



*An overview on
The Companies Act ,2013*

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Synopsis

- Introduction
- Incorporation, MOA, AOA, and Types of Companies
- Holding and Subsidiary Company
- Exemption to Private Company revoked
- Related Party Transaction, Loan to Directors
- Inter Corporate Loans
- Deposits
- Private Placement
- Directors, Key Managerial Person and Officer in Default
- Board Meeting, Board Report , Annual Return
- Annual General Meeting
- Voting Rights
- Depreciation
- Dividend
- Bonus Shares
- Accounts and Auditors
- Corporate Social Responsibility
- Appendix- List of Rules



Introduction

Companies Act 2013

- Received President's assent on 29.08.2013
- Notified in Gazette on 30.08.2013
- Effective date, as may be notified
 - 99 Sections notified before 1.04.2014
 - 183 Sections notified w.e.f. 01.04.2014
 - Remaining 188 Sections, and certain Part of the notified sections yet to be notified
- Companies Act, 1956 still alive
 - Repeal of Companies Act not notified yet
 - 84 sections are still in force
 - MCA Circular seeks to resolve the conflict
- Anatomy of Companies Act, 2013
 - 470 Sections divided in 21 chapters
 - 24 Principal Rules with 345 Sub rules

Bombay High Court Ruling - Non Gazetted Rules not effective



Incorporation, Memorandum, Articles, and Incidental Matters

- **Associations that must register as a company (Sec 464)**

- An association or partnership of more than 50 persons formed for any business must be registered as a company, unless it is formed under any other law
- Exceptions
 - A HUF carrying on any business
 - An association or partnership formed by professionals governed by Special Acts
- In the 1956 Act, the limit was 10 for entities carrying on banking business and 20 in other cases

- **Memorandum**

- **Format**
 - Required to be in the respective forms specified in Table A, B, C, D and E in Schedule I as may be applicable



Incorporation, Memorandum, Articles, and Incidental Matters

□ **Object Clause**

As against the 1956 Act, the 2013 Act does not require the objects clause in the memorandum to be classified as

- The main objects
- Objects incidental or ancillary to the attainment of the main objects
- Other objects

Instead, the object clause is required to contain

- The objects to be pursued by the company on its incorporation
- Matters considered necessary in furtherance thereof

□ **Alteration of Memorandum**

Alteration in the object clause in case of a company which has raised money from the public for one or more objects and has unutilized money, requires additional compliances:

- Publishing the notice of the Special Resolution stating justification of variation and other relevant details in two newspapers
- Exit option is given to the dissenting shareholders in accordance with SEBI regulations



Incorporation, Memorandum, Articles, and Incidental Matters

■ Articles

- 2013 Act facilitates provision of entrenchment for complying with the conditions or procedures that are more restrictive than those applicable to a special resolution

■ Commencement of Business

- Before commencement of any business or exercising any borrowing power, newly formed company to file with ROC a prescribed declaration in form no. INC 21 to the effect that:
 - Every subscriber has paid-in the value of shares subscribed to Memorandum
 - Paid-up share capital of the company is not less than the minimum prescribed
 - Verification of its registered office

In case of a default, company to be liable for a penalty which may extend to Rs. 5000/- and every officer who is in default punishable with a fine which may extend to Rs.1000/- for every day during which the default continues



Incorporation, Memorandum, Articles, and Incidental Matters

■ Incorporation Process – What's New?

- An affidavit from the subscribers to the memorandum and from the first directors to be filed with ROC, to the effect that:
 - They are not convicted of any offence in connection with promoting, forming or managing a company
 - Have not been found guilty of any fraud or misfeasance, etc., under the 2013 Act or any previous Company law during the last five years
 - Complete details of name, address of the company, particulars of every subscriber and the persons named as first directors
- Submission of any false or incorrect particulars or suppression of any material information in relation to registration of a company shall attract penal provisions of imprisonment as applicable in respect of fraud covered by section 447
- **Particulars of interest in other firms and bodies corporate, if any, in relation to the first directors is to be filed with ROC**
- A company may be struck off by the ROC in case:
 - Subscribers to the memorandum have not paid subscription money within 180 days from the date of incorporation
 - Company fails to commence its business within 1 year from the date of incorporation



Incorporation, Memorandum, Articles, and Incidental Matters

- **Authentication of documents, proceedings and contracts**

- A document or proceeding requiring authentication by a company; or
- Contracts made by or on behalf of a company

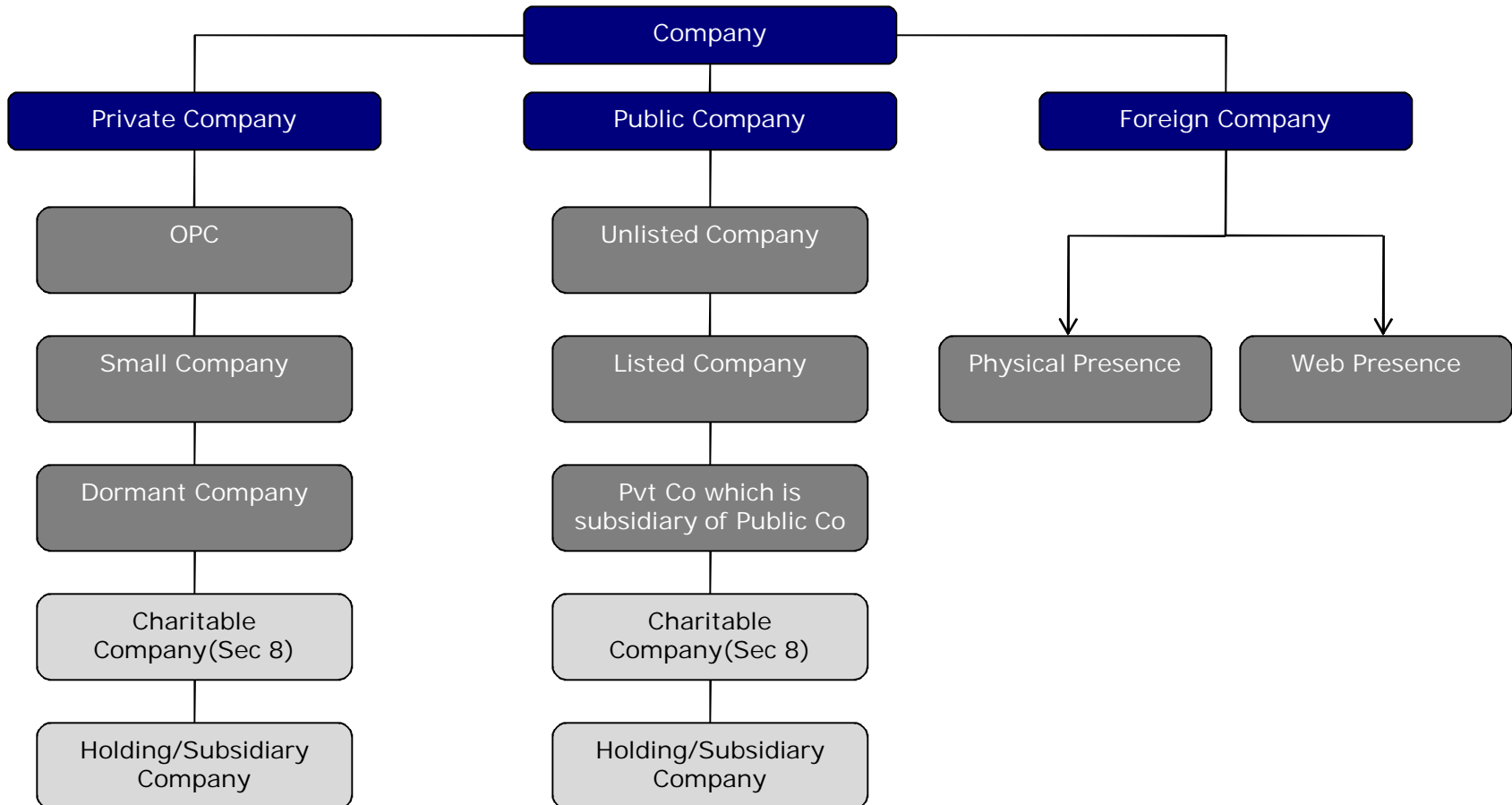
may be signed by any key managerial personnel or an officer of the company duly authorised by the Board in this behalf (Section 21)

