



CS NEWS
Connecting
Statutes

2018



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2018 – “Year of Ethics”. To Preach or Practice
Initiative by J Sundharesan

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“Governance is more of exception; less of Rule”

FILING OF DIR-3 KYC IS AN OBLIGATION OF DIRECTOR

ACHCHE DIN YA BHURE DIN - GOOD DIN OR BAD DIN

DIN has become a Din (daily) affair now dealing with the KYC issues in DIN (Director Identification Number)

Achche DIN - In 2006 when I first procured the DIN it was a status symbol and every DIRECTOR aspirant was excited in possessing this amazing number. Achche din became bhurre DIN in 2017 when Mallya, Nirav incident happened.

On checking their DIN it was found that these directors had passport but did not inform the regulators; they had a permanent address but provided their temporary address; they had provided everything except the AADHAR (proof).

Bhurre DIN - In 2018 when celebrity businessmen escaped the country the Achche DIN could not do much to track the offenders. The regulators after the banking sector scam decided to become Bhurre (bad).

The regulators quickly fixed all of these and introduced an obligation for all directors to provide the passport (for identity proof), utility bill (for address proof), AADHAR card (for perpetual succession proof) in form DIR 3 - KYC.

Thus the individual VEIL was lifted (forget lifting corporate veil).

This KYC has ensured that the Achhe DIN in the eyes of directors have become Bhurre DIN.

Most directors are singing the song from movie Fanny khan "Achhe DIN kab ayenge"

“Governance is more of exception; less of Rule”

WHAT IS DIR-3 KYC?

A step towards updating directors database. As a part of updating its directors database, The MCA has notified the format of E-form DIR-3 KYC under new Rule 12A, vide the 'Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2018', via notification dt. 05.07.2018. DIR-3 KYC is available for filing.

Who is required to file DIR-3 KYC?

Every individual who has been allotted a Director Identification Number (DIN) as on 31st March of a financial year as per these rules shall, submit e-form DIR-3-KYC to the Central Government on or before 30th April of immediate next financial year. (For Example 1: -If DIN was allotted as on the date of 31st of March 2019, then you are required to file DIR-3 KYC before 30th April, 2020.

Provided that every individual who has already been allotted a Director Identification Number (DIN) as at 31st March 2018 shall submit e-form DIR-3 KYC on or before 31st August 2018. (For Example 2: - If DIN was allotted on or before 31st of March, 2018 then you are required to file DIR-3 KYC on or before 31st August, 2018.

Mandatory to file for all Directors even for disqualified directors

Documents required to file DIR-3 KYC:

1. *The proofs to be attached for Indian Directors shall be self-attested.*
 - a. Copy of Permanent Address;
 - b. ID Proof:
 - i. PAN
 - ii. Aadhar and
 - iii. Passport, if any
 - c. If the present and permanent addresses is different, present address proofs shall also be provided (i.e. Utility Bill or Telephone Bill not later than 2 months / Driving License).

“Governance is more of exception; less of Rule”

2. The proofs of Foreign Directors – Self-attested, duly Notarised and Apostilled:

- a. Copy of Permanent Address
- b. ID Proof – Passport
- c. If the present and permanent addresses is different present address proofs shall also be provided (i.e. Utility Bill or Telephone Bill not later than 2 months / Driving License).

Note: We need to obtain freshly Notarised and Apostilled – Id and Address Proof

Fees for filing E-form DIR – 3 KYC

Fees for filing e-form DIR-3 KYC under Rule 12A of **Companies (Appointment and Qualification of Directors) Rules, 2014 –**

1. Fee payable till the 31st August 2018: Not Applicable
2. Fee payable in delayed cases i.e. after 31st August 2018: Rs. 5000/-

Consequences of not filing DIR-3 KYC

In case, a director failed to intimate his particulars in E-Form DIR-3 KYC within stipulated time in accordance with Rule 12A, then the Director's Identification Number (DIN) of directors shall be Deactivated and the MCA21 system will mark all approved DINs (allotted on or before 31st March 2018) against which DIR-3 KYC form has not been filed as 'Deactivated'. However, the de-activated DIN shall be Re-activated only after filing of E-form DIR-3 KYC along with prescribed fees as prescribed under Companies (Registration Offices and Fees) Rules, 2014

