ANNUAL REPORTS

Annual accounts and, 91 annual general meeting and, 92 auditors' report and, 93 board of directors, 92 disclosure of financial position, 91 Sacher Committee, 91, 210

AUDITOR'S REPORT, 93

order of 1975, 94 significance of, 93

BANK DEPOSITS, 10

bank credit and, 10 capital investment, 204 company deposits and, 240 credit crisis and, 10 credit, growth pattern, 204 growth in, 11, 202 growth pattern of, 203

BOARD REPORT

contents of, 48 importance of, 98

BONUS SHARES

Capital Issues Control Act 1947, 43
—salient features, 43
free reserves, 43
frequency of issue, 44
guidelines, 44
—of 1977, 44
—of 1981, 45

CAPITAL FORMATION, 118

Capital market and, 118, 160 financial institutions and, 119 investment, private sector and, 204 market trend and, 195 private sector and, 196 significance of, 195

CAPITAL INVESTMENT, 204

industry-wise, 205, 206, 207 profitability ratio and, 206 real and book value of, 205 total, in private sector, 205, 207

CAPITAL ISSUES

Capital consents and, 42 capital raised and, 212 control Act 1947, 32 controller of, 33, 42, 208 during 1982-83 and 1983-84, 41 equity and preference shares, 38, 209 exemption order 1969, 33 from 1978-79 to 1985-86, 196 guidelines of 1976, 1985, 34 made through prospectus, 38 new issues, 34 new trend of, 197 non-govt. companies and, 211 public response to, 39, 212 -size group of, 40 shares new, 208 —classification of. 208

CAPITAL MARKET, 118

borrowing by ICICI and, 142 buoyancy in, 230 capital raised from, 210 financial institutions and, 120 support to, 118 trend, 196, 197

CAPITAL STRUCTURE

Alteration of, 73 benami holdings and, 74 borrowed capital, 76 control on promoter, holding, 75 discount on shares, 73 equity capital and, 72 fixed and, 71 loans, how secured, 76 modes of borrowing, 77 premium on shares, 73 share allotment, companies, 79 share capital, 72 sources of, 77 take-over bids, 74 working capital and, 72, 77

CASH RESERVE RATIO

Banks and, 10, 11 Reserve Bank and, 12

COMPANY LEGISLATION

Act of 1956, 64 Amending Acts of -1960, 65

-1961,65-1963,65

-1964,66

-1967, 66

-1969, 66

-1974, 67

-1977, 70

-- 1985, 73

Bhabha Committee, 64 Company Secretary, 68 directors and, 80-85 director's personal guarantee, 85 deemed public company, 67 evolution of, 63-67 government directors, 68 history of, 63-67 inter-corporate

-investments, 87

-loans, 86

managerial remuneration, 69, 263 Sacher Committee 1978, 70 Share capital issue, 72, 73, 79 take-over bids, 67, 74

COMPANY SECRETARY, 68

CONVERTIBLE BONDS

attraction of, 102 contrast with others, 102 finance regulation and, 100 nature of, 101 recent issues, 102

CONVERTIBLE CUMULATIVE PREFERANCE SHARES

(CCP) 227-230 guidelines of, 227 merits of, 227 salient features of, 227 scheme of, 227-230

CONVERTIBILITY CLAUSE

conversion right and, 178 financial institutions and, 103, 105 guidelines of 1984, 181 IDBI stipulation of, 179 IFCI stipulation of, 179 large houses and, 106 legal provisions, 105 loan-equity ratio, 106 loan into equity, 103 meaning of, 103 money-lending terms and, 178 regulatory provisions, 103

CORPORATE FINANCE

functions, 8 Traditional, 7

CORPORATE MANAGEMENT

board of directors and, 9 shareholders and, 9

COST AUDIT

auditor and, 100 government control and, 100 nature of, 100 Sacher Committee and, 101

CREDIT CRISIS

banking and, 11 cash reserve ratio and, 112 credit policy and, 12 industrial sector and, 9 situation, 11

DEBENTURES

buying back, non-convertible, 224 charge created and, 213 conversion of preference shares in, 222 -legal implications, 222 -Sacher Committee, 223 convertible, 214, 215, 223 definition of, 213 demand for, 217 government regulation and, 226 guidelines of 1984, 220 guidelines on issue of, 217 -in 1978, 217 -in 1980, 218 -in 1982, 218 - in 1984, 218 investors view point, 214 issue of, 213 nature and classification of, 213 non-convertible, 215, 219, 223 Pai Committee and, 218 popularity of issue of, 215 redeemable, 214 secured, 219 shareholder, difference, 213 trend, preference for, 221 underwriting of, 221 when and at what time, issue of, 216

