



C.V.O.CA'S

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NEWS & VIEWS

From President's Desk...



Dear Professional Colleagues and Readers,

The colourful festivities marking India's Holi festival free of corona virus fears for the first time in three years, It marks the celebration of the victory of good over evil. Colorful Holi celebrated all over the country whole heartily. My wishes to all dear readers a happy new financial year, new beginning will bring growth, success and healthy surrounding in all prospects.

The ongoing Russia-Ukraine war will have a negative impact on India's exports and spike in oil prices will cause ripple effects on input prices and consumer goods leading to inflationary pressures. Inflation rate is already on the rise due to increase in prices of fuel and edible oils. Rise in commodity prices will add to the current account deficit, tighten financial conditions and lead to a possible depreciation of rupee against the US dollar. Investment climate might deteriorate. However, on the positive side, with higher economic sanctions on Russia from the West, India can reap benefits from possible new export opportunities.

However, on the positive side, with higher economic sanctions on Russia from the West, India can reap benefits from possible new export opportunities. India's Economy is at Turning point; it will significantly boost GDP and accelerate phenomenal growth with skill, technologies, labour.

Events in Retrospect

After busy season of Audit & Return filing, we had CVOCA Box Cricket Tournament on Saturday, March 26, 2022; where 120+ participants - 12 male teams and 2 female teams took part. All participants showcased the Sportsman spirit in the game & made event memorable. These kind of events endeavour members to connect with our own members, expanding our network horizons, bringing real talent hidden within every one of us.

Members of association are part of various prestigious organisations at top posts. With rich experience of senior members, they can guide young Professionals to choose their professional journey. We had one such event of career guidance session, wherein more than 35 newly passed CAs took benefit of seminar.

Upcoming Programme

We have planned 2nd Industrial Visit to Filatex India Ltd at Dahej on 9th April. It will be great learning experience. Request all members to take benefit of the same & register at earliest.

Stay healthy, Stay safe.

Thank you all..... Always in Gratitude

CA Rahul Nagda

April 1, 2022

Company Law



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DEEKSHA/ SANYAS/ RENUNCIATION (Contd.)



CA Dinesh Shah

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FROM THE DESK OF CHAIRMAN

In earlier communication a brief background was mentioned about Bhagwati Deeksha, However Deeksha/Sanyas/Renunciation isn't about what you give up

1) Deeksha means to live a God – Centered life and not a world centered life.

It means not to get entangled in the seen, but to seek the unseen.

i) Deeksha means not to be confined to the form, but to unite with the formless.

It is an unconditional declaration that in truth, life is not restricted to the momentary bubbles that arise in the constant ebb and flow of time. Life is external. It existed even before birth and will exist even after death. Thousands of birth and death may occur but the stream of life flows on uninterrupted. To know that which is unbroken, eternal and beyond time is Deeksha. Transcending all duality and being steadfast in the non-dual is Deeksha - it is zenith.

However, the meaning of Deeksha has been distorted in popular perception. The greatness of Deeksha is considered to be directly proportional to the amount of the wealth or status he has renounced, not how much closer he has come to the self how loving he has become or the depth of his meditation. People focus on how much he has given up rather that what he has attained.

The word ' Deeksha ' has acquired a negative connotation as it has become synonymous with only 'giving up'. It is true that one lets go of many things in Deeksha, but the focus and emphasis is not on that. Let us say you are carrying a stone in your hand thinking it is diamond and you come across a jeweller. (THE SADGURU), He explains that it is not a diamond but a mere stone. Not only that he also shows you how to verify same. He thus gifts you with the correct vision you too are able to clearly see that it is a stone, do you then have to renounce the stone or does it simply drop?

When with the help of Sadguru the self is realized, than inner wealth is attained, and then one understands how vain is in the effort of collecting or renouncing outer things is. Once inner completeness is attained, the hold over external things is automatically given up,. Realising that it is futile to hold on to anything, one becomes non-possessive in the midst of all.

In deeksha, things just drop effortlessly; One does not have to give them up. Once a lamp is lit, you need not give up Darkness. It simply disappears, on its own. In the same way, when the flame of mediation rises, one's grip on all those things that are worthless in life is released. The hands loosen on their own; things drop automatically. Therefore, the emphasis of Deeksha is not on giving up but on becoming steady in the self: on holding on to god.

Deeksha means love for god. It is defined as renouncing the world, but, Deeksha is rising in love with god. In Deeksha it is true that the world is left behind, but that is only secondary.

Deeksha should emerge from wisdom, love for God and not from any other reason. If Deeksha is union with the divine, then it can regain its true meaning and helps us scale the highest peaks. A true Sadhu is an evolved being who transcends all that is not worth clinging on to and who realises his true, loving nature, by making that divine connection.

To achieve this a true sadak is always depended on SADGURU

TO BE CONTINUED ROLE OF SADGURU /-----

TREAT OTHER THEY WAY YOU WANT TO BE TREATED

REMEMBER!!! THE SOUL IS ON JOURNEY

Thank you all..... Always in Gratitude

CA Dinesh Shah



FUND RAISING – A STAIRCASE TO BUSINESS TRIUMPH



CS Parth Maru

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“Funding raising is a mentorship for encouraging a business. It helps to travel through an enormous journey of mixed feelings of joy, happiness, sorrow, unworthy still starving for the fantasy of not being average. Fund raising builds memories, inspiring stories, great adventure and more other undefined adjectives for an Investor and also for an Average Person becoming an entrepreneur, a Magnate!!!”



Raising Capital by way of Issue of Shares / Debt Capital

An idea for incorporating a business is not worthy unless one has enough capital to translate it into a reality. It is an ironical truth that a business is almost impossible to start without money. Using up your savings is one option, but savings will eventually run out. Therefore, raising funds through different sources is important in order to finance business activities.

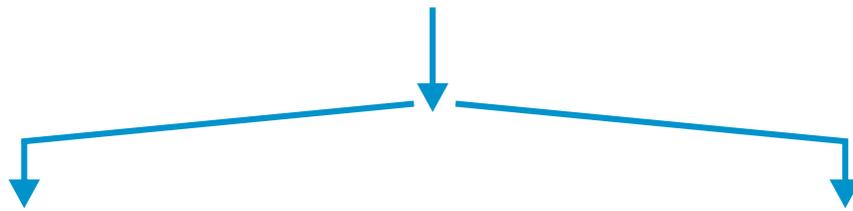
Choosing the right sources is, however, the next critical step in the process of capital-raising because it is invariably the determinant of the success and growth of any business. Extraordinary capital raising skills are required to obtain funds quickly and efficiently, through the most appropriate sources.

❖ *What is capital raising?*

It's the process a business goes through in order to raise money, so the business can get off the ground, expand, or transform in some way to be a Tycoon. Fund raising is a prominent aspect and a verdict for a Startup Company i.e., a Private Company, to achieve the aim, objective, target for which the idea was conceived.

❖ **Instruments that can be issued for the purpose of fund raising-**

Companies issue different types of instruments covered under the umbrella of Companies Act, 2013 as under:



Share Capital

Share financing is basically the process of issuing and selling shares, i.e., Equity and/or Preference Shares to raise money.