HEADS UP ON EVENTS THAT LED TO HEADS TURN IN JULY 2018**Tata-Mistry verdict and the other long drawn battles within Indian Industry**

NEW DELHI: As Tatas rejoice over NCLT Mumbai dismissing the appeal of Cyrus Mistry over his removal as Tata Sons chairman, today's development put the spotlight back on long-drawn high-decibel boardroom battles that India Inc has witnessed. Mistry, who was suddenly removed as Chairman of Tata Sons in October 2016, had challenged his sacking and raised allegations of rampant misconduct on part of Ratan Tata and the company's Board. While he asserted that "an appeal on merits will be pursued", Mistry's opponent Tata, who had retired as Chairman of Tata Sons in December 2012, is a patriarch who 'has been there and done that'.

In the 90s, when he was still young, the veteran industrialist had seen off group satraps like Russi Mody of Tata Steel, Darbari Seth at Tata Chemicals, Ajit Kerkar at Indian Hotels, and A.H. Tobaccowala at Voltas. While the Tata versus Mistry has been the most recent heavyweight showdown at the group, a walk down the memory lane brings back to light the fact that they are not the only ones to have fallen out so badly after having been together.

Ambani versus Ambani After the death of Dhirubhai Ambani -- the founder of Reliance Industries, in July 2002, there was speculation that all was not well between his sons, Mukesh and Anil. Rumours about wrangling between the Ambani brothers flew thick and fast till it was confirmed by the elder brother, Mukesh who admitted to a television channel in November 2004 that there were "ownership issues" in the Reliance group. What followed was a bitter exchange of allegations and counter allegations through the media and it culminated with the brothers reaching a settlement in June 2005 to split the group assets. As per the family settlement, brokered by their mother Kokilaben,

Mukesh got control of flagship Reliance Industries, and IPCL with interest in oil and gas, and textiles. On the other hand, younger brother Anil got Reliance Infocomm, Reliance Energy, Reliance Capital with presence in telecom, power, financial services and entertainment. Even after the split, the two brothers continued their feud on several business matters, especially pertaining to gas and telecom. Finally, in May 2010 they agreed to bury their differences and create an environment of harmony, co-operation and collaboration between their groups to eliminate any room for further disputes.

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Infosys co-founders vs Board The once poster-boy of Indian IT industry, Infosys was at the centre of a controversy last February when co-founders N R Narayana Murthy, Nandan Nilekani and Kris Gopalakrishna flagged what they said were corporate governance lapses. Their concerns were related to hefty pay hike to the then CEO Vishal Sikka and large severance package to former CFO Rajiv Bansal and general counsel David Kennedy as well as doubts over Panaya acquisition. The then board of the company, chaired by R Seshasayee put up a defiant fight against the campaign launched by co-founders, specially Murthy, whose letters to the company board were most often highlighted in media. R Seshasayee, Jeff Lehman and John Etchemendy also stepped down from the Board, while Nandan Nilekani returned as non-executive chairman of Infosys. Earlier this year in January, Salil S Parekh was appointed as the new chief executive officer and managing director of the company.

Yes Bank: Kapoor vs Kapur The Mumbai terror attack of November 2008 left a lasting impact on the future of Yes Bank, one of the private banks of the country. About a year after co-founder Ashok Kapur was killed in the attack, rift began to appear between his family and Rana Kapoor, the other co-founder, over appointment of director on the company's board. Madhu Kapur, widow of Ashok was keen to get daughter Shagun Kapur Gogia nominated as a director but Yes Bank's board turned down the proposal citing RBI's eligibility criteria. In 2013, Madhu Kapur and her family moved the Bombay High Court against Rana Kapoor demanding the right nominate a director to the bank's board citing articles of association of the bank while also challenging appointment of MR Srinivasan and Diwan Arun Nanda to board as non-executive directors. A protracted legal battle followed and in June 2015, the court ruled in her favour. The court had made RBI a party to the boardroom battle.