Earlier as per 1956 Act, the documents could be signed by a director, the manager, the secretary or other authorised officers of the company

- **Every company to get its name, address of its registered office and corporate identity number along with telephone number, fax number, if any, email and website addresses if any, printed in all its business letters, billheads, letter papers and all its notices and other official publications (Sec 12(3)(c))**

Types of companies- Limited by Shares

(from regulatory perspective)





Types of companies- Limited by Shares

- **Private company (Sec 2(68))**

- The maximum number of members in a private company is now increased from 50 to 200
- The condition of 1956 Act to have a restriction in the Articles prohibiting invitation or acceptance of deposits removed. However, the deletion may not materially benefit a private company from borrowings by way of deposits as stringent measures now provided for acceptance of deposits
- Directorships in private limited companies now counted for the purpose of maximum number of permissible twenty directorships

- **One Person Company (OPC) (Sec 2(62))**

- OPC means a company which has only one individual as a member
- OPC cannot carry out Non Banking Financial Investment Activities
- The memorandum of OPC is required to indicate the name of the person who shall become member in the event of death or incapacity of the sole member
- OPC is required to specifically mention the word "one person company" below the name wherever it is used
- In case the paid up share capital of an OPC exceeds Rs 50,00,000 or its average annual turnover exceeds during the relevant period exceeds Rs 2 Crores, then the OPC has to mandatorily convert into private or public company
- The OPC is required to inform ROC within 60 days of exceeding the threshold limits



Types of companies- Limited by Shares

- Flexibility to OPC (key points)
 - OPC may have only 1 director
 - Provisions relating to board meeting, quorum and interested director shall not apply to OPC
 - Provisions relating to notice, explanatory statement, EGM, quorum, voting, chairman, poll, proxies, postal ballot, NCLT's power of calling for EGM does not apply to OPC
 - Board meeting of OPC is required to be held at least once in each half of a calendar year and the gap between the 2 meetings should not be less than 90 days (This provision does not apply in OPC where there is only 1 director)
 - Financial Statements may be signed by only one director
 - Financial Statements are to be filed with ROC within 180 days from the end of FY
 - Cash flow statement is not required
 - OPC need not hold an AGM
 - Annual Return can be signed by CS or one director if there is no CS
 - OPC can contract with the sole member who is a Director



Types of companies- Limited by Shares

- **Small Company (SC) (Sec 2(85))**

- Eligibility

- Non Public company
 - Paid up capital upto 50 lacs
 - Turnover upto 2 Crores

- Companies that cannot be a SC

- A holding or a subsidiary company
 - A section 8 registered company
 - A company or a body corporate governed by a special act

- Flexibility to Small company (key points):

- Board meeting is required to be held at least once in each half of a calendar year and the gap between the 2 meetings is not less than 90 days
 - Cash flow statement is not required
 - Annual Return can be signed by CS or one director if there is no CS
 - Merger between 2 or more SC to be approved on fast track basis



Types of companies- Limited by Shares

■ Dormant Company (DC) (Sec 455)

- A company can be classified as dormant, when it is formed and registered under 2013 Act for a future project or to hold an asset or intellectual property and has no significant accounting transactions. Such a company or an inactive company may apply to the ROC for obtaining the status of a dormant company
- Inactive company means a company which has not been carrying on any business or operation, or has not made any significant accounting transaction during the last 2 FYs, or has not filed financial statements and annual returns during the last 2 FYs
- “Significant accounting transaction” means any transaction other than
 - Payment of fees by a company to ROC
 - Payments made by it to fulfil the requirements of 2013 Act or any other law
 - Allotment of shares to fulfil the requirements of 2013 Act
 - Payments for maintenance of its office and records
- In case of a company which has not filed financial statements or annual returns for 2 FYs consecutively, ROC shall issue a notice to that company and enter the name of such company in the register maintained for dormant companies



Types of companies- Limited by Shares

- **Dormant Company (DC) (Sec 455) (Cont..)**
 - Board meetings required to be held at least in each half of a calendar year and the gap between the 2 meetings is not less than 90 days
 - DC to file “a return of dormant company” annually indicating financial position duly audited by a 2013 Act in form MSC 3 along with the annual fees within a period of 30 days from the end of financial year. DC to continue to file returns of allotment (allotment of any security) or details pertaining to change in directors as prescribed in the 2013 act
 - The dormant company may become an active company by making necessary application to ROC
 - ROC may strike off the name of a dormant company from the register of dormant companies, if the company fails to comply with the requirements
 - Cash flow statement not required to be prepared



Holding & Subsidiary Companies (Sec. 2(87))

Definition -Sec. 2(87)

“ ‘subsidiary company’ or ‘subsidiary’, in relation to any other company (that is to say the holding company), means a company in which the holding company –

- controls the composition of the board of Directors ; or
- exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies”

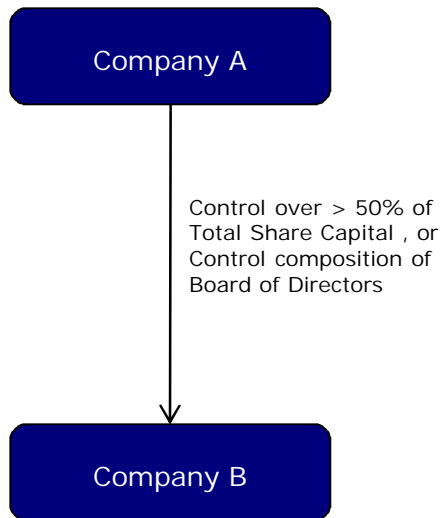
Sec. 2(27)

“‘control’ shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner”

- Company includes body corporate
- Not more than 2 layers of subsidiaries (Provision yet to be notified)

Holding & Subsidiary Companies (Sec. 2(87))

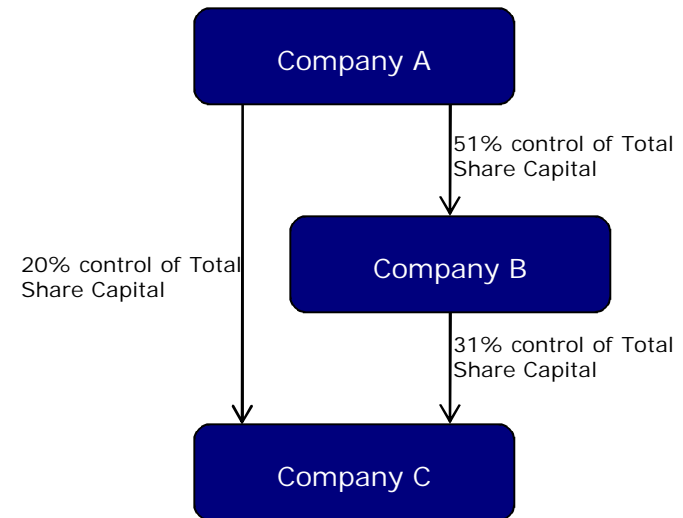
SENARIO I :



B & C's capital comprises of equity share capital only

B is the subsidiary of A

SENARIO II :