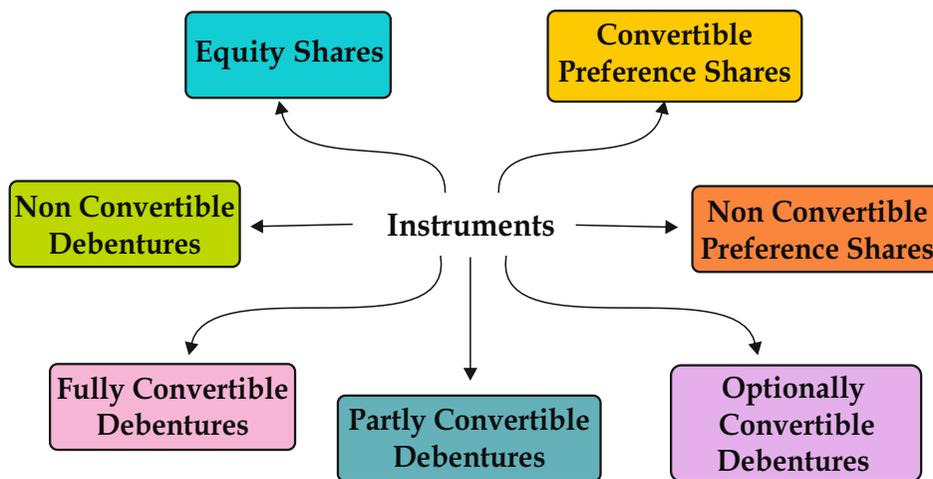
Investors who buy shares of a company become Shareholders and earn investment gains if the stock price rises in value or if the company pays a dividend.

Debt Capital

Debt financing occurs when an organization raises money for working capital or capital expenditures by selling debt instruments, i.e., debentures and/or convertible notes, to individuals and/or institutional investors.

In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be timely repaid.

Company at the time of funding raises through equity-based instruments, debt-based instruments or hybrid instruments (containing a combination of features of both equity and debt based instruments).



The nature of instruments to be issued by a company depends, to a large extent, on the valuation of the company obtained through different mechanisms.

The primary difference between the issue of equity and debt based instruments is the dilution of the shareholding of the existing shareholders of the company. While the issue of purely equity based instruments results in the immediate dilution of existing shareholding, the issue of debt instruments (if convertible in nature) will result in dilution of shareholding at a later stage in the shelf life of the company.

Dilution of shareholding means the reduction in total amount of shareholding percentage of existing shareholders caused by the issue/allotment of new equity shares to a new investor.

The instruments are issued on obtaining the latest Valuation Report wherein the securities premium is the major source of funds.

The Company along with the Founders and Investors executes chief agreements such as Shareholders Agreement, Share Subscription Agreement and Share Purchase Agreement.

Shareholders Agreement	Share Subscription Agreement	Share Purchase Agreement
<p>A Shareholders' Agreement is an arrangement between the existing and new Investors, Founders and Company. It protects both the business and its investors.</p> <p>A Shareholders' Agreement describes the rights and obligations of the Company, Founder and Investor, the issuance of shares, the operation of the business, and the decision-making process.</p> <p>The unanimous approval requirement, reserved matter rights, conditions precedent, and subsequent to raising the fund, the tag-along provision protects the interests of minority shareholders and other relevant rights and obligations of Company, Founder and Investor.</p>	<p>Share Subscription Agreement is basically an arrangement between Company, Founder, and the new Investor that involves the acquisition of ownership in the company by issuance of new shares.</p> <p>It is drafted mentioning the type of security issue, number of securities issues, face value and premium amount of securities, terms of securities, and other relevant arrangements.</p>	<p>Share Purchase Agreement is an agreement between the purchaser and seller of the share. The buyer and the seller can be an individuals and even a company.</p> <p>The Share Purchase Agreement is drafted into the following cases; either existing promoters will sell the shares or new investors will purchase shares from existing shares to give them an exit.</p>

❖ *Share Capital-*

A Company's capital i.e., Share Capital, is divided into units known as **Shares**.

To raise funds, companies can issue the following types of shares:

Equity Share	Preference Shares
<p>Pursuant to Section 43 of Companies Act it defines as -</p> <p>“Any share that is not a preference share is an equity share”</p> <p>Issued either:</p> <p>(i) with voting rights; or</p> <p>(ii) with differential rights as to dividend, voting</p>	<p>Pursuant to Section 43 of Companies Act it defines as -</p> <p>Shares which carry preferential right with respect to –</p> <p>(a) payment of dividend; and</p> <p>(b) repayment, in the case of a winding up or repayment of capital.</p> <p>Different types of Preference Shares are issued such as Cumulative, Compulsory or Optionally Convertible.</p>

❖ *Debt Capital-*

Debt financing is borrowing money from a bank or other lenders. The principal amount of the loan has to be paid back, plus interest, which is the cost of borrowing.

Debt financing allows a business to leverage a small amount of money into a much larger sum, enabling more rapid growth than might otherwise be possible. The company does not have to give up any ownership control, as is the case with equity financing.

Debt Capital can be raised through providing loans, may or may not be convertible into shares as a fund or issuing instruments such as Debentures, Bonds, Convertible Notes may or may not be convertible into shares.

❖ *Debt Financing vs. Shares Financing -*

The main difference between debt and share financing is as follows:

Share financing provides extra working capital with no repayment obligation.	Debt financing must be repaid, but the Company does not have to give up a portion of ownership in order to receive funds.
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Most companies use a combination of debt and equity financing. Companies choose debt or equity financing, or both, depending on which type of funding is most easily accessible, the state of their cash flow, and the importance of maintaining ownership control.

The Debt/Equity ratio shows how much financing is obtained through debt vs. equity. Creditors tend to look favorably on a relatively low Debt/Equity ratio, which benefits the Company if it needs to access additional financing in the future.

❖ *Modes of fund raising-*

1. Private Placement {section 42 of Companies Act, 2013 & 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014} -

Securities issued to a selected group of persons with the consent of the members of the company. On receiving the consent of the members of the company, i.e., by passing special resolution, the company shall report it to RoC in Form MGT-14 within 30 days. The identified persons shall not exceed 50 or more at the event of raising the fund, and shall not exceed 200 or more persons in a year.

The price of the security being issued is determined by obtaining a Valuation Report from a Register Valuer in adherence to section 248 of Companies Act, 2013.

The shares application money is to be received through any of the banking mechanism but not in cash, and a separate bank account is to be opened in a Schedule Bank for receiving such fund.

Form PAS 4 is circulated to the identified persons as Offer Letter before receiving the fund. A list of identified investors is to be prepared in Form PAS5.

No company issuing securities under this section shall release any public advertisements or utilise any media, marketing or distribution channels or agents to inform the public at large about such an issue.

The Shares to be allotted to the Investors within 60 days of receiving the funds, if not complied with the funds have to be refunded back within 15 days from the expiry of 60th day. Form PAS 3 (Return of Allotment) to be filed with RoC within 15 days of allotment of shares.