Source: <https://economictimes.indiatimes.com/news/company/corporate-trends/tata-mistry-verdict-and-the-other-long-drawn-battles-with-indian-industries/articleshow/64921859.cms>

Tata-Mistry feud: NCLT says chairman doesn't enjoy a free hand; board not at his beck and call

The National Company Law Tribunal (NCLT), which upheld the removal of Cyrus Mistry as chairman of Tata Sons, said an executive chairman does not enjoy a free hand and that he also cannot assume that majority shareholders and the board would be at his "beck and call".

“Governance is more of exception; less of Rule”

In a 368-page order, which was made public today, the bench also said that Mistry's wrong assumption that he had a free hand to run the affairs of the Tata Group perhaps caused all the problems and that Tata Sons board was "competent" to remove its chairman.

After a four-month long hearing, a special bench of the NCLT, Mumbai had on July 9 dismissed all the petitions filed by Mistry and his family-run firms alleging oppression of minority shareholders and mismanagement by the board. He also challenged his removal as chairman of Tata Sons. "Mistry has created a situation that being the executive chairman he is not accountable either to the majority shareholders or to the Tata Trusts' nominee directors. "Any executive chairman of all big companies will act as a face of the company, but that does not mean that he is whole and sole and the majority shareholders will remain at his beck and call," the bench said and noted that the Tata Sons board was "competent" to remove its chairperson. It can be noted that the Mistry family is the single largest non-promoter shareholders of the Tata Group with over 18.3 per cent stake, which the family had been holding since the past five decades or so.

But the bench said the petitioners as a minority are "without any special rights in the articles of association". The tribunal also noted that from perusing Mistry's petition and other documents it is ascertainable that he was under the assumption that he was given a free hand to run the affairs of the company. "The very idea that Mistry assumed in his mind that he was given a free hand is incongruous to corporate governance and corporate democracy," it said. "...perhaps this caused all these problems because he was obsessed with an idea that he alone would lead the company and others to remain assisting him in running it," it added. On Mistry's ouster as a director from the board, the tribunal said it was because the board and the majority shareholders (Tata Sons) had "lost confidence in him", particularly after he admittedly sent out crucial information related to Tata firms to the income-tax department, and selectively leaked information to the press, apart from coming out in public against the company and its board members.

All this was done after Mistry was dismissed as chairman, the bench noted. Over a dozen Tata Trusts own more than 66 per cent of the over USD 105-billion Tata Group.

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The tribunal further noted that although Mistry was appointed as the chairman to preside over the board, he "could not become a sovereign authority over the company because the superior body in any company at first level are the shareholders, thereafter, the board, elected by those shareholders. "As long as the board is not removed and as long as they work within the powers endowed upon them to manage the affairs of the company, there can't be any sovereign concept in corporate structure, it is a collective responsibility of the board and their actions are accountable to shareholders of the company," the bench said.

The judgement noted that "even though the executive chairman was appointed by the board, one point to be remembered is that it is not a position elected by the shareholders." Explaining the rationale behind the order, the bench said, "Though the executive chairman takes a lead in taking decisions, every decision in respect to policy issues or an issue that requires board approval, it has to go through the board only. "The executive chairman's post is not an elected post; therefore, his every action is amenable to the board. So is the case in Tata Sons also. It is like an agreement of employment for five years," it said. On Mistry allegedly leaking confidential information pertaining to the group to the I-T department, the press and the public, the tribunal said the burden is on Mistry to prove that all this information was not leaked by him. The NCLT held that so far Mistry failed to prove this. The bench further noted that Mistry's ouster on October 24, 2016 caused an inflection to the annals of Tata Sons.