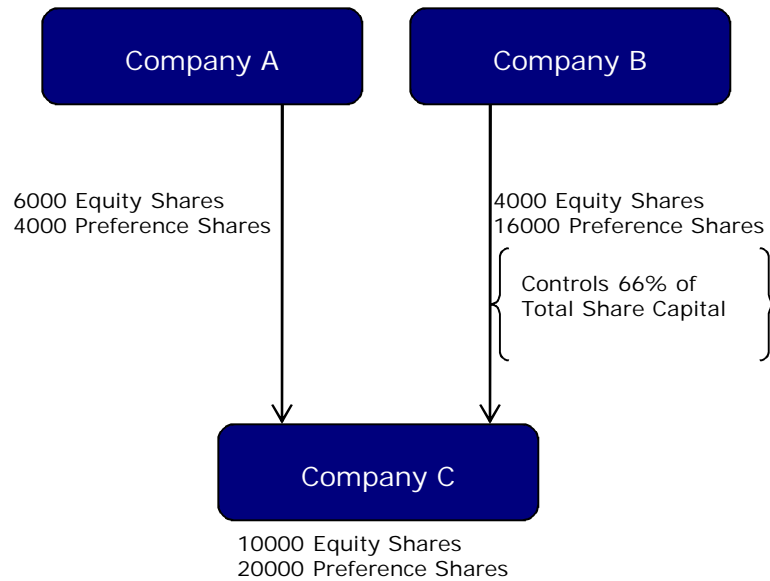


B & C's capital comprises of equity share capital only

C is the subsidiary of A

Holding & Subsidiary Companies (Sec. 2(87))

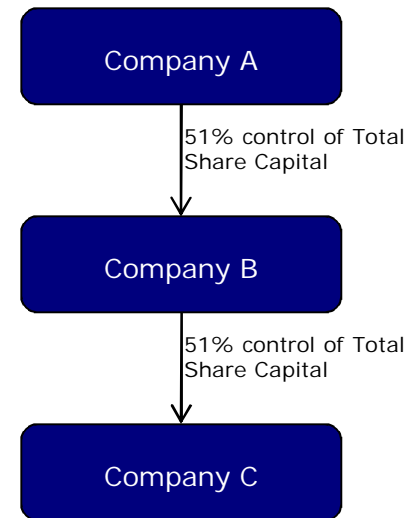
SENARIO III :



B and C's Capital comprises of equity share capital and preference share capital

C is the subsidiary A or B ?

SENARIO IV :



C is deemed to be subsidiary of A
(Similar to the Provision in Companies Act 1956)

Holding & Subsidiary Companies (Sec. 2(87))

Particulars	Companies Act 2013	Companies Act 1956
<ul style="list-style-type: none"> ▪ Basis of Relationship 	<p>≥ 50% of control of 'total share capital' either at its own or together with one or more of its subsidiary companies</p>	<p>≥ 50% holding of 'equity share capital' in another company</p>
<ul style="list-style-type: none"> ▪ Fiduciary capacity 	<p>Recognition as per Circular No. 20/2013,27-12-2013</p>	<p>Recognition in the Act</p>
<ul style="list-style-type: none"> ▪ Limit to layers 	<p>Not more than two layers (will come into force when notified)</p>	<p>There was no such limit</p>
<ul style="list-style-type: none"> ▪ Relationship with foreign company 	<p>Implied without scope limitation</p>	<p>Expressly defined with specific scope</p>



Holding & Subsidiary Company (Sec. 2(87))

Some of the implications of being a holding or subsidiary company

- Mandatory preparation of Consolidated Financial Statement
- Subsidiary not to hold shares of holding company
- Subject to conditions, exemptions for loan to related parties (Sec.185) and inter corporate loans & investment (Sec.186) would be available
- Central Government approval would no longer be required for appointment of any director or any other related person to any office or place of profit in the company or its subsidiary
- Fast Track merger between holding company and its wholly owned subsidiary company introduced
- Holding or subsidiary company cannot qualify as a small company even when it has capital base or turnover below threshold
- Regulations governing Related Party Transactions are triggered for appointment of any related party of a company in Associate Company

Issues relating to a subsidiary company

- Definition of subsidiary at variance with AS-21 'Consolidated Financial Statements'
- A company which is not a subsidiary under Companies Act,1956 , may become subsidiary or vice versa

Exemptions/ Relaxations to a Private Company revoked in 2013 Act

Particulars	Companies Act 2013	Companies Act 1956
<ul style="list-style-type: none"> ▪ Certificate for commencement of business 	A Private Company cannot commence its business or make any borrowing unless it files with ROC a statement that the subscription money and minimum paid up capital has been brought in (Sec 11)	Procedures for obtaining certificate of commencement of business do not apply to a private company. It can commence its business as soon as COI is issued (Sec 149)
<ul style="list-style-type: none"> ▪ Rights issue and Preferential allotment 	Exemption revoked (Sec 62)	A Private company could issue further shares in any manner without reference to existing shareholders (Sec 81 and 81(1A))
<ul style="list-style-type: none"> ▪ Acceptance of deposit from Director 's Relatives and Members of the Company 	Exemption revoked	A private company could accept deposits/ loans from relatives of directors and its members. As per rules prescribed in Companies (Acceptance of Deposits) Rules, 1975

Exemptions/ Relaxations to a Private Company revoked in 2013 Act

Particulars	Companies Act 2013	Companies Act 1956
<ul style="list-style-type: none"> Loans to directors and other related parties 	Exemption revoked barring few exceptions. (sec 185)	Restrictions relating to giving of loans, advances or providing securities , guarantees to directors and other interested entities were not applicable to a Private Company (sec 295)
<ul style="list-style-type: none"> Consent to act as a director 	A person appointed as a director cannot act so unless he has consented and the same has been filed with the registrar within 30 days of appointment (sec 152)	Consent was not required to be filed with ROC (Sec 264)
<ul style="list-style-type: none"> Limit on number of directorships 	A person can act as a director in a maximum of 20 companies (including private companies) out of which not more than 10 should be public (Sec 165)	Private companies were not counted for the purpose of determining the limit of 15 companies (sec 275)

Exemptions/ Relaxations to a Private Company revoked in 2013 Act

Particulars	Companies Act 2013	Companies Act 1956
<ul style="list-style-type: none"> Provisions regarding general meetings (GM) 	<p>All requirements regarding GM as specified in the Act are now applicable to private companies too. No exemption can be sought on the basis of Articles.</p>	<p>Earlier it could exempt itself from the applicability of section 171 to 186 by mentioning so in its Articles. These sections dealt with length of notice for GM, Explanatory statements etc</p>
<ul style="list-style-type: none"> Inter corporate investments/ loans/ guarantees 	<p>Exemption revoked (Sec 186)</p>	<p>No restrictions on giving loans or guarantees to other companies or on making investment in the shares of the other companies applied to a Private Company (Sec 372 A)</p>



Related Party (Sec. 2(76))