2. Preferential Allotment {section 62 of Companies Act, 2013 & Rule 13 of Companies (Share Capital and Debentures) Rules, 2014} -

The expression 'Preferential Offer' means an issue of shares or other securities, by a Company to any select person or group of persons on a preferential basis and does not include shares or other securities offered through a public issue, rights issue, employee stock option scheme, employee stock purchase scheme or an issue of sweat equity shares or bonus shares or depository receipts issued in a country outside India or foreign securities

The expression, "shares or securities" means equity shares, fully convertible debentures, partly convertible debentures, or any other securities, which would be convertible into or exchanged with equity shares at a later date.

In case of Preferential Allotment all the compliance of Private Placement are to be adhered to.

It is worthy to say that:

“Preferential Allotment and Private Placement go hand in hand; all the Preferential Allotments are Private Placement, but all Private Placements are not Preferential Allotments.”

This is because Private Placement covers all kinds of securities; however Preferential Allotment covers only equity shares and convertible securities.

3. **Right Issue (section 62(1)(a) of Companies Act, 2013) –**

Shares are offered to existing equity shareholders of the company in proportion to their holdings. The equity shareholders of the company who shall be allowed to participate in the issue shall be determined by taking a cut-off, also known as record date, on which the said shareholders exist.

The issue shall be open for a period of atleast 15 days and not more than 30 days, know as Offer period. The notice of offer to be dispatched atleast 3 days before opening of the offer period.

Exemption is available to the Private Companies for keeping the offer period open for atleast 7 days and with the consent of 90% of the Members of the Company the notice period for dispatch of offer notice can be minimized.

If shareholders don't wish to opt out of the issue, they may waive off the right or renounce their right to some other person as they wish to.

Form PAS 3 is to be filled within 30 days of allotting the shares.

4. **Transfer of securities (section 56 of Companies Act, 2013) –**

Shares are transferred by way of gift or sale to introduce a new shareholder. The Founders transfer their stakes to the Investor to provide a decent and fair voting holding in the Company.

The shares are transferred by registering and executing Form SH4 and reporting it to the company.

5. **Employee Stock Option Scheme (ESOP)/Management Stock Option Scheme/Phantom Stock/Stock Appreciation Rights (SAR), etc. {section 62(1)b of Companies Act, 2013 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014} –**

ESOP benefits the Company as well as its employees. It benefits startups where employees can be rewarded after the company goes public. ESOP are denominated using different objectives, rights to cater the stocks to all levels of hierarchy in the Company.

Offering ESOP helps in retaining employees and builds affection, confidence towards the Company. The scheme offers ownership interest to the workforce and increases their participation in the Company.

Craving ESOP Pool and granting ESOP stocks helps the Founders to maintain adequate stack and control in the Company. It works as a peaceful funding option for the Company.

ESOP are issued by framing a policy and ESOP pool, approved by the Members of the Company. Post approval by Members by passing a Special Resolution, Form MGT 14 is required to be reported to RoC in Form MGT 14 within 30 days.

Issuance of the ESOP stock is to be approved by the Members. Members should be made well versed with the names of officers whom ESOP stock is planning to be issued along with the price of issue. Post approval by Members by passing a Special Resolution, Form MGT 14 is required to be reported to RoC in Form MGT 14 within 30 days.

Post approval ESOP stocks are granted to the employees, i.e., informing them of their eligibility for receiving the stock. On acceptance of the grant of ESOP a vesting period of minimum 1 year is levied on the stocks, which works as a right for employees to apply for the grant. After the expiry of the vesting period, ESOP stock can be exercised by employees.

Form PAS 3 is to be filled within 30 days from exercising the stock.

In case of Private Company, an exemption is provided to pass all the resolutions relevant to ESOP through Ordinary Resolution.

***** Incase of receiving Foreign Funding it has to be reported to the Reserve Bank of India pursuant to Foreign Exchange Management Act, wherein to adhere with the following filings:**

In case of new issue of Shares and Debentures	Form FC-GPR
In case of transfer of shares and debentures	Form FC-TRS
In case of Convertible Notes	Form CN

❖ Compliance to adhere with for Fund Raising -



❖ Conclusion -

This article summarizes the basic need to issue shares and raise capital and its importance to a company. Every organization needs funds for the sustenance and growth of its business. It can be concluded that issuing shares and debt securities for raising capital is an integral part of any business/company. It not only helps in getting investment from investors/shareholders but also helps the company in re-investing in itself. It can be seen that when a company is in a sound position it can take care of its employees, directors & shareholders and motivate them to do better.



OVERVIEW ON ACCEPTANCE OF DEPOSITS UNDER COMPANIES ACT, 2013



CS Dev Mota
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Under the old regime of Companies Act, 1956 the provisions were not as stringent as now under new regime of Companies Act, 2013 for acceptance of deposits by a company. This major change in the provision was mainly brought after the scam of “Sahara Group” where Sahara had collected deposits from public without complying with the requirements of applicable provisions of law.

Section 73 of Companies Act, 2013 (“**said Section**”) was introduced in and around 2014, in order to regulate the acceptance of deposits collected by companies from the public. As per the said Section, a company may accept deposits from its shareholders by passing a resolution in general meeting and shall be subjected to rules prescribed by Reserve Bank of India.

In order to accept deposits from shareholders, the company is required to fulfil some conditions which are as follows:

- a) Company has to **issue a circular in Form DPT-1** to its shareholders which shall *inter alia* illustrate the financial position of the company, credit rating obtained, total number of depositors, amount due towards previous deposits accepted by the company, etc.;
- b) Company has to file the circular with the Registrar of Companies within **30 days before** the date of issuance of circular;
- c) Company has to open a separate bank account known as “**Deposit Repayment Reserve Account**” in a schedule bank in which a sum of **not less than 20% of maturing amount** during the financial year has to be deposited on or before 30th April of each year. The funds deposited in this account cannot be used for any other purpose than to disburse the repayment amounts;
- d) Company has to provide a certificate that they have not committed any default in the payment of deposits accepted or payment of interest, and if any default has been committed, then five years have lapsed since the default has been made good. This **certification has to be given by the statutory auditor of the company**;
- e) Company has to **provide security for the repayment of deposit** amounts which is due or the interest thereon including creations of charges on the assets of the company;
- f) In case the company does not secure the deposits, then the deposits have to be termed as “**unsecured deposits**” which shall be quoted in every circular, advertisement or any document related to invitation or acceptance of deposits;
- g) Terms of repayment with interest should be agreed between the depositor/shareholder and the company, as **every deposit has to be repaid with interest**.

It is pertinent to note that these provisions are not applicable to banking companies and non-banking financial companies as defined by the Reserve Bank of India.

Further, the clause (a) to (d) mentioned hereinabove shall **not be applicable to private companies**:

- i. which accepts from its members monies not exceeding 100% of aggregate of the paid-up share capital, free reserves and securities premium account; or
- ii. which is a start-up, for five years from the date of its incorporation; or
- iii. which is not an associate or a subsidiary company of any other company; or
- iv. 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 Rs. 50,00,00,000 (Rupees Fifty Crores only), whichever is lower; and
- v. if such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under this section.