"In more than 100 years' history of the group change of guard happened only six times," it said. "Companies come and go just as men come and go, but on Indian soil, a few companies have survived these many long years. Of them, Tata is again unique for having its promoter shareholders (now Tata Trusts) spending all its might solely for the benevolence of the society," the judgment said. "The petitioners is a minority without any special rights in the articles of association," the order noted. "The petitioners are not founder members of the company, they have only come in 1965 by acquiring equity of 18.37 per cent from erstwhile shareholders, who also had no rights in the articles of association, therefore, the petitioners can be called as investors," it said.

Source:<https://economictimes.indiatimes.com/news/company/corporate-trends/tata-sons-board-shareholders-lost-confidence-in-cyrus-mistry-nclt/articleshow/64963797.cms>

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MCA panel may offer penal relief for some offences

New Delhi: The government is looking to decriminalise some of the offences in the Companies Act of 2013 so that courts are freed of these cases to focus on more important ones. The ministry of corporate affairs (MCA) has set up a 10-member committee to review the penal provisions in the Act. The committee, to be headed by the MCA secretary, may propose decriminalisation and suggest ways in which to replace the provisions with an in-house mechanism, where a penalty could be levied in instances of default. “This would also allow the trial courts to pay more attention on offences of serious nature,” MCA said in a statement. The committee, which has Uday Kotak, Shardul S Shroff, Sidharth Birla and Bankruptcy Law Reforms Committee chairman TK Vishwanathan among its members, will submit its report with recommendations within 30 days to the government.

The committee will see if existing compoundable offences in the Companies Act can be considered as ‘civil wrongs’ or ‘defaults’ where a penalty by an adjudicating officer can be levied. Only consequent to further non-compliance of the order of such authority will it be categorised as an offence that can be tried by a special court. Compoundable offences are those that are punishable with just a fine or with a fine or imprisonment or both. The panel will look into the possibility of making several non-compoundable offences — offences punishable with imprisonment only, or punishable with imprisonment and also with a fine — compoundable where just a fine is levied. “The committee will examine the existing mechanism of levy of penalty and suggest any improvements along with laying down the broad contours of an in-house adjudicatory mechanism where penalty may be levied in an MCA21-system driven manner, so that discretion is minimised,” the statement said. “It will also take necessary steps in formulation of draft changes in the law.”

A legal expert welcomed the move. “There are certain instances under the Companies Act where a simple typographical mistake in filings could be categorised as fraud and accordingly the penalty is quite rigorous,” said Anshul Jain, partner, Luthra & Luthra. “It’s a good thing that government is liberalising certain aspects of the law.” The government wants to see disputes resolved without having to approach the courts. “There are several offences that have fine as penalty or fine with penal provisions,” a government official said. “In certain cases of defaults, the government is planning to remove the penal provision and just impose the fine.

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Only consequent to further non-compliance of the order will it be categorised as an offence triable by a special court. We are looking at resolving most cases in-house without going to the courts. This would also allow the trial courts to pay more attention on offences of serious nature.”

Source:<https://economictimes.indiatimes.com/news/economy/policy/government-sets-up-10-member-panel-to-review-penal-provisions-under-companies-law/articleshow/64995604.cms>

KYC to be made mandatory for directors by Aug 31: Ministry

The Corporate Affairs Ministry (MCA) has decided to conduct KYC for all directors of companies annually through a new form -- DIR-3 KYC -- to be notified shortly. Accordingly, it would become mandatory for every director who has been allotted DIN on or before March 31, 2018 and whose 'DIN' is in 'approved' status, to file form DIR-3 KYC on or before August 31, 2018. This form should be duly certified by a practising professional (CA/CS/CMA). Filing of DIR-3 KYC would be mandatory for disqualified directors also, the MCA has said.

After expiry of the due date by which the KYC form is to be filed, the MCA-21 system will mark all approved DINs (allotted on or before March 31, 2018) against which DIR-3 KYC forms have not been filed as 'deactivated' with reason as 'non-filing of DIR-3 KYC'. After the due date, filing of DIR-3 KYC in respect of such deactivated DINs would be allowed upon payment of a specified fee, the MCA has said.