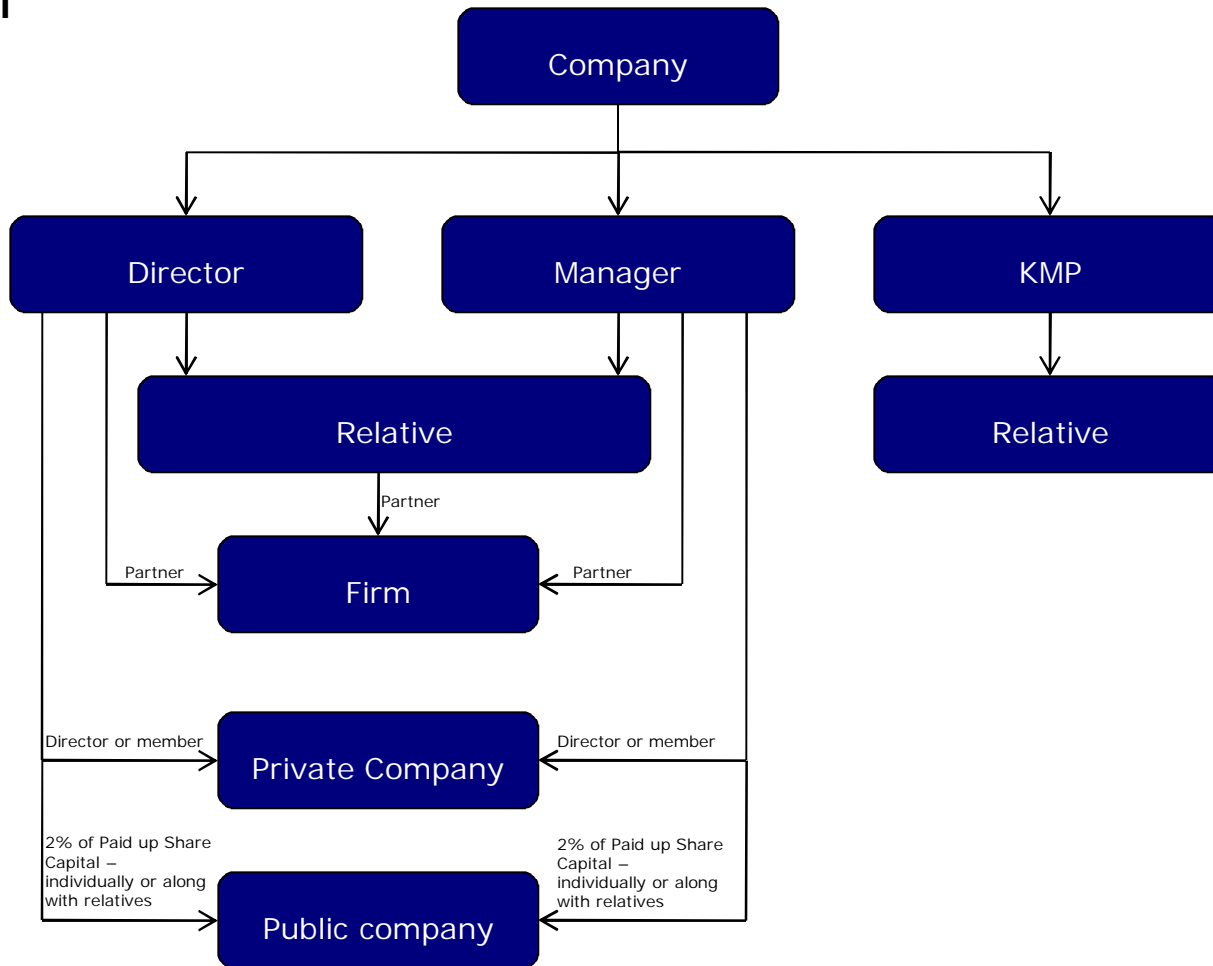
Sec. 2(76)

“related party”, with reference to a company, means—

- a director or his relative;
- a key managerial personnel or his relative;
- a firm, in which a director, manager or his relative is a partner;
- a private company in which a director or manager is a member or director;
- a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
- 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;
- any person on whose advice, directions or instructions a director or manager is accustomed to act (except professional advisors)
- any company which is—
 - a holding, subsidiary or an associate company of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary;
- such other person as may be prescribed;

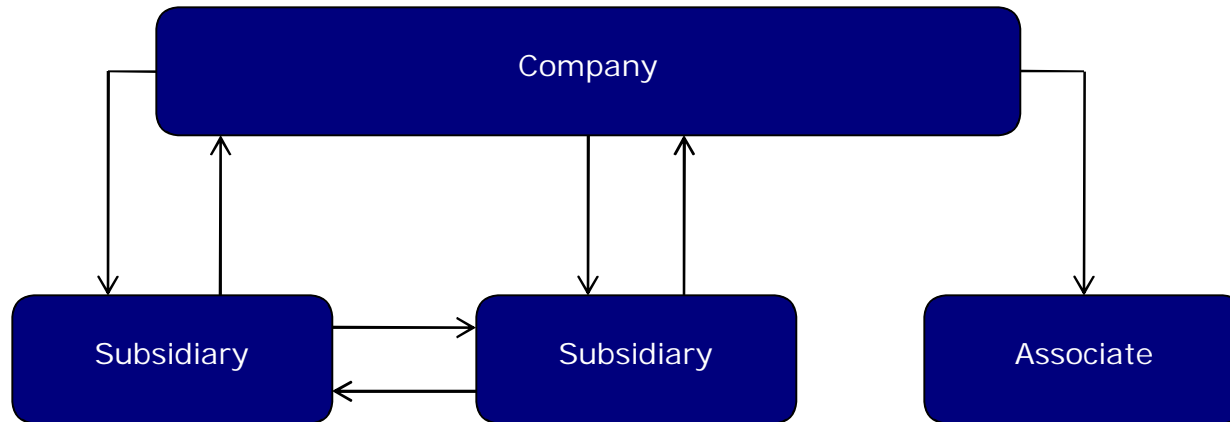
Related Party (Sec. 2(76))

SENARIO I



Related Party (Sec. 2(76))

SENARIO II



SENARIO III

- Any body corporate whose BOD, MD or manager is accustomed to act in accordance with the advice, directions or instructions to act
- Any person on whose advice , directions or instructions a director manager is accustomed to act, but not in a professional capacity



Related Party Transactions (Sec. 188)

Scope of Related Party Transactions

- sale, purchase or supply of any goods or materials
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- underwriting the subscription of any securities or derivatives thereof, of the company

Exemption

- Any arm's length transactions (ALT) in the ordinary course of business
 - ALT defined as " a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest"

Related Party Transactions (Sec. 188)

Compliances

Special Resolution with Prior Approval is triggered for all covered transactions :

- **Scenario 1** : Paid up share capital of the company is ≥ 10 Crores
- **Scenario 2** : Refer the table below

Covered Transactions	Trigger Conditions
Sale, Purchase, supply of materials	> 25% of company's turnover
Property buying/selling	>10% of Net Worth
Leasing	>10% of Net Worth
Services rendering/availing	>10% of Net Worth
Appointment to place of profit in company for subsidiary or associate company at monthly remuneration	>2.5 Lakhs
Underwriting subscription	>1% of Net Worth the company

Board Resolution if Special resolution is not triggered

Applies to all companies including **Private Companies**



Related Party Transactions (Sec. 185)

Prohibition of Loan to Directors or to the Parties where Directors are interested

Sec. 185

Company shall not give , directly or indirectly:

- Any loan
- Loan represented by **book debt**
- Give guarantee or provide security