Any company which is in contravention of the provisions of said Section shall be liable to **punishment of fine amounting to minimum Rs. 1,00,00,000 (Rupees One Crore only) or twice the amount of deposit accepted by the company, whichever is lower but maximum upto Rs. 10,00,00,000 (Rupees Ten Crores only) in addition to the repayment of deposit amount along with interest.**

Further, even every **officer of the company** who is in default shall be punishable with imprisonment which may extend to **7 years and with minimum fine of Rs. 25,00,000 (Rupees Twenty-Five Lakhs only) and maximum upto Rs. 2,00,00,000 (Rupees Two Crore only).**

Recently, the National Company Law Appellate Tribunal in the matter of *Satish Chand Gupta vs Servel India Private Limited* held that deposits made under the said Section can be treated as financial debt under the Insolvency and Bankruptcy Code, 2016. Therefore, if a company makes any defaults in repayment of deposits, then the depositor / shareholder has a right to file an application before the National Company Law Tribunal for initiating of Corporate Insolvency Resolution Process (**CIRP**) against the defaulting company.

Thus, to conclude, any company who wishes to invite or accept or renew deposits from its shareholders have to follow the procedure and provisions laid down under Section 73 of Companies Act, 2013.



ARTICLE FOCUS ON THE DETAILED ANALYSIS OF SECTION 185 & 186 OF THE COMPANIES ACT, 2013



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Summarise sections 185 & 186 and understand the provision of relevant acts

- **Section 185 of Companies Act, 2013** – Whether Loan, advance or guarantee is allowed to Directors or other.
- **Section 186 of Companies Act, 2013** – If Loan and investment by company is allowed as per section 185 & Section 2(22)(e) then what will be limit to the extent of which Loan & Investment will be allowed under section 186.

Detail Analysis of these sections

Part I

Section 185 – Loan to Directors

Company shall not provide loan to director/ partner or relative of such director/ any firm in which such director or relative is partner/Director of Its holding co.

- (1) 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, –
 - a) any director of company, or
 - Director of a company which is its holding company or
 - any partner or relative of any such director; or
 - b) any firm in which any such director or relative is a partner.

Note: – What is an indirect loan is not defined in section 185 or elsewhere in the Act. Indirect loan is interpreted in case of Dr. Freddie Ardeshir Mehta v. Union of India [1991] 70 Comp. Cas. 210 (Bom.)

Company may provide loan to borrowing company if some conditions are satisfied

- (2) 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) a special resolution is passed by the company in general meeting:
Provided that...
the explanatory statement to the notice for the relevant general meeting shall disclose the full particulars of the loans given, or guarantee given or security provided and 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 and any other relevant fact; and

- b) The loans are utilised by the borrowing company (recipient) for its principal business activities.

Note: –In clause (b) of Section 185(2) word “Company” deliberately used because in explanation of any person define itself Applicability on Companies

Explanation – For the purposes of this sub-section, the expression “any person in whom any of the director of the company is interested” means –

- (a) any private company of which any such director is a director or member;
- (b) 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 two or more such directors, together; or
- (c) 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.

Non- Applicability of Section 185

- (3) Nothing contained in sub-sections (1) and (2) shall apply to –

- a) The giving of any loan to a managing or whole-time director –
 - i) as a part of the conditions of service extended by the company to all its employees; or
 - ii) pursuant to any scheme approved by the members by a special resolution; or
- b) A company which in the ordinary course of its business provides loans or gives guarantees or 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 (like Banking Companies, NBFC).

If the loans made under clauses (c) and (d) are utilised by the subsidiary company for its principal business activities, then section will not applicable otherwise will applicable.

- c) Any loan made by a holding company **to its wholly owned subsidiary company** or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary company; or
- d) Any guarantee given or security provided by a holding company in respect of loan **made by any bank or financial institution to its subsidiary company:**

Note:- Limitation given above under First proviso to section 185 (3) is applicable for Subsidiary company where loan provided by holding company. However, such limitation is not applicable where loan is provided by Subsidiary company to its Holding company under this sub-section.

Contravention of this section is a punishable offence

- (4) If any loan is advanced or a guarantee or security is given or provided or utilised in contravention of the provisions of this section, –

Liability of	Fine	Imprisonment	Both
Company	Minimum ₹ 5 lakh. Maximum ₹ 25 lakh	NA	NA
every officer of the company who is in default	Minimum ₹ 5 lakh. Maximum ₹ 25 lakh or	for a term Maximum 6 months	NA
the director or the other person to whom any loan is advanced or guarantee or security is given or provided in connection with any loan taken by him or the other person	Minimum ₹ 5 lakh. Maximum ₹ 25 lakh or	for a term Maximum 6 months	Or with both

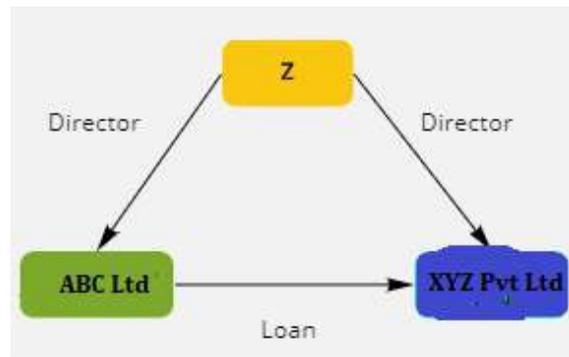
Illustrations of loan to directors:

Examples shared in below table depicts certain real life practical situations related to Section 185 and how they should be dealt with.

Issue 1:

Z is a director in ABC Ltd and also in XYZ Pvt Ltd. Can ABC Ltd give loan to XYZ Pvt Ltd?

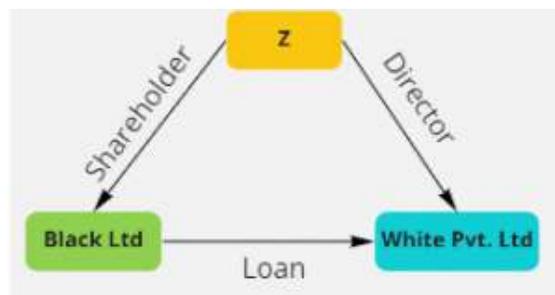
Ans: XYZ Pvt Ltd will be treated as person in whom director is interested. Loan can be given after passing Special Resolution.



Issue 2:

Black Ltd grants loan to White Pvt Ltd. Z is a shareholder of Black Ltd and a director in White Pvt Ltd.

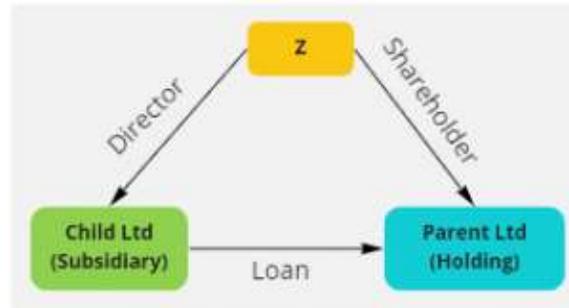
Ans: Allowed. As this transaction is not covered under Section 185.