Source:<https://www.thehindubusinessline.com/companies/kyc-for-directors-to-be-made-mandatory-by-aug-31-ministry/article24304083.ece>

Fortis board unable to determine if fraud has occurred: Auditor

The board of directors of Fortis Healthcare Ltd are unable to decide whether a fraud occurred in the company. However, Deloitte Haskins & Sells LLP report released on July 7 has raised red flag over the company's transactions. "At this juncture, the board is unable to make a determination on whether a fraud has occurred in the company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report," said a company statement filed to the stock exchanges.

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The board said that the Securities and Exchange Board of India (SEBI) and the Serious Frauds Investigation Office (SFIO) will likely determine if a fraud has occurred. “We are unable to comment on regulatory non-compliances if any,” the board said.

The board has also stated that there may be additional related parties whose relationship with erstwhile directors (Malvinder and Shivinder Singh) were not disclosed to the company, and hence is not known to the management and there is an absence of all required information at this stage to draw an inference. Meanwhile, auditor Deloitte Haskins & Sells LLP has raised a red flag over recognition of interest income aggregating Rs 44.34 crore on doubtful recovery of inter-corporate deposits and property advance, which is not in compliance with the norms and hence is over stated. The auditor has raised doubts over whether loans and advances, whose recovery is uncertain, have been properly secured or are prejudicial to the interests of the group. In another instance, Escorts Heart Institute and Research Centre Ltd had acquired 71 per cent equity interest in Fortis Healthstaff Ltd at Rs 3.46 lakh and subsequently the former advanced a loan to the latter which was used to repay outstanding unsecured loan amount of Rs 7.945 crore to a promoter company. These transactions may also have been made to repay certain ICDs which were in question.

The auditor said that the total amount paid towards acquisition of these shares and loans were much higher than the enterprise value of these companies at the time of acquisition as determined by the group. Fortis Healthcare has incurred a net loss of Rs 63.72 crore during the year ended March 31, 2018 and various events during the year have adversely affected the company’s working capital position and credit rating. The company’s current liabilities exceed its assets by Rs 146.66 crore. In June 2018, it had secured new line of credit facility aggregating Rs 125 crore and is in the process of securing additional line of credit of Rs 340 crore. The board stated that the company has access to unencumbered assets that can be offered as a security for raising additional funding in future.

Source: <https://www.thehindubusinessline.com/companies/fortis-board-unable-to-determine-if-fraud-has-occurred-auditor/article24359497.ece>

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NCLT allows freezing of assets of Modi, Choksi firm directors:

An appeal by the Ministry of Corporate Affairs to freeze assets of independent directors in the companies of Nirav Modi and Mehul Choksi was upheld by the National Company Law Appellate Tribunal on Thursday. The appeal related to the ₹13,000-crore scam at the Punjab National Bank. The independent directors had earlier moved the NCLAT to appeal against the move to freeze the assets, including bank accounts. They argued that they were only ‘independent,’ and had no role in day-to-day operations of the two companies. The judgement could also hurt other independent directors that are under scanner.

Source: <https://www.thehindubusinessline.com/news/nclt-allows-freezing-of-assets-of-modi-choksi-firm-directors/article24401484.ece>

Corporate Affairs Min sets up committee to review offences under Companies Act:

The Corporate Affairs Ministry (MCA) has constituted a 10 Member Committee for review of the penal provisions in the Companies Act, 2013. This Panel is expected to examine ‘de-criminalisation’ of certain offences. The MCA seeks to review offences under the Companies Act, 2013 as some of the offences may be required to be decriminalised and handled in an in-house mechanism, where a penalty could be levied in instances of default. This would also allow the trial courts to pay more attention on offences of serious nature, an official release said.

The Committee — headed by MCA Secretary — would have to submit its report within thirty days to the Central Government for consideration of its recommendations, the release added. It has been decided that the existing compoundable offences in the Companies Act - 2013 viz. offences punishable with fine only or punishable with fine or imprisonment or both may be examined. The Panel has been asked to take a decision as to whether any of such offences may be considered as ‘civil wrongs’ or ‘defaults’ where a penalty by an adjudicating officer may be imposed in the first place and only consequent to further non-compliance of the order of such authority will it be categorised as an offence triable by a special court. It is also required to be seen as to whether any non-compoundable offences viz. offence punishable with imprisonment only, or punishable with imprisonment and also with fine under the Companies Act, 2013 may be made compoundable.

