

## FLOW CHART OF EVENTS IN CASE OF REVIVAL OF A SICK COMPANY

### Fifty per cent erosion of net worth (Section 23)

Any Industrial Company (“**Company**”) whose fifty per cent of the net worth is being eroded within its preceding four financial years, then such a Company must within 60 days from the date of finalization of its audited accounts proceeds as follows:

- Report this fact to BIFR;
- Board of Directors shall call a General Meeting;
- Every member should receive a report relating to such erosion and explaining reasons thereof, before 21 days of the General Meeting.

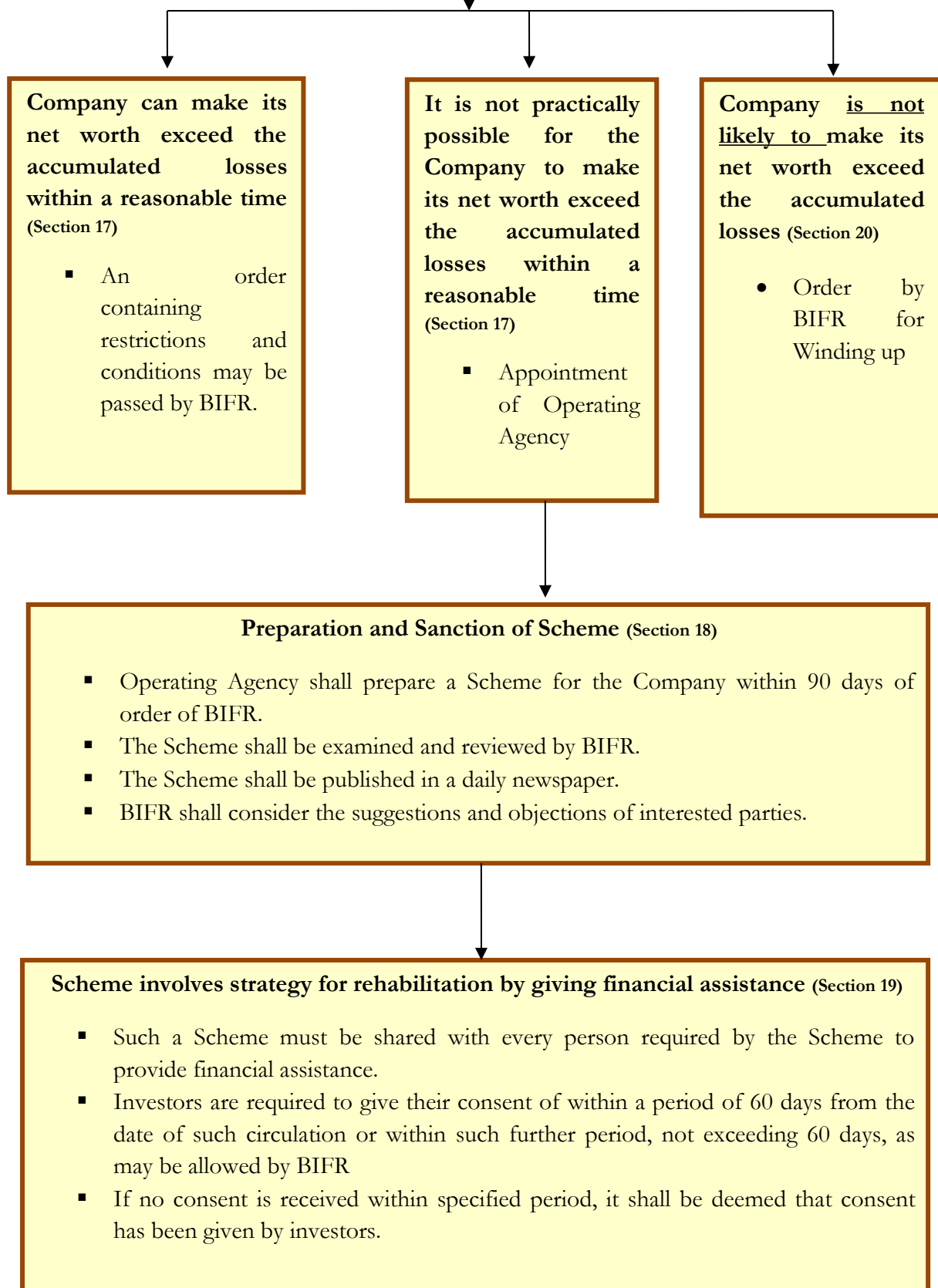
### Hundred per cent or more erosion of net worth (Section 15)