Issue 3:

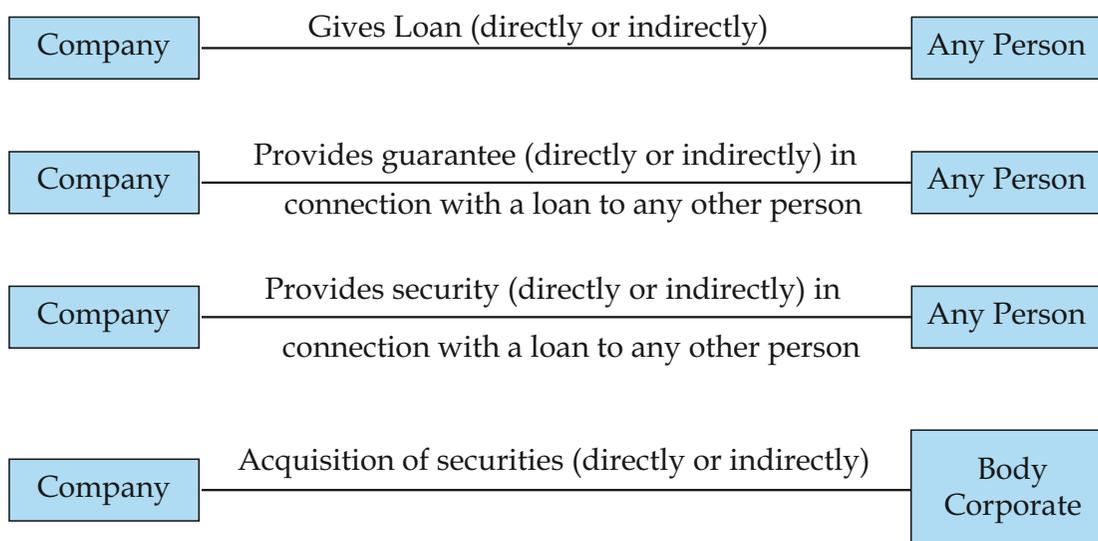
Child Ltd (subsidiary Co.) grants loan to Parent Ltd. (Holding Co.) Z is Director of Child Ltd and shareholder of Parent Ltd.

Ans: Allowed. As this transaction is not covered under Section 185

**Part II****Section 186 – Loan and investment by company.**

No company shall directly or indirectly –

- 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; and
- acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account,



Legal requirements:**Requirement No. 1: Approval of Board**

1. The approval of the Board is required in all cases irrespective of the amount of loan, investment, guarantee or security.
2. The approval of the Board shall be obtained by means of a unanimous resolution passed at a Board meeting with the consent of all the directors present at the meeting.
3. Resolution by circulation or resolution of the committee of directors is not sufficient.

Requirement No.2: Approval of the members by passing Special Resolution

1. When the aggregate of the loan, investment, guarantee or security already made together with the loan, investment, guarantee or security proposed to be made exceeds the limit specified u/s 186(2), prior approval by means of a special resolution is necessary.
2. Limit u/s 186(2) is higher of –
60% of (paid-up share capital + free reserves + securities premium) or
100% of (free reserves + securities premium).
3. The contents of the Special resolution shall contain the total amount up to which the Board is authorized to make loans, guarantee, investment or security.
4. No approval by way of SR is required, where –
 - The loan is given by a company to its Wholly Owned Subsidiary [WOS] or joint venture company [JVC], or
 - The guarantee is given or security is provided by a company to its WOS or JVC.
 - Where the acquisition of securities of its wholly owned subsidiary is made by a holding company, by way of subscription or otherwise.

Requirement No.3: Approval of public financial institution [PFI]

1. The company shall obtain the prior approval of PFI from which it has taken a term loan.
2. Approval of PFI is not required if –
 - The aggregate of loans, guarantee, investments or security already made together with the loan, investment, guarantee or security proposed to be made does not exceed the limit given.
 - There is no default in repayment of loan installments or interest to PFI as per the terms and conditions of such term loan.

Requirement No.4: Rate of interest

The rate of interest chargeable should be more than the prevailing yield of Government Security closest to the period of the loan.

Requirement No.5: No subsisting default with respect to deposits

1. A company which has defaulted in repayment of any deposits accepted by it or in payment of interest on deposits, shall not make any loan, guarantee, investments or security till such default is subsisting.
2. In other words, where a company fails to repay the deposits or interest thereon on the due date, it may make loan, guarantee, investments or security only after the default has been made good.

Requirement No.6: Disclosures in financial statements

The company shall disclose to the members in the financial statement –

- The full particulars of any loans given, investments made, guarantee or security provided, and
- The purpose for which the loan or guarantee or security is proposed to be utilized by the recipient.

Non-applicability of Section 186**With respect to Government Company**

1. A Government company engaged in defense production.
2. A Government company, other than a listed company, in case such company obtains approval of the Ministry or Department of CG which is administratively in charge of the company or State Government, as the case may be.

With respect to the acquisition of shares

1. Any acquisition of shares allotted in pursuance of right shares.
2. Any acquisition made by a company whose principal business is the acquisition of securities (i.e. investment company).

With respect to loans, guarantee or security

1. A banking company in the ordinary course of its business;
2. An insurance company in the ordinary course of its business;
3. A housing finance company in the ordinary course of its business;
4. A company engaged in the business of financing of companies or of providing infrastructural facilities.

With respect to the acquisition of shares and loan

1. Any acquisition made by a non-banking financial company whose principal business is the acquisition of securities.
2. The exemption to NBFC shall be with respect to investment and lending activities.

Penalty For Contravention Of Section 186

Liability of	Fine	Imprisonment	both
Company	Minimum ₹ 5 lakh. Maximum ₹ 25 lakh	NA	NA
every officer of the company who is in default	Minimum ₹ 5 lakh. Maximum ₹ 25 lakh	May extend to 2 years	NA

Explanation. – For the purposes of this sub-section, the word “person” does not include any individual who is in the employment of the company.

Conclusion – From provision to analysis we can conclude that If section 185 of Companies Act, 2013 is invoked i.e. Non-Compliance of this section then such non-compliance have to be report under the notes to account as an Related party transaction of the Financial statements of the company and Statutory Auditor of the company will provide qualified opinion and will disclose in its audit report as well as where CARO, 2020 [Paragraph 3(iv)] will applicable on the company then also such disclosure will be required.

Company and its Directors and Officers may also be liable for offence by way penalty or imprisonment as the case may be given u/s 185(4) of the Companies Act, 2013.



SECTION 188 OF COMPANIES ACT, 2013- PROVISIONS ON RELATED PARTY TRANSACTIONS



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Section 188 of Companies Act, 2013 contains the Provisions of Related Party Transactions, which are to be complied by the Companies. The Provisions of Section 188 are applicable to Private Company and Public Company (Listed and Unlisted).

I) **First and Foremost, let us understand who is a Related Party under Companies Act, 2013:**

As per Section 2(76) read with The Companies (Specification of definitions details) Rules, 2014, "related party", with reference to a Company, means –

- (i) a Director or his relative;
- (ii) a Key Managerial Personnel or his relative;
- (iii) a firm, in which a Director, Manager or his relative is a partner;
- (iv) a private Company in which a Director or Manager or his relative is a member or Director;
- (v) a public Company in which a Director or Manager is a Director and holds along with his relatives, more than two per cent of its paid-up Share Capital;
- (vi) any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;
- (vii) any person on whose advice, directions or instructions a Director or Manager is accustomed to act:
 - Exception**-Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any body corporate which is –
 - (A) a Holding, Subsidiary or an Associate Company of such Company;
 - (B) a Subsidiary of a Holding Company to which it is also a Subsidiary ; or
 - (C) an Investing Company or the venturer of the Company;
- (ix) such other person as may be prescribed;

As per The Companies (Specification of definitions details) Rules, 2014: For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a Director[other than an Independent Director] or Key Managerial Personnel of the Holding Company or his relative with reference to a Company, shall be deemed to be a related party.