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The terms of reference of the Committee are as follows:

- (1) To examine the nature of all ‘acts’ categorised as compoundable offences viz. offences punishable with fine only or punishable with fine or imprisonment or both under the CA-13 and recommend if any of such ‘acts’ may be re-categorised as ‘acts’ which attract civil liabilities wherein the company and its ‘officers in default’ are liable for penalty
- (2) To review the provisions relating to non-compoundable offences and recommend whether any such provisions need to be re-categorised as compoundable offence
- (3) To examine the existing mechanism of levy of penalty under the Companies Act 2013 and suggest any improvements thereon
- (4) To lay down the broad contours of an in-house adjudicatory mechanism where penalty may be levied in a MCA21 system driven manner so that discretion is minimised
- (5) To take necessary steps in formulation of draft changes in the law.

Source: <https://www.thehindubusinessline.com/companies/corporate-affairs-min-sets-up-committee-to-review-offences-under-companies-act/article24424844.ece>

Mallya loses bank lawsuit appeal attempt:

Vijay Mallya has lost his attempt to appeal the decision of a UK court in a lawsuit brought by a consortium of Indian public-sector banks seeking to recover assets worth £1.145 billion.

The Court of Appeal on Tuesday rejected the attempt to launch an appeal against the ruling of Judge Andrew Henshaw at the Business and Property Courts of the Queen’s Bench Commercial Court earlier this year. The ruling allowed the registration of the Karnataka Debt Recovery Tribunal’s (DRT) 2017 order against Mallya in the UK, and the implementation of a Worldwide Freezing Order that prevented him from removing — or diminishing — his assets in England and Wales. The May verdict was a legal victory for the 13 banks, whose case runs separately to the attempt by the Indian government seeking Mallya’s extradition to India to face fraud and money-laundering charges.

In January 2017, the DRT’s Bengaluru Bench allowed recovery proceedings against Kingfisher Airlines Ltd and Mallya, directing them to repay ₹6,203 crore to the banking consortium.

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The initial asset freeze order in London from November gave Mallya a £5,000 weekly allowance to live on, which was increased to just below £20,000 following an application by Mallya's lawyers. According to a court order in June, High Court Enforcement Officers or other enforcement agents acting through their authority may enter Mallya's country residence to search and take over goods belonging to him. Another order, also from June, required him to pay the banks £200,000 by June 5 this year, towards the costs of the legal case against him. The separate extradition hearing at Westminster Magistrates Court is set to continue next Tuesday.

Source: <https://www.thehindubusinessline.com/news/mallya-loses-bank-lawsuit-appeal-attempt/article24513833.ece?homepage=true>

Mehul Choksi the 'mastermind' of PNB scam, says ED:

The chargesheet filed by the Enforcement Directorate (ED) against Mehul Choksi in a Mumbai court has alleged that he was the "mastermind" behind the PNB scam. Choksi owes ₹6,086.29 crore to 34 other Indian banks, the ED has said. A Special Prevention of Money Laundering Act court here has already issued summons against diamantaire Nirav Modi and his uncle Choksi in connection with the scam and asked them to appear before it in September or be declared Fugitive Economic Offenders. Terming Choksi the kingpin of the scam, the ED said he designed the scheme under the garb of import and export. Meanwhile, a US Bankruptcy court has also issued summons for the examination of Nirav Modi, recognising PNB's claim on proceeds of any asset sold by Nirav Modi's US debtors.

The Indian government, in its petition against bankruptcy proceedings of Nirav Modi entities in the US court, had sought that PNB be made party to the sale of any assets of his entities. Separately, the CBI has also written to authorities in Antigua, seeking details about Choksi after he refused to return to India. In a statement, Choksi said he had lawfully applied for Antiguan citizenship to expand business. "I can state that I lawfully applied to be registered as a citizen of Antigua and Barbuda under the Citizenship by Investment Program...I did all that was lawfully required of me to do. My application for citizenship was in due course approved. My application was motivated by my desire to expand my business interest in the Caribbean and to obtain visa-free travel access to 130 or so countries...."

