international trade or commerce, or in the ordinary course of business transacted by him outside India; or (c) as an agent of a foreign source in relation to any transaction made by such foreign source with the C.G. or S.G.; or (d) by way of a gift or presentation made to him as a member of any Indian delegation; or (e) from his relative; or (f) by way of remittance received, in the ordinary course of business through any official channel, post office, or any authorised person in foreign exchange under the FEMA, 1999; or (g) by way of any scholarship, stipend or any payment of like nature. <p>Rule 6- Any person receiving FC in excess of ₹ 10 Lakhs or equivalent thereto in a financial year from the relatives shall inform the C.G. regarding the details of the FC received by him in electronic form in Form FC 1 within 3 months of receipt of such contribution.</p>
74.SEBI LODR	<p>Regulation 19 - Nomination and Remuneration Committee</p> <p>The Board of directors shall constitute the nomination and remuneration committee as follows:</p> <ul style="list-style-type: none"> • The committee shall comprise of at least 3 directors; • All directors of the committee shall be Non-Executive Directors; and • At least 2/3rd of the directors shall be independent directors. • The Chairperson of this committee shall be an independent director
75.ECBs Changes Due to Libor Transition	"In view of the imminent discontinuance of LIBOR as a benchmark rate, the following changes to the all-in-cost benchmark and ceiling for FCY ECBs:

i.	<p>Redefining Benchmark Rate for FCY ECBs: Currently, the benchmark rate is defined in paragraph 1.5 of the master direction as "benchmark rate in case of FCY ECB/TC refers to 6-months LIBOR rate of different currencies or any other 6-month interbank interest rate applicable to the currency of borrowing, e.g., EURIBOR".</p> <p>Henceforth, benchmark rate in case of FCY ECB/TC shall refer to any widely accepted interbank rate or alternative reference rate (ARR) of 6-month tenor, applicable to the currency of borrowing.</p>
ii.	<p>Change in all-in-cost ceiling for new ECBs/TCs: To take into account differences in credit risk and term premia between LIBOR and the ARRs, the all-in-cost ceiling for new FCY ECBs and TCs has been increased by 50 bps to 500 bps and 300 bps, respectively, over the benchmark rates.</p> <p>Note: Earlier it was 450 bps for FCY ECBS.</p>
iii.	<p>One Time Adjustment in all-in-cost ceiling for existing ECBs/TCs: To enable smooth transition of existing ECBs/TCs linked to LIBOR whose benchmarks are changed to ARRs, the all-in cost ceiling for such ECBs/TCs has been revised upwards by 100 basis points to 550 bps and 350 bps, respectively, over the ARR. AD Category-I banks must ensure that any such revision in ceiling is only on account of transition from LIBOR to alternative benchmarks.</p>

76. Nidhi company

Nidhi (Amendment) Rules, 2022 [Note: 19th April 2022 is the effective date for implementation of Nidhi (Amendment) Rules, 2022]

Rule 3B - Declaration of Nidhi On and after commencement of Nidhi (Amendment) Rules, 2022 (i.e. 19th April 2022),

(1) public company desirous to be declared as a Nidhi shall apply, in Form NDH-4, within a period of 120 days of its incorporation for declaration as Nidhi, if it fulfils the following conditions, namely –

- it has not less than 200 members; and
- it has Net Owned Funds of **INR 20 lakhs or more**

Rule 4 - Incorporation and incidental matters

(a) A Nidhi shall be a public company and shall have a minimum paid up equity share capital of **10 lakh rupees.**

"Provided that every Nidhi existing as on the date of commencement of the Nidhi Amendment Rules, 2022, shall comply with this requirement within a period of eighteen months from the date of such commencement". (19/04/2022)

Rule 18 - Dividend

"A Nidhi shall not declare dividend exceeding twenty-five per cent in a financial year"

Important note- Nidhi company is important for MCQs. Revise it from given link below-