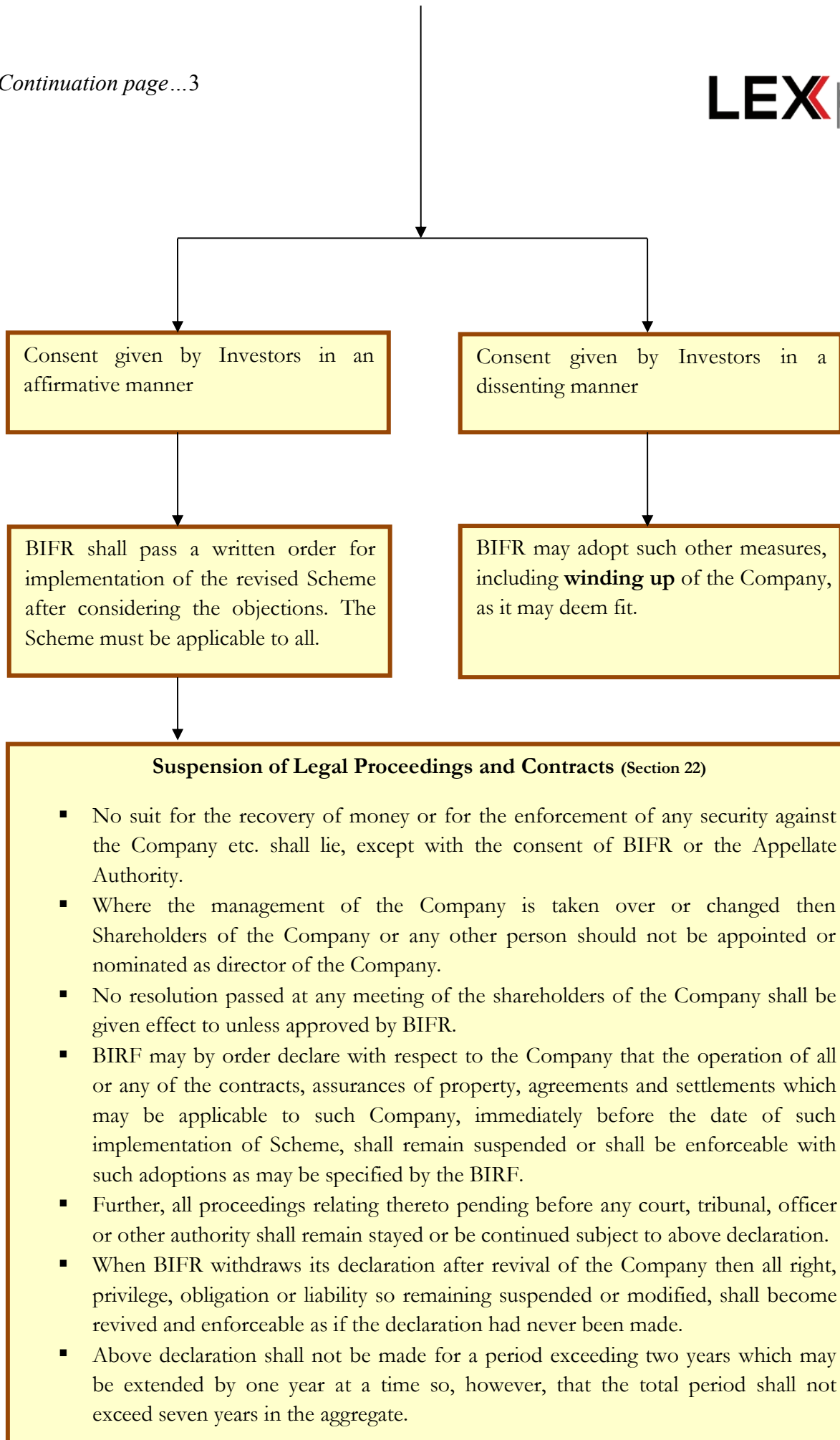
- As per Section 3(1)(o) an Industrial Company being a company registered for not less than five years which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth should be considered as a Sick Company.
- The Board of Directors of such a Company shall within 60 days from the date of finalization of audited accounts make a reference to Board for Industrial and Financial Reconstruction (“**BIFR**”).

### Inquiry by BIFR (Section 16)

- BIFR by its self or through any public financial institution, State level institution, scheduled bank or any other person as may deem fit (“**Operating Agency**”) pursue inquiry of the Company.
- The Operating Agency should endeavor to complete the enquiry within 60 days of order of enquiry.
- The board may appoint special director for safeguarding the financial and other interest of the Company during the course of enquiry.

Results of enquiry





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