DIRECTORS

appointment by govt., 85 change in board of, 85 contracts of sale, purchase, 84 disclosure of interest, 84 financial matters and, 80 liability for contracts, 84 limit on number of, 81 nominee, 180-187 office of profit, restrictions, 81 personal guarantee of, 85 personal liability, 86 political contributions and, 84

powers, board meeting, 83 powers of, board of, 82 power to borrow, 83 qualification shares, 81 report of, 92

DIVIDEND

declaration of rate of, 98 issue of, 98, 99
Sacher Committee and, 99

FINANCIAL CONTROL

annual accounts of company, 93
annual report, 93
board report, 98
capital structures and, 70-79
companies Act and, 63-73
companies at work, 108
convertibility clause, 103
convertible bonds, 101
cost audit and, 100
directors report and, 92
dividend and, 98
financial institutions and 178, 181

FINANCIAL INSTITUTIONS

all India contribution of, 122 assistance by all, 115-117 capital formation and, 118, 119 companies Act and, 114 convertibility clause guideline, 181 evolution of, role of, 190 government regulation of, 191, 192 ICICI contribution, 135-142 IDBI Contribution, 142-153 IFCI Contribution, 127-135 IRCI contribution, 154-167 kinds of, 113 LIC contribution, 167-171 nominee directors, 180-184 overall operations of, 114 purpose-wise assistance, 123, 126 sector-wise assistance, 123, 126 terms and conditions of loans, 178, 181 UTI contribution, 172-177 variety of, 113

FINANCIAL MANAGEMENT

company activity and, 7 contents of, 6

credit policy, 12 credit situation and, 12 impact of, 17 meaning of, 6 shareholders and, 9 sphere of, 7

FOREIGN EXCHANGE

dilution, foreign holdings, 57 foreign companies and, 59 issue of shares, 56 liberalisation policy and, 60 non-residents and, 56 regulation of, 55 restrictions, Sec. 28, 56

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA (ICICI), 135-142

borrowing and capital market, 142 cumulative operations of, 137, 139 decade of contribution, 136 during, 1983-84, 139 growth of, 138 industry-wise assistance, 140, 141 nature of assistance, 136 object of, 135 purpose-wise assistance, 136 registration of, 135

INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI), 142-153

charter of, 142 contribution of -first decade, 143 -second decade, 144 establishment of, 142 financial assistance, 144, 145 -industry-wise, 149, 150 -purchase-wise limit, 153 -scheme-wise, 145, 146 -sector-wise, 149 functions of, 143 liberalisation of assistance, 151 MRTP companies and, 148 resource support, institutions, 149, role of, 142 supervisory activities, 151

INDUSTRIAL FINANCE CORPORATION OF INDIA (IFCI), 127-135

Act of 1948, 127
amendment of 1982, 127
assistance, corporate sector, 129
constitution of, 127
establishment of, 127
functions of, 127
impact on management, 135
investment of, 128
loans to industries, 128
—industry-wise, 132, 134
—plan-wise, 129
—purpose-wise, 129, 133
qualitative achievements of, 135

INDUSTRIAL POLICY

categories of industries, 16
industries (D&R) Act, 1951, 26, 27
licensing policy
—of 1970, 19
—of 1973, 20
—of 1975, 20
—of 1977, 21
—of 1980, 22
measures for growth, 23
mixed economy and, 16
resolutions
—of 1948, 16
—of 1956, 17
salient features of 1973, 20

INDUSTRIAL RECONSTRUCTION CORPORATION OF INDIA, 154-167

Achievement of, 165
conversion to IDBI, 166
criticism of, 166
establishment of, 154
financial assistance by, 154
—industry-wise, 157, 158
—purpose-wise, 162
—loan disbursed, 164
—loan sanctioned, 162
incorporation of, 154
industrial re-construction bank, 154
sick industries and, 155
types of assistance by, 156
trend of assistance, 165

INDUSTRIES

Categories of, 16. 17 control over, framework, 15, 26, 27 IRCI and, 28 I (D&R) Act, 26 licensing policy, 16 sick and Act of 1951, 28