to any of its directors or any other person in whom the director is interested

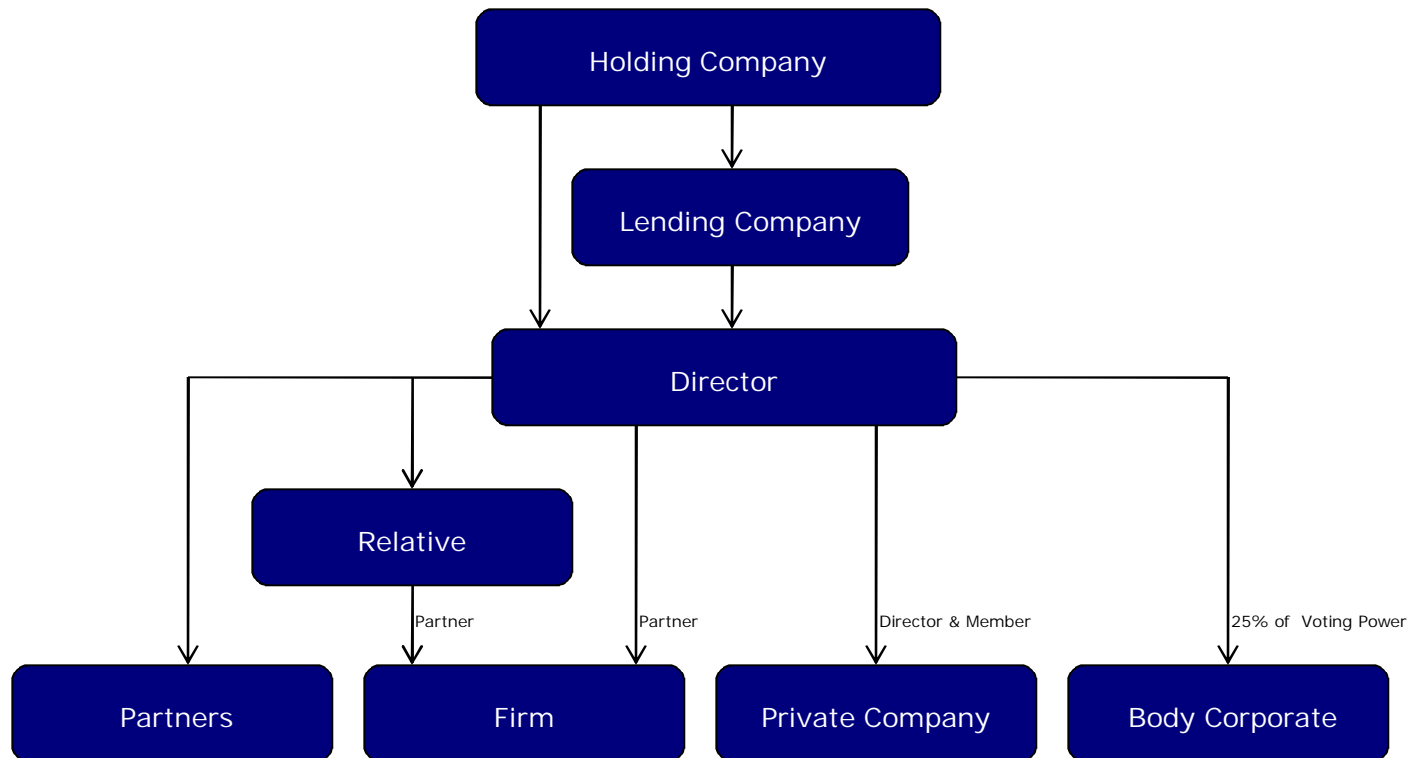
Exceptions

- Loan to Managing Director or whole-time director :
 - As a part of the conditions of service extended by the company to all its employees; or
 - Pursuant to any scheme approved by the members by a Special Resolution
- Company engaged in the business of finance subject to rate of interest charged not less than bank rate by RBI
- Any loan made by a holding company to its 'wholly owned subsidiary' or guarantee given or security provided by holding company in respect of loan to its 'wholly owned subsidiary';
- 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

Provided that such loan made are utilized by the subsidiary company for its principle business transactions

Related Party Transactions (Sec. 185)

Prohibition of Loan to Directors or to the Parties where Directors are interested



Related Party Transactions

Prohibition of Loan to Directors or to the Parties where Directors are interested

Companies Act 2013	Companies Act 1956
<ul style="list-style-type: none">▪ Applicable to all companies including private companies	<ul style="list-style-type: none">▪ Applicable only to public companies
<ul style="list-style-type: none">▪ The exemption that no imprisonment in case loan is repaid is no more available	<ul style="list-style-type: none">▪ Imprisonment could be avoided by fully repaying the loan

Contravention

- The company shall be punishable with fine ranging from Rs 5 lakhs – 25 lakhs and
- The director or the other person to whom any loan is advanced or guarantee or security is given ,
 - shall be punishable with imprisonment up to 6 months or
 - fine ranging from Rs 5 lakhs – 25 lakhs , or both



Loans and Investment by Company (Sec. 186)

- **Section 186**

2. No company shall directly or indirectly —

(a) give any loan to any person or other body corporate;

(b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and

(c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate,

exceeding sixty per cent. of its paid-up share capital, free reserves and securities premium account or one hundred per cent. of its free reserves and securities premium account, whichever is more.

3. Where the giving of any loan or guarantee or providing any security or the acquisition under sub-section (2) exceeds the limits specified in that sub-section, prior approval by means of a special resolution passed at a general meeting shall be necessary.

Loans and Investment by Company(Sec. 186)

■ Comparative Analysis

Companies Act 2013	Companies Act 1956
<ul style="list-style-type: none">Private Companies are not exempt	<ul style="list-style-type: none">Private Companies were Exempt
<ul style="list-style-type: none">Applies to loan to any Person + Body Corporate	<ul style="list-style-type: none">Applied to loan to any body corporate
<ul style="list-style-type: none">Detailed disclosure of loans, investments, guarantees, security etc.	<ul style="list-style-type: none">No disclosure required
<ul style="list-style-type: none">Investments not to be made through more than 2 layers of Investment Companies (subject to exceptions)	<ul style="list-style-type: none">No such restriction
<ul style="list-style-type: none">Contravention Punishment can not be mitigated even if loan repaid	<ul style="list-style-type: none">Contravention punishment can be mitigated if loan repaid



Loans and Investment by Company(Sec. 186)

- **Significant Highlights**

- Interest to be charged in commensuration with yield on Government securities of different 1/3/5 years
- Even Private Company cannot give interest free loan to any company, whether related or not

- **Exception to Section 186**

- Loan made to joint venture & wholly owned subsidiaries or acquisition of subsidiary by way of purchase of securities
- Loan given by a banking/insurance/housing finance company in ordinary course of business

- **Contravention consequences**

- For Company
 - Rs. 25,000 to Rs. 5 lakhs
- For every officer in default
 - Imprisonment which may extend to 2 years and
 - fine of Rs. 25,000 to Rs. 1 lakhs

Acceptance of Deposits (Sec. 73,74,76)

■ Definition of Deposit : Sec 2 (31)

“deposit” includes any receipt of money by way of deposit or loan or in any other form by a company, but does not include such categories of amount as may be prescribed in consultation with the Reserve Bank of India

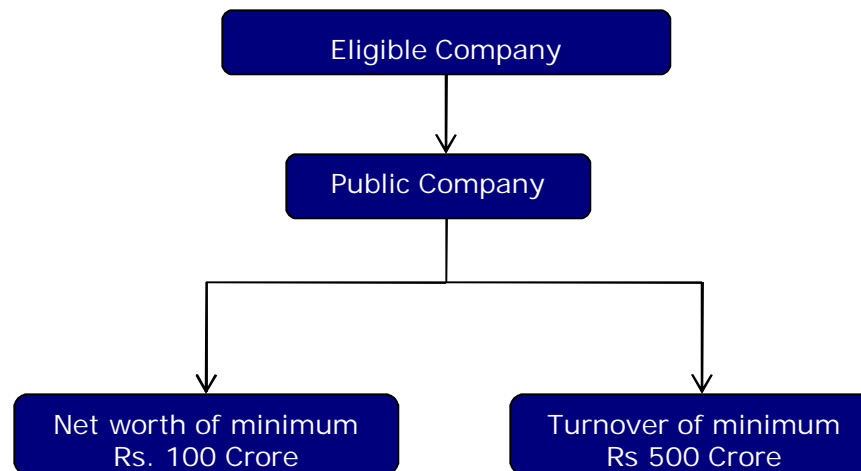
Exclusions from scope of 'Deposits' pursuant to prescribed Rules
Amounts received from:-
▪ Central / State Government, Foreign Government
▪ Public Financial Institutions, banking company or State bank of India
▪ Share Application money and advance towards allotment of securities
▪ Director of Company (subject to declaration of source as his own)
▪ Promoters by way of unsecured loan and / or their relatives, in connection with borrowings from bank/financial institution
▪ Inter corporate deposits/loans
▪ Issue of debentures & bonds secured by 1 st charge on tangible assets
▪ Employee of the company in the form non interest bearing security deposit not exceeding his annual salary
▪ Non interest bearing amount received or held in trust
▪ Amount received in course of business as advance for supply of goods and services subject to use appropriation of amount within 1 year for the specified purpose or advances against sale of property with conditions, amount received as security deposit for performance of contract for supply of goods and services

Acceptance of Deposits (Sec. 73,74,76)

- **Eligible Company (Rule 2 (1)(e) of The Companies (Acceptance of Deposits) Rules, 2014)**

Eligible Company” means a public company as referred in Section 76 having net worth of not less than one hundred crore rupees or a turnover of not less than five hundred crore rupees and which has obtained prior consent of the company in general meeting by means of a special resolution and also filed the said resolution with registrar of Companies before making any invitation to the Public for acceptance of deposits:

Provided that an eligible company, which is accepting deposits within the limits specified under clause (c) of sub section (1) of 180, may accept deposits by means of ordinary resolution



Note: A Private Company is not an eligible company to accept public deposits but may accept from its members – as discussed elsewhere

Acceptance of Deposits (Sec. 73,74,76)

- Acceptance of deposits by Eligible/ Ineligible Companies

Class of Depositors	Eligible Companies	Ineligible Companies
Members	Yes	Yes
Others	Yes	No

- Companies registered under Section 12 of SEBI : Stock brokers, sub broker, merchant banker etc restricted from taking inter corporate loans or deposits exceeding prescribed limit *(so far limit not prescribed)*

Acceptance of Deposits (Sec. 73,74,76)

Particulars	Eligible Companies		Ineligible Companies
	Members	Others	Members (cannot accept from Others)
Resolution	Special Resolution	Special Resolution	Ordinary Resolution
Tenure	Generally 6 to 36 months	Generally 6 to 36 months	Generally 6 to 36 months
Quantum Limits as % of paid up capital & free reserves :-			
Non Government Company	10%	25%	25%
Government Company	N.A.	35% of paid up capital & free reserves	N.A.
Limit on Rate of interest	Rate should not exceed Maximum rate prescribed by RBI		

Acceptance of Deposits (Sec. 73,74,76)

Particulars	Eligible Companies		Ineligible Companies
	Members	Others	Only members can accept deposits
Mandatory Deposit Insurance	Yes	Yes	Yes
Creation of Security on secured deposits	Yes	Yes	Yes
Trustee for Secured Depositors	Mandatory	Mandatory	Mandatory
Procedural compliance of Advertisement & Circulars	Yes	Yes	Yes
Deposit Repayment Reserve Account	To annually deposit on or before 30th April minimum 15% of deposits maturing during Current Financial Year & next Financial Year in a Deposit Repayment Reserve Account of a Scheduled Bank & such reserve to be used only for repayment of deposits		



Acceptance of Deposits (Sec. 73,74,76)

- Repayment of deposits accepted before commencement of Companies Act 2013 (CA 2013) : Section 74
 - Company shall file within 3 months of commencement of CA 2013,
 - a statement of all deposits accepted and unpaid sums along with interest
 - Such statements shall include arrangements made for repayment
- Company shall repay within 1 year of commencement of CA 2013 or from date on which repayments are due, whichever is earlier



Private Placement (Chapter III – Part II) (Sec.42)

- A popular phrase under Companies Act 1956, now defined and codified
- Defined as:
 - "private placement" means any offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) through issue of a private placement offer letter and which satisfies the conditions specified in this section
- Both Public and Private Company can issue shares on private placement basis
- Conditions and Restrictions:
 - In a financial year, offer shall not to be made to more than 200 persons (excluding offer to qualified institutional buyers and to employees of the company under a scheme of ESOP)
 - Offer must be to specified persons in the prescribed Form PAS-4
 - Offer letter to be accompanied by an application form within 30 days which shall be
 - Serially numbered,
 - Addressed specifically to the specified person,
 - May be either in writing or in electronic mode
 - Offer or invitation made earlier to completed, withdrawn or abandoned by the Company as the case may be
 - Allotment within 60 days, else refund within 15 days



Private Placement (Chapter III – Part II) (Sec.42)

- Conditions and Restrictions:
 - Money to be kept in separate bank account
 - No public advertisements or use of any media, marketing or distribution channels or agents to inform the public at large about such an offer
 - Comprehensive return of allotment to be filed
- A newly formed Private Company or Public Company will not be able to allot initial shares after incorporation without complying with the above provisions
- Shares subscribed as subscribers/promoters to memorandum or articles will not be within purview of above

Board of Directors & Key Management Persons

Type of Directors

- Managing Directors (MD)
- Whole Time Director (WTD)
- Non Executive Director (NED)
- Independent Director (ID)

Board Strength

Type of Companies	No of Directors	
	Minimum	Maximum#
Public Company	3	15
Private Company	2	15
One Person Company	1	15

By a special resolution maximum strength can be increased (CG approval not required)



Board of Directors & Key Management Persons

- **Class of Companies to appoint at least 1 woman director**
 - Every Listed Company
 - Every Public Company having:
 - Paid up share capital of 100 crore rupees or more; or
 - Turnover of 300 crore rupees or more

- **Period of stay in India for at least 1 director**
 - Minimum 182 days or more in the previous calendar year

Board of Directors & Key Management Persons

Independent Directors (ID)

- Requirement as per Companies Act, 2013

Type of Companies	Requirement of Independent Director
Listed Public Company	<ul style="list-style-type: none">• At least one-third of the total number of directors shall be Independent Directors
Public Company	At least 2 directors as independent directors <ul style="list-style-type: none">• Having paid up share capital of 10 crore rupees or more, or• Having turnover of 100 crore rupees or more, or• Having in aggregate outstanding loans, debentures and deposits exceeding 50 crore rupees
For other class of Companies	Not Mandatory

- Intermittent vacancy to be filled up by the Board not later than immediate board meeting or 3 months from vacancy
- Not entitled to Stock Options
- Remuneration – Only by way of fee, profit related commission (*as approved by members*) and reimbursement of expenses



Board of Directors & Key Management Persons

Independent Directors (ID)

- Term of Office:
 - hold office for a term up to 5 consecutive years
 - Maximum 2 consecutive terms allowed
 - Eligible for being appointed again after a rest period of 3 years, however, subject to conditions
- Provisions in respect of retirement of directors by rotation not applicable

Alternate Director (Sec. 161)

- Appointment – By the Board of Directors if authorised by its Articles or by a resolution passed by the company in general meeting
- Such appointment only when the director's absence from India is for a **period not less than three months**
- Alternate director for an independent director – Can be appointed only if he is qualified to be appointed as an independent director under the provisions of this Act
- Term of Office:
 - For period permissible to original director or up to the date of return of the original director to India
 - Provisions relating to automatic re-appointment of retiring directors not applicable



Board of Directors & Key Management Persons

Limitation of Responsibility of NED and ID

- Liable only in respect of matters:
 - Occurred with their knowledge through Board Process
 - With their consent or connivance
 - Not acted upon diligently

Ceiling on number of directorships (Sec. 165)

- Can hold office of not more than 20 companies (**including Alternate directorship**)
- Wherein **not more than 10 public companies**, including private companies that are either holding or subsidiary company of a public company
- Members by special resolution **can restrict the number of directorship**

Contravention of said provisions to attract fine not less than five thousand but which may extend up to Rs 25,000 for every day of default



Board of Directors & Key Management Persons

Duties of directors (Sec. 166)

Includes:

- To act in accordance with the articles of the company
- To act in good faith in order to promote the objects of the company
- Shall exercise due care, skill, diligence and independent judgment
- Shall not involve in a situation which may conflict with the interest of the company
- Shall not achieve or attempt to achieve any undue gain, whether for himself or relatives
 - If found guilty the gains must be returned to the Company
- Shall not assign his office

Contravention of the said provisions are liable to fine, not less than 1 lakh rupees but which may extend to 5 lakh rupees



Board of Directors & Key Management Persons

Resignation of director (Sec. 168) (New Provision)

- By giving a notice in writing to the Company
- Company shall intimate the registrar
- Disclosure to be made in the Directors report
- Copy of his resignation along with detailed reasons to be filed with the Registrar within **30 days** of resignation **by the director**
- Effective date of Resignation
- **Liable for offences** occurred during the tenure
- Resignation of all Directors:
 - The promoter, or
 - the Central Government

shall appoint the required number of directors until General Meeting



Board of Directors & Key Management Persons

Restriction on non-cash transactions involving directors (Sec. 192) (New Provision)

- Arrangement for consideration other than cash involving directors:
 - For sale of any assets, or
 - To acquire any assets