II) After determining a Related Party, it is also important to identify the Related Party Transactions:

As per Section 188(1), except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no Company shall enter into any contract or arrangement with a related party with respect to –

- (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

INTERPRETATION AND EXPLANATION OF POINT (I) AND (II):

To ascertain whether provisions of Section 188 of the Companies Act, 2013 are applicable on a certain transaction, both of the following criteria must be fulfilled:

1. Whether the transaction is entered into with a Related Party as defined under Section 2(76) of Companies Act, 2013 and The Companies (Specification of definitions details) Rules, 2014 (**As explained in Point I earlier**);

AND

2. Whether a Contract or Arrangement is a Related Party Transaction as per clauses (a) to (g) of Section 188(1) of Companies Act, 2013 (**As explained in Point II earlier**).

If an entity/person is, a Related Party AND Contract or Arrangement is a Related Party Transaction then Company will have to comply with the provisions of Section 188 of Companies Act, 2013.

It is to be noted that if any one of the above criteria is not fulfilled, provisions of Section 188 of Companies Act, 2013 shall not be attracted.

III) Approval for entering into Contact or Arrangement:

As per the first proviso of Section 188(1) 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 may be prescribed**, shall be entered into except with the prior approval of the Company by a resolution.

Limits of Transactions are mentioned in Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014. If the transaction exceed the following limits, it shall require approval of the Company by a resolution:

1. sale, purchase or supply of any goods or material, directly or through appointment of agent- **10% or more of turnover**
2. selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent- **10% or more of net worth**
3. leasing of property any kind- **10% or more of turnover**
4. availing or rendering of any services, directly or through appointment of agent- **10% or more of turnover**

The above limits mentioned in 1 to 4 shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

5. Others:
 - a. is for appointment to any office or place of profit in the Company, its Subsidiary Company or associate Company- **at a monthly remuneration exceeding two and a half (2.5) lakh rupees**
 - b. is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company- **exceeding 1% of net worth**

Note: The turnover or net worth referred in above shall be computed on the basis of the audited financial statement of the preceding financial year.

IV) Explanatory Statement of the Notice of General Meeting convened for obtaining approval of Related Party Transactions:

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars, namely:-

- (a) name of the related party;
- (b) name of the Director or Key Managerial Personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangements;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

V) Provision in case of Wholly Owned Subsidiary :

As per Rule 15(2) of The Companies (Meetings of Board and its Powers) Rules 2014, in case of wholly owned Subsidiary, the resolution passed by the Holding Company shall be sufficient for the purpose of entering into the transaction between the wholly owned Subsidiary and the Holding Company.

VI) Arm's Length Transaction:

“Arm's Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

If the transaction is in the ordinary course of business and undertaken on arm's length basis, it shall not need the approval of the Board or the Company.

VII) Ratification of Contract or Arrangement:

As per Section 188(3),

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under subsection (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three (3) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders.

If the contract or arrangement is with a party related 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:

As per Section 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-Twenty-Five (25) Lakh Rupees
- (ii) In case of any other Company- Five (5)Lakh Rupees

IX) Others:

1. As per Section 188(2), details of every contract entered into shall find its reference in the Board's report along with justification about the same.
2. No Member/Director shall vote on the resolution if they are related party.
3. As per Section 188(4), company can 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.



DUE DILIGENCE - A KEY SUCCESS FACTOR FOR MAJOR BUSINESS TRANSACTIONS & MCA UPDATES RELATING TO LLP



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INTRODUCTION

Due Diligence (DD) is a word which has gained more popularity in the recent past, due to various legal and regulatory requirements. It has opened up a lot of opportunities for professionals.

Due diligence is an inspection and risk assessment of an upcoming business transaction; it is a background check to make sure that the parties to the transaction have the required information they need, to proceed with the transaction. A proper due diligence is required to reveal misrepresentation and fraudulent dealings in a major business transaction.

Thus, it may be stated that Due diligence is a process of:

- i) Analysing various aspects to estimate potential company.
- ii) Assessing the financial viability of the entity in terms of its assets and liabilities at a comprehensive level.
- iii) Examining the operations and verifying the material facts related to the entity.

At times, the scope of a diligence and audit appears to be same, but the expected outcome of both are quite different. Statutory Audit is limited to Financial Analysis and is a recurring event based on the historical data whereas the due diligence does not only cover the financial aspect but also includes business plan, legal issues, sustainability of business, management prospects etc. Due Diligence is conducted occasionally and covers the future prospect in addition to the historical data.

It is important to understand the right approach to do a diligence since now we professionals have been empowered with the responsibility of conducting due diligence for various purposes and the report is relied on by various authorities therefore it is essential to understand the significance of DD and the principles to be followed while conducting the DD.

Objective of Due Diligence

- Collect the material information from the target Company
- Conducting SWOT analysis to identify its strength and weakness
- To take correct decision about an investment
- To disclose the correct and complete information
- To make Accurate and Smooth decision

If the DD is based on a regulatory requirement, it establishes compliance of provisions or exhibits the position of the entity and is expected to bring out all the relevant information, which is required to be divulged to the regulatory or statutory authority. DD is a concise summary of facts happened over a period of time, which is collated and analysed with the perspective of the Scope of the DD and gives the correct position at any given point of time which helps the parties in taking a decision on the issue for which the DD is conducted.

SIGNIFICANCE AND IMPORTANCE OF DUE DILIGENCE

DD is a useful tool for review of areas in which there is prima facie concern. It provides an opportunity to look at contingent liabilities standing firmly in the present.

Misrepresentations and fraudulent dealings are not always obvious or straight. These are to be uncovered, especially in a major business transaction, as it would create a major impact on the business. Proper due diligence services explore and assess the details behind the same and inform about the financials, business, internal systems, profitability, key operational aspects, management team, promoters and other material factors which will help in making an accurate decision about an investment. Due diligence is designed to protect the interests of the Company by providing objective and reliable information before making any commitments. Due diligence is necessary to allow the investigating party to find out everything that one needs to know about the subject of the diligence.

Due Diligence is understood to be an investigation or exercise of care that a reasonable business or person is normally expected to take before entering into an agreement with another party or an act with certain standard of care. The theory behind DD holds that performing this type of investigation contributes significantly to informed decision making by enhancing the amount and quality of information available to decision makers and by ensuring that this information is systematically used to deliberate on the decision on hand and all its costs, benefits and risks.

It takes the decision makers to the past, the present and the future of an enterprise.

DIFFERENT FORMS AND TYPES OF DD AND BUSINESS TRANSACTIONS

Different forms and types of DD depending upon on the purpose.

