

## CHAPTER 4: INSPECTION, INQUIRY AND INVESTIGATION

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

Concerned authorities	In the following circumstances	Have following Powers
Registrar under section 206 (1)	<ul style="list-style-type: none"> <li>On a scrutiny of any document filed by a company, or</li> <li>on any information received by him,</li> </ul> -the Registrar is of the opinion that any further information /explanation /any further documents relating to the company is necessary	He, may by a written notice require the company— <ol style="list-style-type: none"> <li>to furnish in writing such information or explanation; or</li> <li>to produce such documents</li> </ol>
Registrar under section 206 (3)	<ol style="list-style-type: none"> <li>If no information or explanation is furnished within time, or</li> <li>If on an examination of the documents furnished, he is of the opinion that the information or explanation furnished is inadequate; or</li> <li>If he is satisfied on a scrutiny of the documents furnished that an unsatisfactory state of affairs exists in the company and the information or documents do not disclose a full and fair statement of the information required.</li> </ol>	He, may by another written notice call on the company to produce for his inspection such further books of account, books, papers and explanations as he may required at such place & time as specified in the notice

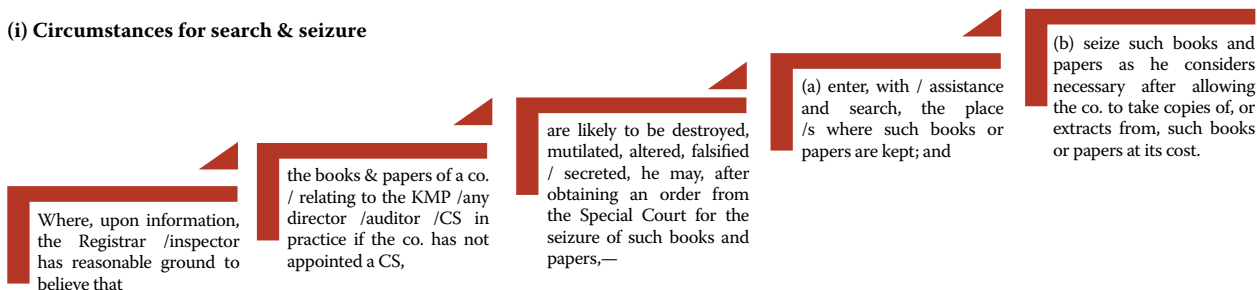
Concerned authorities	In the following circumstances	Have following Powers
Registrar under section 206(4)	<ol style="list-style-type: none"> <li>on the basis of information available with or furnished; or</li> <li>on a representation made to him by any person that the business of a company is being carried on for a fraudulent or unlawful purpose or not in compliance with the provisions of this Act; or</li> <li>the grievances of investors are not being addressed,</li> </ol>	He may call on the company to furnish in writing any information or explanation on matters specified in the order (within specified time) and carry out such inquiry after providing the co. a reasonable opportunity of being heard
Central Government [Section 206(4)]	if it is satisfied that the circumstances so warrant	direct the Registrar / an inspector to carry out the inquiry under this section 206(4)
Central Government [Section 206 (6)]	if satisfied that the circumstances so warrant	direct inspection of books and papers of a company by an inspector appointed by it for the purpose
Central Government [Section 206 (6)]	having regard to the circumstances	by general or special order, authorise any statutory authority to carry out the inspection of books of account of a company or class of companies