Subject to prior approval by a resolution of the company/holding company (if involved) in general meeting
- Contents of notice for approval:
 - Particulars of arrangement
 - Value of the assets
- Validity of the arrangement:
 - Voidable if aforementioned provisions are contravened unless:
 - Restitution of any money not possible and loss is indemnified by any other person, or
 - any rights are acquired *bona fide* for value and without notice of the contravention of the provisions of this section by any other person



Board of Directors & Key Management Persons

Prohibition on forward dealings in securities by Director or KMP (Section 194) (New Provision)

- On buying

- A right, or
- A right, as he may elect

to call for delivery or to make delivery at a specified price and time of a specified number of relevant shares or a specified amount of relevant debentures

in the company, or in its holding, subsidiary or associate company

Contravention of the aforesaid provision:

- Imprisonment for a term which may extend to two years, or
- With fine, not less than 1 lakh rupees but which may extend to 5 lakh rupees, or
- With both, also
- Liable to surrender securities to the Company
- Company shall not register the securities



Board of Directors & Key Management Persons

Key Managerial Person (KMP)

■ Definition - Sec. 2 (51)

“key managerial personnel”, in relation to a company, means—

- the Chief Executive Officer or the managing director or the manager;
- the company secretary;
- the whole-time director;
- the Chief Financial Officer; and
- such other officer as may be prescribed;”

■ Term of Office (Sec. 196(2))

- MD, WTD or manager can hold office for term not exceeding five years at a time
- Re-appointment (not earlier than one year before expiry of term) (2 years earlier)

■ Disqualification of MD/ WTD/ Manger as KMP (Sec. 196(3))

Person:

- Aged below 21 years or ,
 - attained the age of 70 years #
- # appointment may be made by passing a special resolution with a explanatory statement



Board of Directors & Key Management Persons

Key Managerial Person (KMP)

■ Disqualification of MD/ WTD/ Manger (Sec. 196(3))

Person:

- Is undischarged insolvent or has been adjudged as an insolvent
- Has at any time suspended payment to his creditors or makes or has made a composition with them
- Has been convicted by a court of an offence and sentenced for a period of more than 6 months

■ Appointment of MD/ WTD/ Manger as KMP (Sec. 196(4))

- By Board of Directors at a meeting,
- Subject to approval by a resolution at the next general meeting of the company
- And by the Central Government in case such appointment is at variance to the conditions specified
- Notice to include all terms and conditions of appointment along with other matters
- Return to be filed with the Registrar within 60 days



Board of Directors & Key Management Persons

Key Managerial Person (KMP)

- Mandatory requirement of Whole-time KMP (Sec. 203):
 - Every Listed Companies
 - Public company having a paid-up share capital of 10 crore rupees or more
- Whole-time key managerial personnel to include:
 - “managing director, or Chief Executive Officer or manager and in their absence, a whole-time director;
 - company secretary; and
 - Chief Financial Officer “
- No qualifications prescribed for KMP, except Company Secretary
- Appointment of Whole-time KMP :
 - Individual shall not be appointed or reappointed as the chairperson as well as the MD or CEO of the company at the same time
 - By means of a resolution of the Board
 - Not to hold office in more than one company except in its subsidiary company at the same time
 - Can hold office as a Director in other company
 - Vacancy to be filled-up in the Board meeting

Board of Directors & Key Management Persons

Key Managerial Person (KMP)

- Appointment of Company Secretary:

Companies Act, 2013	Companies Act, 1956
Every Listed Company and every other Public Companies having paid up share capital \geq 10 Crores	For all Companies having paid up capital \geq 5 Crores

- Contravention of provisions:
 - Company punishable with fine not less than 1 lakh rupees but which may extend to 5 lakh rupees and
 - Every Director and KMP in default punishable with fine which may extend to 50 thousand rupees and for continuing default thereon, a fine which may extend to 1 thousand rupees for every day

Board of Directors & Key Management Persons

- Disclosure of interest (Sec. 184)

Companies Act, 2013	Companies Act, 1956
Disclosure of concern or interest in any bodies corporate, firm or association now distinguished from interest or concern in contract or arrangement or proposed contract or arrangement with such concern (Sec. 184)	Disclosure concern or interest in any bodies corporate, firm or association shall be deemed to be interest or concern in contract or arrangement or proposed contract or arrangement of such concern (Sec. 299)

- When to be disclosed?
 - At the first meeting of the Board in which director participates
 - Thereafter at the first meeting of the Board in every financial year
 - In case of change of interest during the year – then at the first Board meeting after such change
- Interested director shall not participate in such board meeting
 - What if all directors interested?
- If a contract or arrangement is entered into in contravention of aforementioned provisions:
 - Then such contract or arrangement shall be **voidable** at the option of the company



Officer in Default [Sec. 2(60)]

The persons who are liable to penal consequences / punishment in the case of specified defaults under the Act:

- Whole-time director (WTD)
- Key managerial personnel (KMP)
 - If there is no KMP then
 - director or directors as specified by the Board and who has given written consent in this behalf or
 - all the directors if no director specified
- Any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility
- Any person with whose advice, directions or instructions the BOD of the company is accustomed to act , other than person who gives advice to the Board in a professional capacity
- Every director who is aware of such contravention or where such contravention had taken place with his consent or connivance
- Share transfer agents, registrars and merchant bankers to the issue or transfer in respect of the issue or transfer of any shares of a company

Board Meetings and Procedures

Extended scope of powers to be exercised only at Board Meetings (Sec 179 (3))

Companies Act, 2013	Companies Act, 1956
<ul style="list-style-type: none"> ▪ Make calls on shareholders 	<ul style="list-style-type: none"> ▪ Make calls on shareholders
<ul style="list-style-type: none"> ▪ Authorize buy- back of securities 	<ul style="list-style-type: none"> ▪ Authorize buy- back of securities
<ul style="list-style-type: none"> ▪ Issue securities, including debentures, whether in or outside India 	<ul style="list-style-type: none"> ▪ Issue debentures
<ul style="list-style-type: none"> ▪ Borrow monies 	<ul style="list-style-type: none"> ▪ Borrow moneys otherwise than on debenture
<ul style="list-style-type: none"> ▪ Invest the funds of the Company 	<ul style="list-style-type: none"> ▪ Invest the funds of the Company
<ul style="list-style-type: none"> ▪ Grant loans or give guarantee or provide security in respect of loans 	<ul style="list-style-type: none"> ▪ Make loans
<ul style="list-style-type: none"> ▪ Approve financial statement and the Board's report 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Diversify the business of the company 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Approve amalgamation, merger or reconstruction 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Take over a company or acquire a controlling or substantial stake in another Company 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Make political contribution 	<ul style="list-style-type: none"> ▪ Board meeting not required

Board Meetings and Procedures

Companies Act, 2013	Companies Act, 1956
<ul style="list-style-type: none"> ▪ Appoint or remove key managerial personnel 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Note appointments/removals of one level below the key managerial personnel 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Appoint internal auditors and secretarial auditor 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Note of disclosures of directors interest and shareholdings 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Buy and sell investments other than trade investment constituting $\geq 5\%$ of paid up share capital and free reserves of investee Company 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Invite/ accept/ renew public deposits 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Review or change the terms and condition of public deposit 	<ul style="list-style-type: none"> ▪ Board meeting not required
<ul style="list-style-type: none"> ▪ Approve quarterly, half yearly and annual financial statement 	<ul style="list-style-type: none"> ▪ Board meeting not required

**ALL THE ABOVE STATED RESOLUTIONS MUST BE FILED WITH ROC
FAILURE TO FILE ATTRACTS STRINGENT PENALTIES**



Board Meetings and Procedures

- Video Conferencing
 - Board Meetings can be conducted by video conferencing except in respect of the following matters :
 - The approval of the annual financial statements;
 - The approval of the Board's report;
 - The approval of the prospectus;
 - The Audit Committee Meetings for consideration of accounts; and
 - The approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover
- Length of Notice
 - At least 7 days notice to be given in writing
 - Shorter notice to transact urgent business, at least one independent director shall be present at meeting
 - Penalty for failure to give notice enhanced to ` 25,000 from ` 1,000
- Number of meetings
 - At least four meetings in a year
 - Gap between the two consecutive meetings shall not be more than 120 days