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In January 2018, I had a need to visit the US to receive medical treatment... I am still in a state of convalescence. That being the case I have decided to reside in Antigua and Barbuda,” he added. In Delhi, a specially convened meeting of the PNB board discussed the future course of action on Executive Directors Brahmaji Rao and Sanjiv Sharan, who were divested of their responsibilities following the Nirav Modi scam. “The board meeting was specially convened to discuss the matter of the two EDs. The board’s opinion would be conveyed to the Department of Financial Services,” a PNB official said.

Source: <https://www.thehindubusinessline.com/economy/mehul-choksi-the-mastermind-of-pnb-scam-says-ed/article24534654.ece?homepage=true>

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Corporate Development Judicial

CASE LAW	Company law board v. Upper Doab Sugar Mills Ltd [SC]
DECIDED ON	December 17, 1976
LEGISLATION	Companies Act, 1956- managerial remuneration
BRIEF FACTS	power of central government to impose condition while allowing remuneration- provision explained.

Facts: Shri Rajinder Lal and Shri Narinder Lal have been appointed managing directors of the company for the first time after the coming into force of the Act. Their appointment as managing directors had to be approved in terms of Section 269 of the Act. The company consequently applied to the Central Government for approving their appointment. The appellant Board, to whom the powers of the Central Government have been delegated for this purpose, while granting approval to the appointment of the aforesaid two persons as managing directors, inserted the condition that the total remuneration of each managing director by way of commission and salary shall not exceed rupees one lakh twenty thousand per annum. This order was challenged before the High Court which allowed the appeal. Hence the present appeal before the Supreme Court by the Central Government. The core issue was whether the company law board, representing the Central Government had powers to impose conditions as to the ceiling of the remuneration while allowing managerial remuneration.

Decision: Appeals Allowed

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CASE LAW	Jaideep Ugrankar v. Client Associates [CCI]
DECIDED ON	June 1, 2018
LEGISLATION	Competition Act,2002- sections 3 & 4- employment contract
BRIEF FACTS	Post-employment obligations- employer deducted incremental salary paid at the time of resignation- whether such deduction and post-employment obligations constitute abuse of dominance- Held, No.

Facts:

The Informant was in the employment of the Opposite Party, which provides wealth management services to its clients. After a period of 10 years the Informant resigned from the services of the OP. At the time of his resignation incremental salary paid to him was deducted from his final settlement dues and the appointment contract contained non-solicit and non-compete clauses. Aggrieved by the acts of the OP the Informant had filed the present complaint alleging violation of sections 3 and 4 of the Competition Act, 2002 by the OP. The Informant has prayed to the Commission that the Opposite Party be directed to (i) withdraw the post-employment obligations and (ii) release the agreed revised salary for the months of April to September 2017 along with agreed requisite bonus.