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

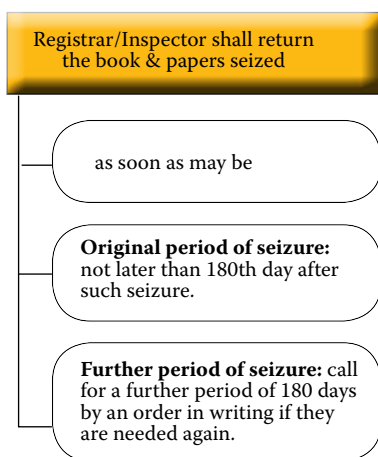
# COMPANY LAW

## (2) Search and Seizure [Section 209]

### (i) Circumstances for search & seizure

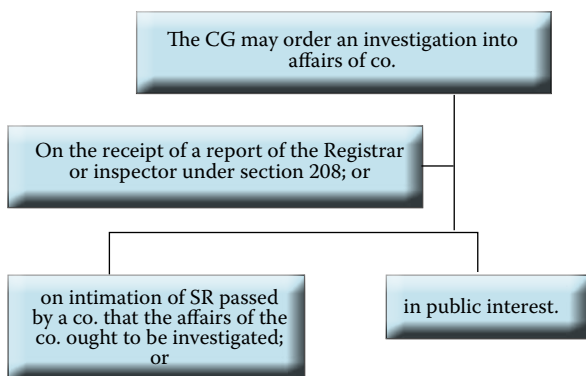


### (ii) Period of Seizure

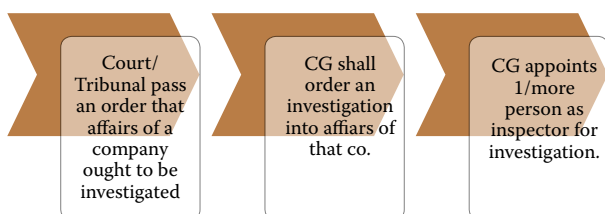