<https://www.youtube.com/watch?v=uaXmz45FHvY&t=40s>

77. IBC	Regulation 5 (Appointment of Liquidator: Replacement of Liquidator under Voluntary Liquidation) The insolvency professional shall, within 7 days (earlier 3 days) of his appointment as liquidator, intimate the Board about such appointment.
78.FCRA	Submission of Applications for Revision of Orders under Section 32 of the Foreign Contribution (Regulation) Act, 2010, Read with Rule 20 of the Foreign Contribution (Regulation) Rules, 2011 Instead of application on a plain paper, it shall be in "in such form and manner, including in electronic form as may be specified by the CG". It is hereby ordered that w.e.f. 1st September 2022 an application under section 32 of the Act for revision of an order passed by the competent authority shall be made in electronic form only through the website https://fcraonline.nic.in
79.Section 217	As per Section 217 (7) The notes of any examination under sub-section (4) shall be taken down in writing and shall be read over to, or by, and signed by, the person examined, and may thereafter be used in evidence against him.
80. Regulation 33 SEBI LODR	The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.
81. Rule 17 Nidhi rules	The Director of a Nidhi shall hold office for a term up to ten consecutive years on the Board of Nidhi. The Director shall be eligible for re-appointment only after the expiration of two years of ceasing to be a Director.
82.Section 235	POWER TO ACQUIRE SHARES OF SHAREHOLDERS DISSENTING FROM SCHEME OR CONTRACT APPROVED BY MAJORITY Acquisition of the remaining shares of dissenting shareholders: 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. The transferee company shall express his desire to acquire the remaining shares of dissenting shareholders within two months after the expiry of the said four months and shall give notice in the prescribed manner to any dissenting shareholder that it desires to acquire his shares. Separate Bank account for disbursement to entitled shareholders [Sub-section (4)]: Any sum received by the transferor company under this section shall be paid into a separate bank account, and any such sum and any other consideration so received shall be held by that company in trust for the several persons entitled to the shares in respect of which the said sum or other consideration were respectively received and shall be disbursed to the entitled shareholders within sixty days.
83. Foreign Exchange Management (Overseas Investment) Rules, 2022	
Important Points	
1. "Overseas Investment" or "OI" means financial commitment and Overseas Portfolio Investment by a person resident in India; 2. "Financial commitment" means the aggregate amount of investment made by a person resident in India by way of	
i. Overseas Direct Investment (ODI) ii. debt other than Overseas Portfolio Investment (OPI) in a foreign entity or entities in which the Overseas Direct Investment is made and iii. the non-funded based facilities (eg. Guarantees) extended by such person to or on	

behalf of such foreign entity or entities;

3. **“Overseas Portfolio Investment” or “OPI”** means investment, other than ODI, in foreign securities, but not in any unlisted debt instruments or any security issued by a person resident in India who is not in an IFSC:

Provided that OPI by a person resident in India in the equity capital of a listed entity, even after its delisting shall continue to be treated as OPI until any further investment is made in the entity.

4. **“Overseas Direct Investment” or “ODI” means investment**

- i. by way of acquisition of unlisted equity capital of a foreign entity, or
- ii. subscription as a part of the memorandum of association of a foreign entity, or
- iii. investment in 10 % or more of the paid-up equity capital of a listed foreign entity or
- iv. investment with control where investment is less than 10% of the paid-up equity capital of a listed foreign entity;

Explanation.— For the purposes of this clause, where an investment by a person resident in India in the equity capital of a foreign entity is classified as ODI, such investment shall continue to be treated as ODI even if the investment falls to a level below ten per cent. of the paid-up equity capital or such person loses control in the foreign entity;

ODI vs OPI (investment by way of equity capital)

Listed Entity			Unlisted Entity
% Stake	Control	No Control	(irrespective of control & % stake)
< 10%	ODI	OPI	ODI
>10%	ODI	ODI	ODI

Limit of financial commitment (FC)

(1) Total FC by an Indian entity in all foreign entities taken together shall be not exceed 400% of its Net worth as on date of last audited FS or as directed by RBI in consultation with CG.

(2) Total FC shall not include capitalisation of retained earnings (e.g., bonus) but include:

- i. Utilisation of the amount raised by issue of ADRs or GDRs or stock swap.
- ii. Utilisation of proceeds from ECBs to the extent the corresponding pledge or creation of charge on asset to raise such borrowings has not already been included in limit.

Note : Provided that FC made by Maharatna or Navratna or Miniratna or subsidiary of such PSUs in foreign entity outside India engaged in strategic sectors shall not be subject to above limits.

Acquisition of foreign securities by way of Gift or inheritance:

(1) A resident individual may, without any limit, acquire foreign securities by way of inheritance from PRI who is holding such securities as per this Act or from a PROI.

(2) A resident individual, without any limit, may acquire foreign securities by way of gift from a PRI who is a relative and holding such securities as per this Act.

(3) A resident individual may acquire foreign securities by way of gift from a PROI as per FCRA Act and Regulations made thereunder. (New FCRA limit of 10 Lakhs will apply)

Note- Refer Overseas Investment Rules, Regulations and Schedules in detail. Cover From May 2023 Amendment sheet

*****ALL THE BEST FOR EXAMINATION*****