- examination of potential target for merger, acquisition, privatization, partnership
- an investigation focussing on material future business;
- Public offer
- Joint Venture and Collaborations
- Financial Due Diligence
- Legal Due Diligence
- Tax Due Diligence

SCOPE AND REQUIREMENT

It is very essential to understand the scope and requirement of a DD, since this will help identify the areas to be covered and the pertinent questions to be asked. DD is an investigation into the required aspects and the outcome in the form of report should bring out the necessary information to the recipient. The due diligence framework gives you a structured approach to research and to achieve this end result, certain points and factors one should keep in mind :-

- a) Evaluate the Objectives and Purpose in Mind.
- b) Areas of Due Diligence
- c) Analysis of Business Financials
- d) Complete Review on finance, legal, secretarial etc aspect
- e) Review of various Policies
- f) Filings with ROC/ SEBI/ Stock exchanges / tax authorities;
- g) Internal reports like MIS reports, Internal Audit report to be checked.
- h) Thorough Inspection of Documents, Minutes, Agreements
- i) an examination being conducted by asking certain key questions and preparing the detail checklist
- j) an investigation into the current practices of process and policies

The above is by no means an exhaustive list and more items could be added on the basis of the scope, specific subject of DD and the extent of the DD to be conducted.

DD is a process and a procedure to look at from a close angle the business transactions conducted by the company over a period of years. This does not mean that the transactions have to be considered in a doubtful manner but with an open mind. This requires a peep into future effect of past transactions from the point of view of finding out hidden losses, if any, which will have the effect of increasing liability of the company.

DUE DILIGENCE: IT'S IMPACT

Due Diligence ensures that regulatory decision-makers have sufficient information to decide if it should be allowed to proceed. It involves elements of both risk assessment and risk management.

India presents a varied economic, regulatory, and legal landscape for doing business. India nowadays has been set as a lucrative destination for foreign investment. Its large untapped resources, labour force, are lead source of attraction in the Indian economy. Ever since India opened its doors to the global market, many foreign-based firms have been aggressively looking to invest in the Indian market, and even vice versa. Due diligence in India is generally performed by a company before any merger & acquisition, private equity investment, raising funds through IPO, FPO, right issue, bonds bank loan funding, etc. Indian companies have recognized that in order to confirm with international standards of due diligence, the practice must be incorporated in their framework. That due diligence becomes a powerful tool for companies to ensure that it is able to manage the risk prior to entering into a business transaction. Due Diligence is now finding deserved place in Indian Statues. Mandatory provisions have been introduced for the conduct of due diligence under various statutory laws.

CONCLUSION

Diligence is an indispensable element of any form of business organization. Right from the setting up of business, managing organic and inorganic growth of business, dealing with legal issues and so on and so forth. It is heartening to note that Due Diligence has gained substantial footprints in India and DD provides with an excellent business opportunity to the professional and should be conducted meticulously with a professional approach. The task is multi-dimensional in nature and has a company-wide effect. It requires a sound knowledge of the relevant laws and the degree of care required is of utmost importance and it is what a reasonable person is expected to exhibit.

We professionals act as a catalyst in due-diligence. We are known as “Governance Professionals” and are called upon to guide the corporate board on various strategic, governance-related and compliance issues.

With this scope, at every step there is a need for professionals to alter their roles while undertaking any compliance and to perform utmost due-diligence with respect to same.

MCA UPDATES RELATING TO LLP

- **WEB BASED LLP FILLING**

The Ministry of Corporate Affairs has launched a new way of e-filing for LLP on MCA21 portal. All LLP filings going forward will be web based.

- **LLP (AMENDMENT) ACT 2021**

LLP Amendment Act 2021 is meant to support the 'ease of doing business' initiative, by extending a helping hand for the Start-up India community, as the amendments provide for decriminalizing certain offences, introducing the concept of small LLPs, appointment of adjudicating officers/ special courts, etc. This will help the small business houses to do their business by incorporating LLPs without fear of prosecution, reduced compliances and their costs etc.

Section 1 to 29 of LLP (Amendment) Act 2021 shall be applicable from 01.04.2022

Key Amendments

Introduction of Small Limited Liability Partnership

“Small Limited Liability Partnership” means a Limited Liability Partnership the contribution of which does not exceed twenty-five lakh rupees or such higher amount, not exceeding five crore rupees, as may be prescribed; AND

the turnover of which, as per the Statement of Accounts and Solvency for the immediately preceding financial year, does not exceed forty lakh rupees or such higher amount, not exceeding fifty crore rupees, as may be prescribed; OR

OR which meets such other requirements as may be prescribed and fulfills such terms and conditions as may be prescribed.

RESIDENT OF INDIA:

The LLP (Amendment) Act, 2021 amended the Section 7(1) of the LLP Act, 2008 by substituting the words “eighty-two days during the immediately preceding one year” by “twenty days during the financial year”. Therefore, a person who is resident in India for just 20 days in financial year can be appointed as Designated Partner.

ACCOUNTING STANDARDS FOR CLASSES OF LLPs:

The Central Government may, in consultation with the National Financial Reporting Authority constituted under section 132 of the Companies Act, 2013,—

- a. prescribe the standards of accounting; and
- b. prescribe the standards of auditing

as recommended by the Institute of Chartered Accountants of India constituted under section 3 of the Chartered Accountants Act, 1949, for a class or classes of limited liability partnerships.

CHANGE OF NAME OF LIMITED LIABILITY PARTNERSHIP:

A limited liability partnership, is registered by a name which is identical with or too nearly resembles to that of any other limited liability partnership or a company; or a registered trade mark of such proprietor the Central Government may direct that such limited liability partnership to change its name or new name within a period of three months from the date of issue of such direction:

If the limited liability partnership is in default the Central Government shall allot a new name to the limited liability partnership which the limited liability partnership shall use thereafter:

COMPOUNDING OF OFFENCE:

The Regional Director or any other officer not below the rank of Regional Director authorised by the Central Government may compound any offence under this Act which is punishable with fine only.

A sum which may extend to the amount of the maximum fine provided for the offence but shall not be lower than the minimum amount provided for the offence

It is hereby clarified that any second or subsequent offence committed after the expiry of the period of three years from the date on which the offence was previously compounded, shall be deemed to be the first offence.

Every application for the compounding of an offence shall be made to the Registrar who shall forward the same, together with his comments thereon, to the Regional Director Etc.

ESTABLISHMENT OF SPECIAL COURT FOR SPEEDY TRIAL OF OFFENCES:

The Central Government may, for the purpose of providing speedy trial of offences under this Act, by notification, establish or designate as many Special Courts etc.

PAYMENT OF ADDITIONAL FEES:

It shall be noted that different fees or additional fees may be prescribed for different classes of Limited Liability Partnerships or for different documents or returns required to be filed under the LLP Act, 2008 or Rules made there under.

GENERAL PENALTIES:

If a Limited Liability Partnership or any Partner or any Designated Partner or any other person contravenes any of the provisions of the LLP Act, 2008 or the Rules made there under for which no penalty or punishment is provided elsewhere in this Act, the person, who is in the default, shall be liable to a penalty of five thousand rupees and in case of a continuing contravention with a further penalty of one hundred rupees for each day after the first during which such contravention continues, subject to a maximum of one lakh rupees.