## (3) Investigation into affairs of company [Section 210]

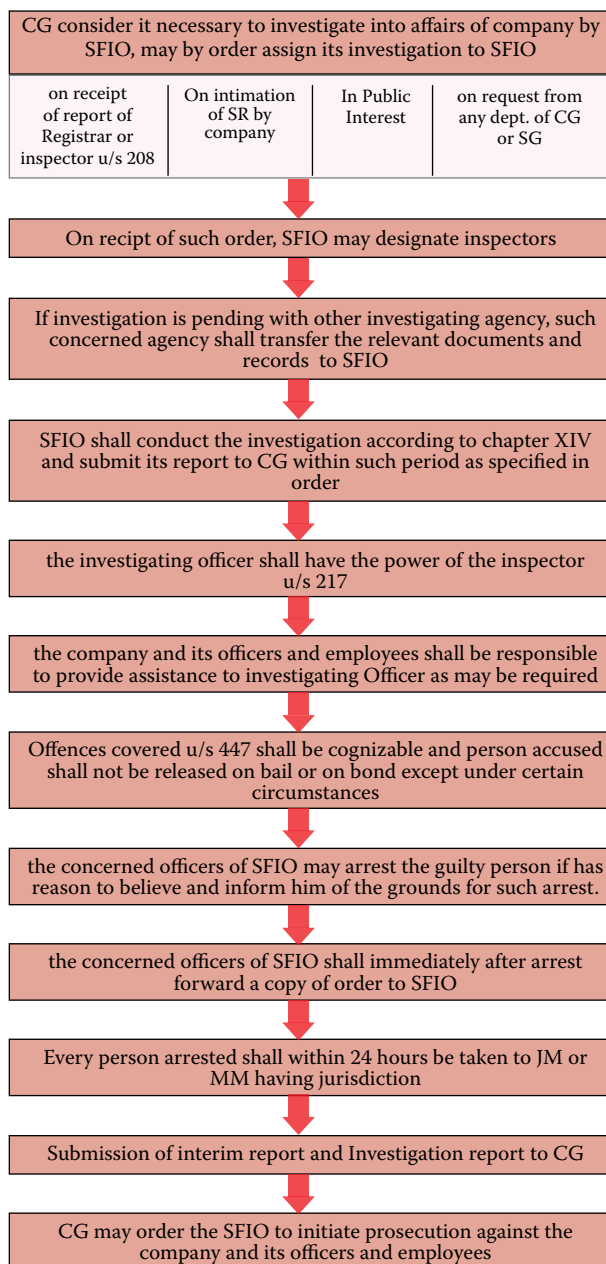
### (i) By Central Government



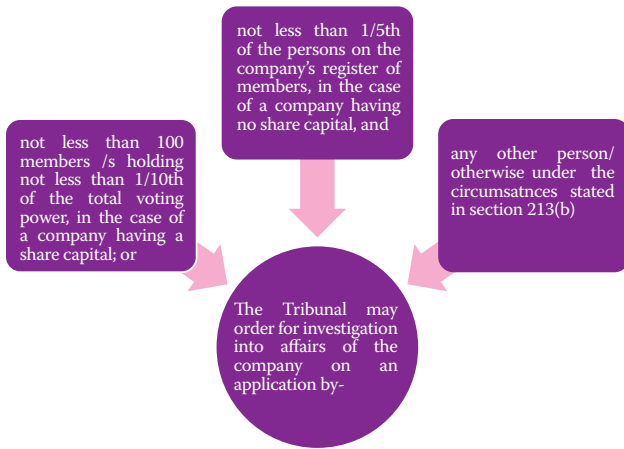
### (ii) By Court/Tribunal



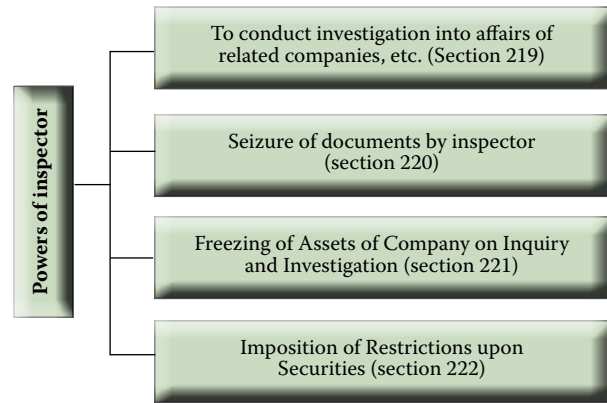
## (4) Investigation into affairs of Co. by SFIO [Section 212]