INTER-CORPORATE

investment, 87, 89 loans, 86 maintenance of register, 88 sacher committee and, 90

LICENSING POLICY

appraisal of, 24
features of 1970, 19
—of 1973, 20
—of 1975, 20
—of 1977, 21
Hazari Committee, 18
industrial, 16
industrial, statement of 1980, industrial policy of 1970, 19
resolution
—of 1948, 16
—of 1956, 17

LIFE INSURANCE CORPORATION OF INDIA (LIC), 167, 171

investments of, 167
—in private sector, 169
—in public sector, 169, 170

-sector-wise, 167, 168 -other companies, 170, 171

MONEY LENDING TERMS

establishment of, 167

Convertibility option, IDBI, 179 financial institutions and, 178 liberalisation of, 180 nominee directors and, 180 procedural formalities and, 178

MANAGERIAL REMUNERATION

appointment, directors and, 266 Bhoothalingam Committee, 274 companies Act, 264 Delhi Ruling on, 271 general powers of, 266 general v. specific, 273
government views on, 280
guidelines
—1967, 267
—1983, 277
Gujarat case and, 269
historical set-up, 264
judicial decisions and, 268
managers' S. 387, 267
private sector and 280
professionalism and, 281
regulatory approach, 263

Sacher Committee, 276

MONOPOLIES

inquiry commission report and, 49
MRTP Act, 1969
—amending Acts 1984, 1985, 54, 55
—Chapter III, application, 52
—control of, 53
—salient features of, 50
—types of undertakings, 50
restrictive trade practices and, 49

NOMINEE DIRECTORS 180-187

appointment of, 184, 187
financial institutions and, 180, 185
guidelines of 1984, 187
IDBI appointed, 184
IFCI appointed, 184
protection to, 188
rationale of, 184
responsibilities of, 185
role of, 180, 185, 187
selection of, 186

PUBLIC DEPOSITS

acceptance of, rules, 234, 244
amount of aggregate, 237
bank deposits and, 240
capital management, 233
Companies Act 1965 and, 234, 244
concept of, 234
definition of, 234
Delhi Cloth & General Mills v.
Union of India, 247
exeptions, power of CLB, 247
exemptions granted by Govt., 245
Growth of
—in 1977-78, 235, 239
—in 1982-83, 239

harmful effects of unregulated, 243 in non-financial companies, 238 loan distinguished from, 235 number of accounts of, 237 prospectus definition amended, 244 provisions for, 234 public sector and, 240 Reserve Bank of India and, 246 review by Reserve Bank, 236 statutory control over, 244 top industrial houses and, 242 types of industries and, 241 validity of rules 3A, 247

RESTRICTIVE TRADE PRACTICES

control of, 53
regulation by MRTP Act, 53
—amending Acts, 54, 55

SECURITIES CONTRACTS

false fluctions and, 47 regulation by Act of 1956, 45 stock exchanges and, 45

SHARES

Capital issues (control) Act 1947, 32 capital issues (Exemption) order, 33 capital market and, 230 capital raised and, 212 CCP, 227 classification of new, 208 controller of capital issues, 33, 208 equity and preference, 210 guidelines of 1976 and 1985, 34 new capital issues and, 34, 208 non-government companies and, 211 preference, conversion to debentures, 222 public response to equity, 209

SHARE CAPITAL 72-75

alteration of, 73 benami holding of, 74 control of promoters', 75 directors and, 81 discount, issue on, 73 fully paid up, 75 premium, issue on, 73 take over bids, 74

SICK INDUSTRIES

causes of, 28
I.D.R. Act 1951 and, 28
increase in, 31
industrial reconstruction corp., 28
nationalization of, 31
special legislation of, 29
textile undertakings and, 30, 31

STOCK EXCHANGES

false fluctuations and reform, 47 false market, 48
LIC investments and, 168
Patel Committee and, 48
securities and, 46
Securities Contract Act, 45
—amending Act of 1985, 46
role of, 48

UNIT TRUST OF INDIA (UTI), 172-177

corporate sector and, 172, 173
established in, 172
financial assistance by, 172, 173
investible funds of, 172
—scheme-wise, 173
investments in companies, 174
—industry-wise, 176, 177

WORKING CAPITAL

debentures and, 216 flow of, 78 management of, 217, 233 profitability and, 78 requirements of, 217 sources of, 77