ADJUDICATION OF PENALTIES.:

The Central Government may, by an order published in the Official Gazette, appoint as many officers of the Central Government, not below the rank of Registrar, as adjudicating officers

The Central Government shall, while appointing adjudicating officers, specify their jurisdiction in the order ETC

POWER TO REMOVE DIFFICULTIES:

If any difficulty arises in giving effect to the provisions of this Act as amended by the Limited Liability Partnership (Amendment) Act, 2021, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as may appear to it to be necessary for removing the difficulty, within three years from the date of commencement of the Limited Liability Partnership (Amendment) Act, 2021.”.

JURISDICTION OF COURTS:

The Special Court referred to in clause (a) of sub-section (2) of section 67A shall have jurisdiction and power to impose punishment. The criminal cases pending before the court of Judicial Magistrate of the first class or Metropolitan Magistrate, as the case may be, shall be transferred to the Special Court

COGNIZANCE OF OFFENCES

No court, other than the Special Courts referred to in section 67A, shall take cognizance of any offence punishable under this Act or the rules made there under save on a complaint in writing made by the Registrar or by any officer not below the rank of Registrar duly authorised by the Central Government for this purpose.

DE-CRIMINALIZATION OF MONETARY PENALTIES:

The overall number of criminal provisions under the LLP Act, 2008 will be reduced and number of offences are decriminalized under LLP Act, 2008



"DREAMZZ UNLIMITED": STORIES THAT INSPIRE



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It feels not so long ago I had started my professional journey in 2007 and all the memories are so fresh and when I look back, they make me smile each time I remember them. I thank CVOCA for giving me this opportunity to open some of the important chapters in book of my life and share some insight that might help the young and budding generation.

I have to say I was quite naïve to the professional and corporate world when I started and also a bit casual in my approach. During last 15 years I have learnt many things which has shaped my career and personality. I have worked in various functions like audit, So X, anti-corruption and antitrust laws, risk management, project management and business leadership roles, in India and abroad where I got a chance to work with various cultures as well. It opened new perspectives both professionally and as a person for me giving me wider scope of learning and expanding my horizons.

I abide by this mantra "Don't listen to outside noises and follow your gut instinct". Many a times we face with the situation where we must take important decisions, tricky decisions like choosing the line of study, making decision on career etc. In those situations, you will always find people giving advises and sometimes unsolicited advises. Some people could be very overpowering and over convincing. When I was taking decision to choose line of study after 10th I was clear that I want to go for commerce. I scored good and people expected that I should go in the science stream. There were lot of expectations from my friends and teachers for me to go in the science stream. However, I had full support from my family, and I was clear that I want to go for commerce. Similarly, while taking career decisions there were many people who had ridiculed my career choices at different stages. What I have learnt is to ignore people and ignore those outside noises. Sometimes we tend to overthink, I realized that we cannot decide if it is the right step or not that's when the mantra applies.

Have a buddy with whom you can share your thoughts. I don't mean a mentor or a coach but a buddy. When you have someone with whom you can share your thoughts and discuss what is in your mind it gives you more ideas and more clarity on your thought process. I have experienced that more you talk about some idea with someone you get more confident about what you are doing and how are you going to present it. I had a colleague with whom I used to travel every day and during those 30 mins we used to discuss various topics and that helped me immensely during those times.

Have a good team whom you can trust. As you grow in your career it is important to have a good team around you and more important to have team members whom you can trust. I realized that I cannot do everything on my own and I need to delegate more and empower the team. Trust factor becomes very critical while delegating and empowering. Another important aspect is the competence of the team members and I rate competence a notch higher than the experience a person carries. I have taken risks on selecting people based on their competence and not looking at their limited experience and so far, that has proved to be a success formula.

Change is good. One of the most challenging aspects of any professional life is accepting a change. There is a natural tendency to resist change. In my career I have seen and experienced few changes where I felt out of my comfort zone, and it was difficult to accept change in the beginning. However, during the process, I learnt that it is important to look for positives and understand the reasons behind those changes. Not accepting changes and continuing to challenge the change is probably going to waste more time, rather than learn from them.

Another challenging task is to bring change. As I said it is not easy to accept change and this is very important to keep in mind. To bring change we must deal with people who are going to experience that change. Hence most important aspect to bring change is communication... explain the reason behind the change and how it is going to help others. Lead from the front and walk the talk. Remember you were also there at that point in some time of your life. To implement change, it is important to showcase that you believe in that change set a tone from the top. And last thing according to me is take tough decision to implement it whether it is accepted by all or not. In certain situations, there will be people who are not ready to change, and we have to have clear discussions with these people and take the tough decisions.

As we grow, we go through many experiences and form perceptions, filters, and biases ... unconscious biases. These perceptions form our personality. These perceptions play critical role in our decision making. I believe, to grow as an individual it is important to understand our own biases and perceptions. It takes a conscious effort to realize our own perception and determination to overcome those biases. During my journey I have got many opportunities to work with people from different cultures across the globe, understanding the challenges in their lives and their cultural background also helped me clear many of my filters and grow as an individual.

Continuous learning is very important. The world around us is constantly changing and we need to adapt continuously to this changing world to keep pace and grow along as well as make a difference. As professionals we give lot of focus on learning and updating ourselves with latest laws and regulations. Many atimes we provide less priority to our soft skills like communication, presentation, story telling etc. In the corporate world these aspects play a significant role. Our knowledge and hard work can take us to a certain level, to go beyond that, soft skills are also very important.

Speak up and make your opinion count. I have realized over the years that it is very important to speak up what your opinion is – if you agree or disagree and the reason for it. For early professionals in the corporate world, you need to get yourself differentiated from others and let the leaders know that you have a thought process of your own and not follow blindly. Further this helps your leaders notice you and remember you when the performance evaluation takes place. In a leadership role it is even more critical to express your opinion and your thoughts. It is very important for your team to know your thought process and to form a strategic direction for the growth of your organization based on your lead and sense of direction.

Take up special projects over and above your normal work. For an example if there is a new tool being implemented in the company, get involved in the project team or implementation team. This could give you an exposure towards different aspects of the work which might be different from your regular job responsibility. Further it will also help you expand your network within the organization.

I would like to requote an interesting line “Dots start connecting when you look back and look where you are today! Trust the dots that you are designing today”. At the end of the day when we shut our laptop it is important to feel accomplished and have smile of satisfaction, which is the most important thing to keep you going. I follow this I hope it helps you too!



EVENTS IN RETROSPECT

Day & Date	Committee	Program Name	Speaker	Attendance / Views
12th March 2022	Membership & Recreation Committee	Panel Discussion on "Choosing Right Career Choice" for newly passed out CAs.	Moderator - CA Gautam Mota	38
26th March 2022	Students Committee	Impact of revised schedule III of companies act 2013	Speaker - CA Ameet Chheda	30



EVENTS IN RETROSPECT

Day & Date	Committee	Program Name	Speaker	Attendance / Views
26th March 2022	Membership & Recreation Committee	CVOCA Premier League 2022 - Box Cricket Tournament	Winner of Men's Team - Team S K Rambhia Runner Up of Men's Team - Team GBCA Winner of Women's Team - Team Navin & Associates	122 (12 Teams of men 2 Teams of Women)