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

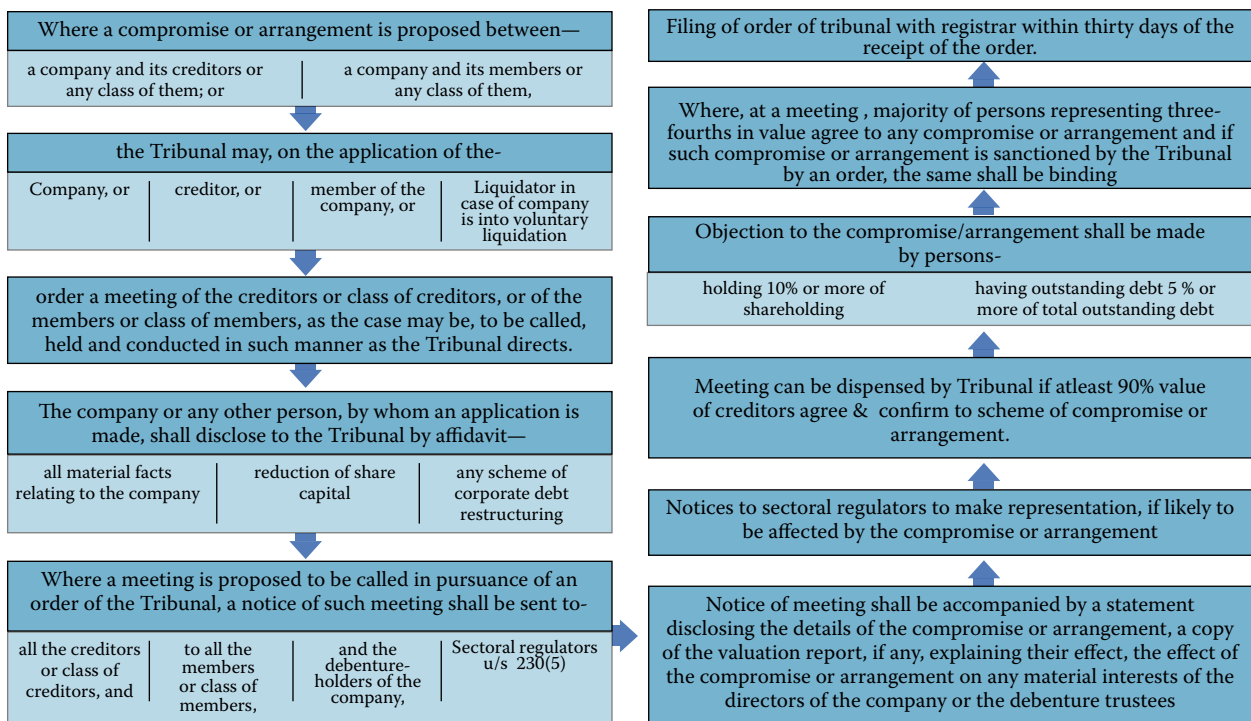


(6) Powers of inspector

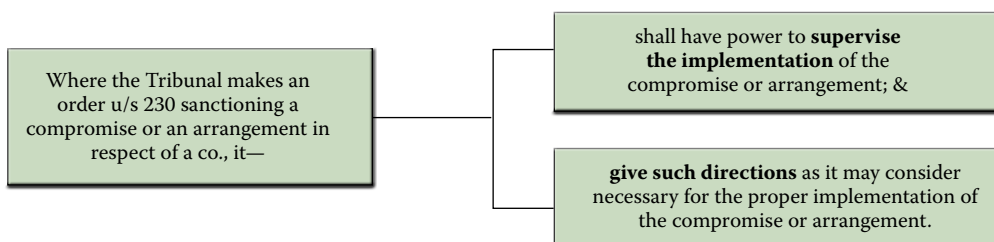


CHAPTER 5: COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS

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

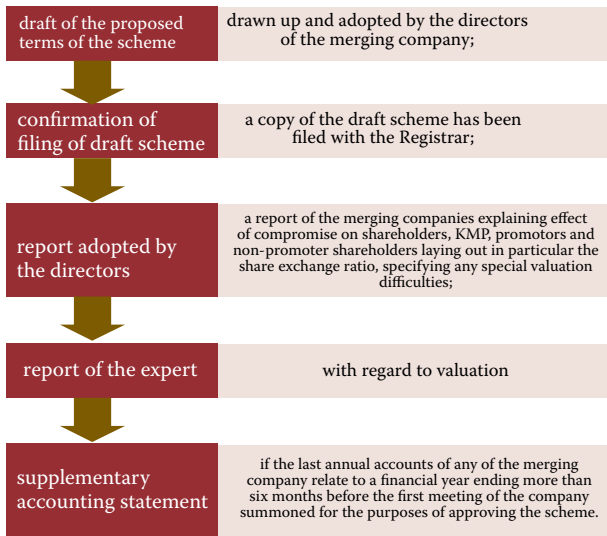


(2) Power of Tribunal to enforce Compromise or Arrangement [Section 231]



# COMPANY LAW ||

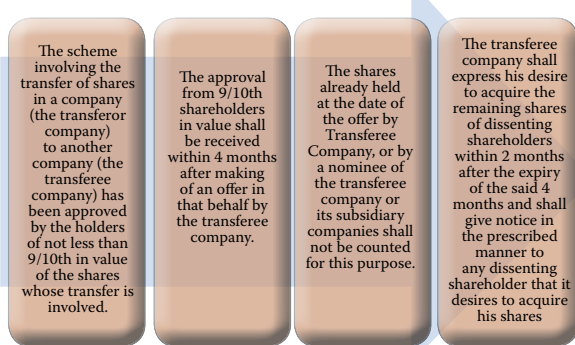
## (3) Circulation of information for the meeting by the merging companies / the companies in respect of which a division is proposed