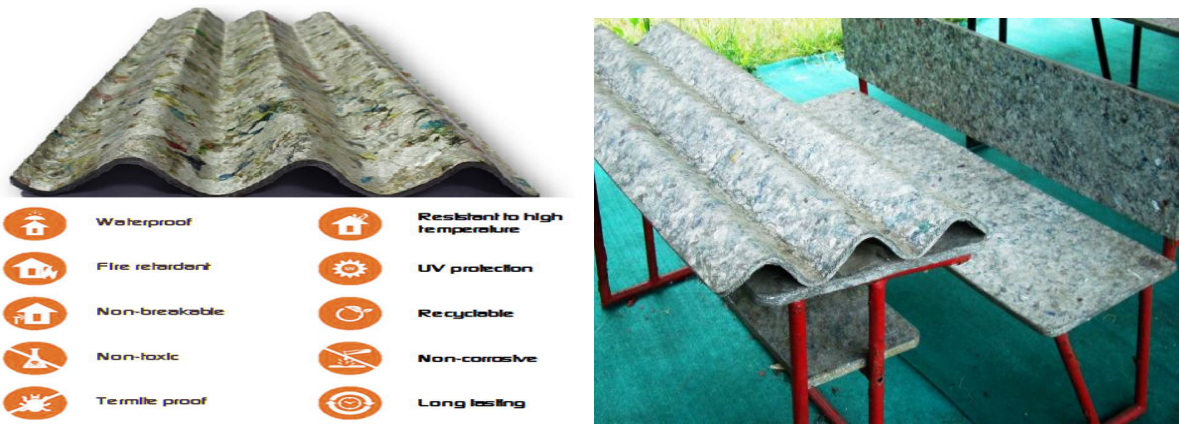
Decision: Complaint Dismissed

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SAVE OUR ENVIRONMENT

RECYCLED TETRAPAK
ROOF SHEETS

When we talk about environmentalism, what comes to our mind – tree hugging activism that opposes all development or funky new innovative ideas that change the way we live? Despite all the talk about environmentally-friendly living, it seems like all the good ideas are originating! Thankfully, there is a growing list of simple yet innovative ideas that are not only eco-friendly, but also are economical. The great Indian Jugaad of eco-friendly ideas are capable of changing the world and are already doing it



Piles of plastic waste generated in urban areas has become a humongous problem for both residents and civic authorities. Recycling of plastic material is beginning to happen in a large scale, but it is proceeding at a painfully slow pace. Particularly the recycling of Tetrapak food packets has been a bigger headache since they are made up of composite materials. Tetrapak is a patented food packaging material which consists of layers of polyethylene, aluminium and paper. Gujarat-based Daman Ganga Paper Mills has innovated on a new technique to recycle Tetrapak into reusable building material such as roof sheets, furniture, etc. Shredded Tetrapak and plastic material are dried and cleaned. The shreds are then spread between two polythene sheets and laid on a hot press bed. Once the sheets emerge from the press, they are given a wave-form shape and left to dry. Daman Ganga’s Tuff Roof sheets actually better than the conventional fibrocement and corrugated G.I. sheets they replace. They are waterproof, rustproof, and absorb much less heat.

Source: <http://www.caleidoscope.in/eco-ideaz/eco-friendly-ideas-from-india>

“Governance is more of exception; less of Rule”

UPDATES

MCA UPDATES

DATE	SOURCE	DESCRIPTION				
July 5, 2018	Updates on MCA	<ul style="list-style-type: none"> • <u>Companies (Registration Offices and Fees) Third Amendment Rules, 2018</u> <p>In the Companies (Registration Offices and Fees) Rules, 2014, in the Annexure, after item VI, following item has been inserted.</p> <p>"vii. Fee for filing e- Form DIR-3 KYC under rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">i) Fee payable till the 30th April of every financial year in respect of e-form DIR-3 KYC as at the 31st March of immediate previous year.</td> <td style="width: 20%; text-align: center;">----</td> </tr> <tr> <td>ii) Fee payable (in delayed case).</td> <td style="text-align: center;">Rs. 5,000</td> </tr> </table> <p>Note: For the current financial (2018-2019), no fee shall be chargeable till, the 31st August 2018 and fee of Rs. 5,000 shall be payable on or after the 1st September 2018"</p> <p>Source:http://www.mca.gov.in/Ministry/pdf/CompaniesRegistrationOfficesFeesRle_06072018.pdf</p>	i) Fee payable till the 30th April of every financial year in respect of e-form DIR-3 KYC as at the 31st March of immediate previous year.	----	ii) Fee payable (in delayed case).	Rs. 5,000
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July 13, 2018	Updates on MCA	<ul style="list-style-type: none"> • <u>Order regarding Constitution of "Committee to review offences under Companies Act, 2013" dated 13.07.2018</u> <p>Government has constituted a committee to review offences under the Companies Act, 2013.</p> <p>Source:http://www.mca.gov.in/Ministry/pdf/OrderCommitteeOffences_13072018.pdf</p>				

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