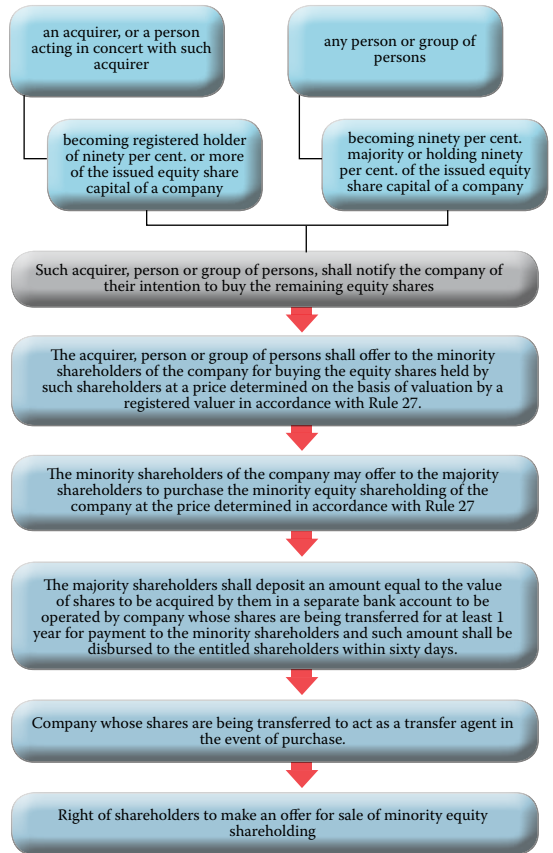
## (4) Order of tribunal on the agreement of compromise or arrangement



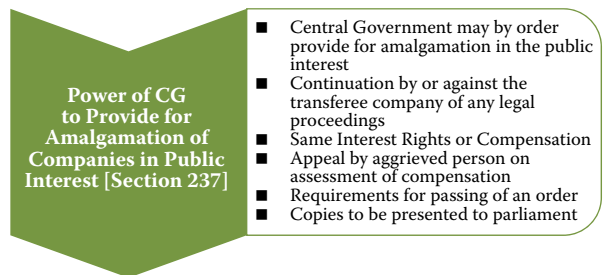
## (5) Requirements as to acquisition of shares of Shareholders dissenting from Scheme or Contract Approved by Majority [Section 235]



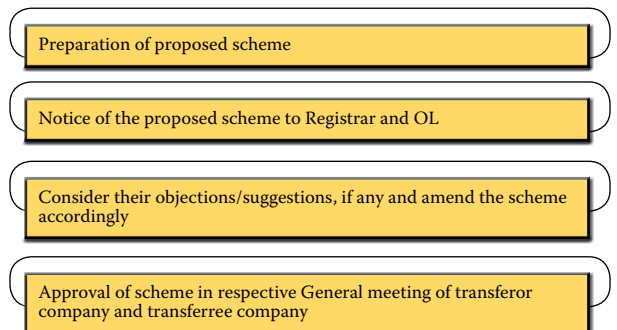
## (6) Purchase Of Minority Shareholding [Section 236]

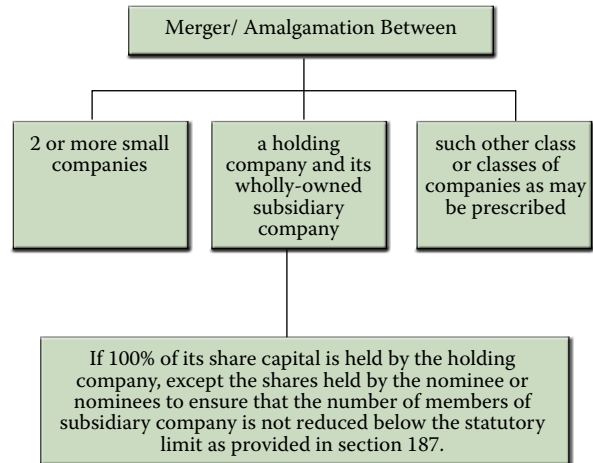
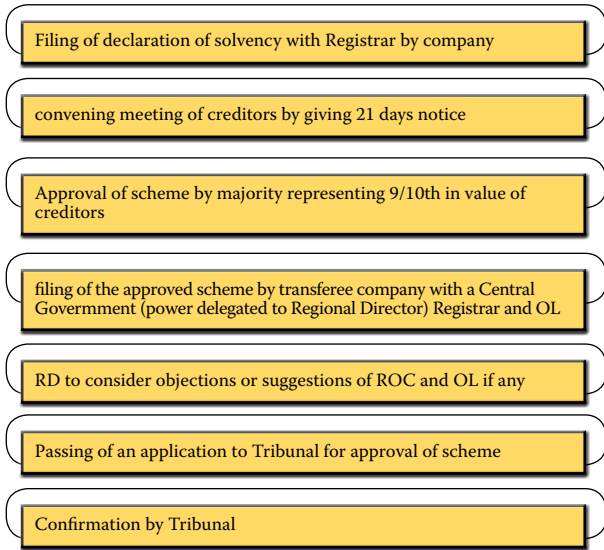


## (7) Power of CG to provide for amalgamation of companies in Public interest (Section 237)

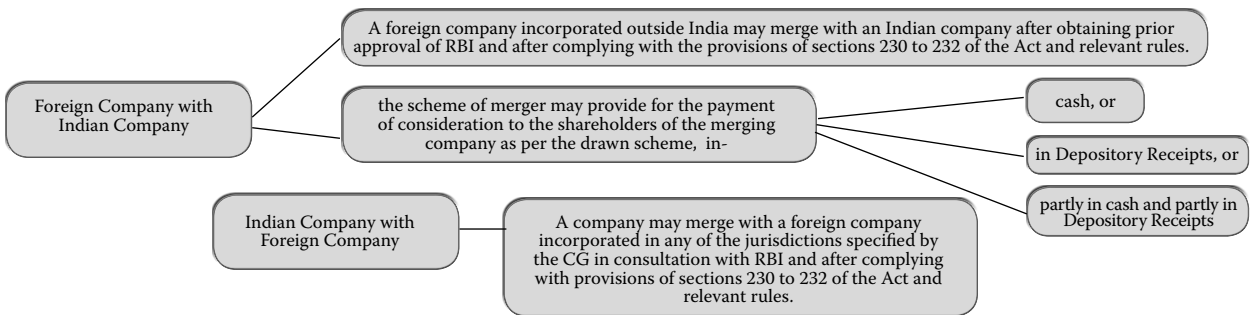


## (8) Fast Track Mode Of Merger Or Amalgamation Of Certain Companies [Section 233]





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



## CHAPTER 6: PREVENTION OF OPPRESSION AND MISMANAGEMENT

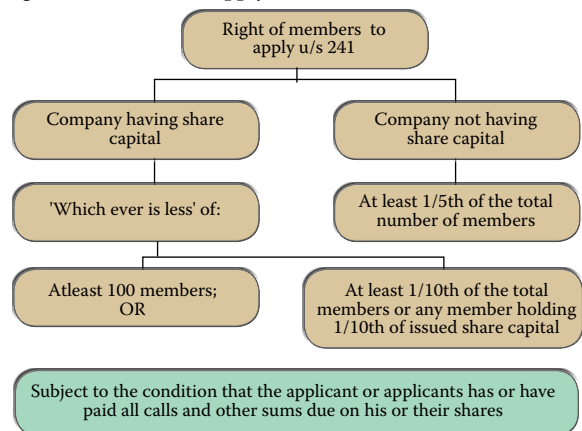
### (1) Application to Tribunal for Relief in cases of Oppression, etc. [Section 241]

#### (i) Right to apply to Tribunal:

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

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

#### Rights of Members to Apply:

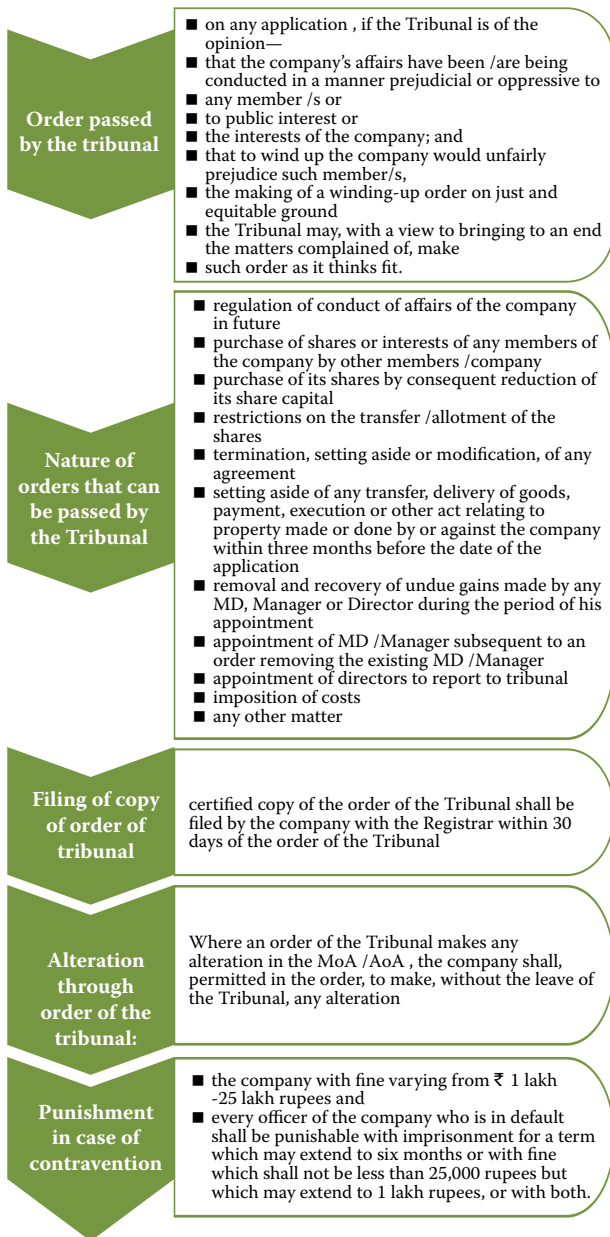


#### (ii) Central Government suo moto to apply the Tribunal:



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## (3) POWERS OF TRIBUNAL [SECTION 242]



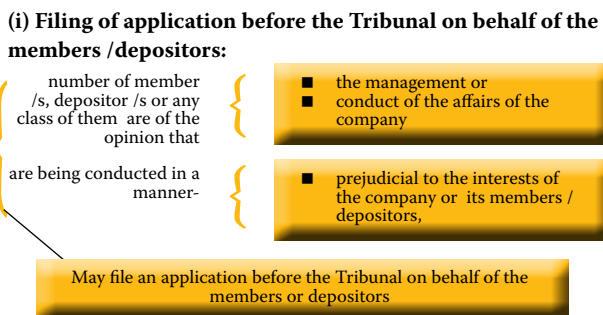
## (4) Consequences Of Termination Or Modification Of Certain Agreements [Section 243]

Where an order passed
<ul style="list-style-type: none"> <li>terminates,</li> <li>sets aside or</li> <li>modifies an agreement referred in section 242(2)</li> </ul>
Such passed order shall not give rise to-
<ul style="list-style-type: none"> <li>to any claims against the company by any person for damages or</li> <li>for compensation for loss of office or</li> <li>in any other respect either in pursuance of the agreement or otherwise;</li> </ul>

No MD/ other D / M whose agreement is so terminated or set aside shall,
<ul style="list-style-type: none"> <li>for a period of five years from the date of the order terminating or setting aside the agreement,</li> <li>without the leave of the Tribunal,</li> <li>be appointed, or act, as the managing director or other director or manager of the company</li> </ul>
Penalty to MD/D /M of a company and every other director of the company knowingly acts in contravention
<ul style="list-style-type: none"> <li>shall be punishable with imprisonment for a term extending to 6 months or</li> <li>with fine extending to 5 lakh rupees, or</li> <li>with both.</li> </ul>

Provided That The Tribunal Shall Grant Leave Only When Notice Of The Intention To Apply For Leave Has Been Served On The Central Government And That Government Has Been Given A Reasonable Opportunity Of Being Heard In The Matter.

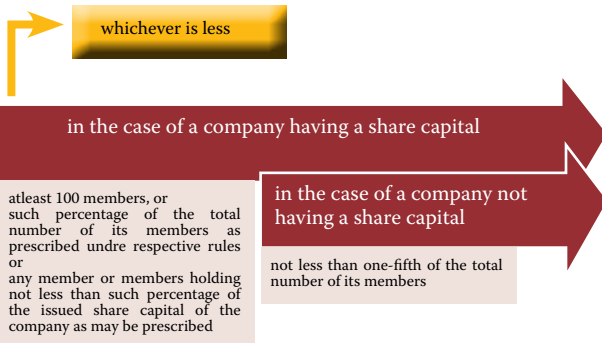
## (5) Class Action (Section 245)



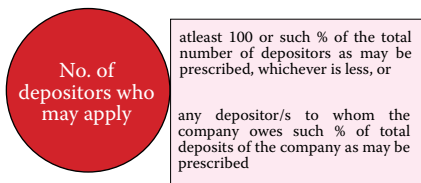
## (ii) Order of tribunal: Members/depositors may seek the following orders –

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

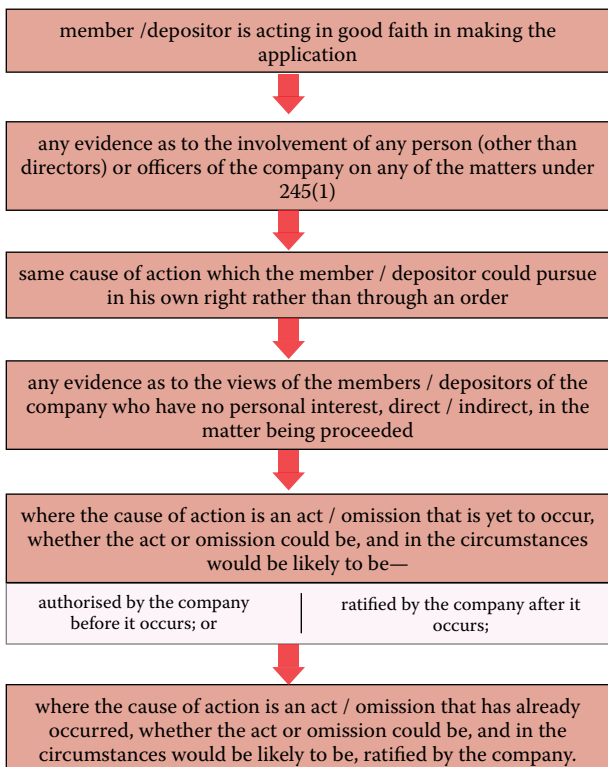
### (iii) Required number of members to apply:



### (iv) Required number of depositors to apply:



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



### (vi) In case of admission of application

When an application is admitted, the Tribunal shall

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

### (vii) Order to be binding on the parties:

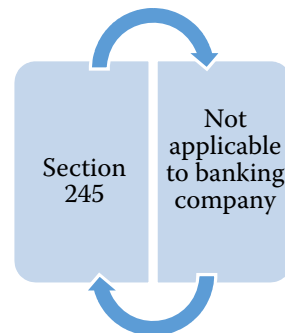
order passed by the Tribunal shall be binding on the

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

### (viii) Punishment for non-compliance of section 245

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

### (ix) Exemption from application of section:



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