Board Meetings and Procedures

- Sec. 180 : Restriction on Powers of a Board (i.e transactions to be approved in members meeting)

Companies Act, 2013	Companies Act, 1956
Applies to all Companies	Applies to public Companies
Sell, lease or disposal of whole or substantially whole of the undertaking of Company <ul style="list-style-type: none"> ▪ Threshold for undertaking defined as <ul style="list-style-type: none"> □ Company's investment in the undertaking > 20% of its net worth or □ An undertaking that contributes $\geq 20\%$ of total income of the Company 	Sell, lease or disposal of whole or substantially whole of the undertaking of Company <ul style="list-style-type: none"> ▪ Threshold for value of undertaking or substantially the whole of the undertaking is not defined.
Similar to Companies Act, 1956	Remit or give time for the repayment of any debt due from director
Similar to Companies Act, 1956	Borrow Money, where money to be borrowed together with money already borrowed exceeds aggregate of paid up share capital and free reserves.
Power to invest otherwise in trust securities amount of compensation received as a result of any merger or amalgamation	Power to invest otherwise in trust securities amount of compensation received as a result of any compulsory acquisition
Requires a special resolution	Requires a ordinary resolution

Board Meetings and Procedures

■ Committees

Name of the Committee	Applicability	Constitution
<ul style="list-style-type: none"> ■ Audit Committee 	<ul style="list-style-type: none"> ▪ Every listed Company ▪ All Public companies <ul style="list-style-type: none"> □ paid up capital ≥ `10crores □ Turnover ≥ `100 crores □ Outstanding loans or borrowings or debenture or deposits >`50 crores 	At least 3 directors - with independent directors forming majority
<ul style="list-style-type: none"> ■ Nomination and Remuneration committee 	<ul style="list-style-type: none"> ▪ Every listed Company ▪ All Public companies <ul style="list-style-type: none"> □ Paid up capital ≥ `10 crores □ Turnover ≥ `100 crores □ Outstanding loans or borrowings or debenture or deposits > `50 crores 	At least 3 non-executive directors - of which at least 50% shall be independent director



Board Meetings and Procedures

Name of the Committee	Applicability	Constitution
■ Stakeholder Relationship Committee	Company which consist of more than 1,000 shareholders, debenture holder, deposit holder and any other security holders at any time during a financial year	Chairperson who shall be non – executive director and such other members as may be decided by the Board



Board's Report (Sec. 134)

Board's Report to include

■ The requirements which were also covered by 1956 Act

- The financial summary or highlights
- Change in the nature of business, if any
- The state of company's affairs
- The amounts, if any, which it proposes to carry to any reserves
- The amount, if any, which it recommends should be paid by way of dividend
- Material changes and commitments, if any, affecting the financial position of the company between end of the financial year of the company and the date of the Board's Report
- Conservation of energy, Technology, Absorption, Foreign Exchange Earnings and Outgo
- Explanation for qualifications or adverse remark in the auditor's report and secretarial audit report

■ Additional requirements as per 2013 Act

- Extract of annual return as prescribed
- Number of meetings of Board
- Statement on independent directors' declaration
- Company's policy on appointment and remuneration of directors for the companies covered u/s 178(1)
- Particulars of loans, guarantees or investments by the company u/s 186
- Particulars of contract or arrangements with related parties u/s 188(1) in form AOC 2



Board's Report (Sec. 134)

- Name of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year along with reasons there for
- Details relating to deposits (including deposits which are not in compliance with the Act)
- Details of significant and material orders passed by the Regulators or courts or tribunals impacting the going concern status and company's operations in future
- Adequacy of internal financial controls
- The details of directors or KMP who were appointed or have resigned during the year
- Policy for determining independence of directors and remuneration for directors, KMP and other employees
- Secretarial audit report to be annexed (in case of listed companies and other public companies as per criteria specified)
- Composition of CSR Committee, CSR policy, implementation and reasons for failure to spend the required amount on CSR policy
- Statement indicating development and implementation of risk management policy
- In case of a listed company and other public company having paid-up share capital of Rs. 25 crore or more, as at the end of the preceding financial year – statement that formal annual evaluation has been made by the Board of its own performance, its committees and individual directors



Board's Report (Sec. 134)

- In case of OPC, Board's report to contain explanations on comments or adverse remarks in auditor's report – no other details required
- The Board's Report to be prepared based on standalone financial statements. The report to contain separate section for reporting on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidation of the financial statements
- Additional disclosures in the Director's Responsibility Statement
 - In case of a listed company a statement by the directors that, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively
 - A statement by the directors that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Voluntary Revision (Sec 131)

It provides for voluntary revision of Board's report in respect of any of the 3 preceding financial years if it is not in compliance with section 134 – prior approval of Tribunal required.

Such revision cannot be done more than once in a financial year.



Board's Report (Sec. 134)

Penal Provisions for Default

Company	Fine which shall not be less than Rs. 50,000/- which may extend to Rs. 25 Lakhs
Every Officer of the company in default	Imprisonment for a term which may extend to three years OR Fine which shall not be less than Rs. 50,000/- which may extend to Rs. 5 Lakhs OR Both

Applicability

As per General Circular 08/2014 of the MCA, Board Report in respect of financial years that commenced earlier than 1st April, 2014 shall be governed by the relevant provisions/ Schedules/ rules of the Companies Act, 1956 and that in respect of financial years commencing on or after 1st April, 2014, the provisions of the new Act shall apply.



Secretarial Audit (Sec. 204)

- Applicable to every listed company and public company having a paid-up capital of Rs. Fifty Crores or more; or having a turnover of Rs. Two Hundred Fifty Crores or more.
- Secretarial audit report to be annexed to Board's report in Form No. MR. 3
- Board of directors to explain in their report for any qualification or observation made in the secretarial audit report
- For contravention – company, every officer who is in default and PCS punishable with fine – Rs.1 Lakh to Rs. Five Lakhs.



Annual Return (Sec. 92)

- Annual Return to contain particulars as they stood on the close of the financial year (earlier it was as on the date of AGM)

- **Significantly increased compliances** through new Annual Return Form No. MGT. 7

Following additional information to be provided:

- principal business activities of the company
- particulars of company's holding company, subsidiary and associate companies
- Particulars of other securities (other than shares and debentures) and changes during the year
- Details of Securities Premium and changes during the year
- Shareholding pattern with details for each director and KMP with date wise increase / decrease and reasons, encumbrances, if any
- Particulars of members, debenture holders and other securities holders
- Details of shares / debentures transfers since the close of the last financial year
- Indebtedness – secured, unsecured, deposits
- Particulars of promoters, directors and Key Managerial Personnel along with changes therein since the close of the last financial year
- Meetings of members or class of members, Board and its various committees along with attendance details
- Remuneration of directors and key managerial personnel
- Penalty / punishment / compounding for company, its directors and officers in default and appeals made against such penalty or punishment



Annual Return (Sec. 92)

- Matters related to certification of compliances – filings with ROC / NCLT
- Disclosures – closure of register of members, declaration of dividend, inter-corporate loans and investments, contracts in which directors are interested, related party transactions, resolutions passed by postal ballot
- Details in respect of shares held by or on behalf of FIIs indicating their names, addresses, countries of incorporation, registration and percentage of shareholding held by them
- Details of the amount spent for CSR
- Limits for borrowings and loans and investments
- Statement by the directors as to their compliance with all the required disclosures
- A statement that each of the independent director has provided a declaration as to meeting the criteria of independence
- Appointment of Auditors
- Signing of Annual Return:
 - Annual Return to be signed by a director and Company Secretary(CS) and where there is no CS, by a Practising Company Secretary (PCS). Thus, now either the a CS or a PCS must sign the Annual Return
 - In case of OPC and small company, Annual Return to be signed by the CS and where there is no CS, by the director of the company



Annual Return (Sec. 92)

- Annual Return of a listed company and companies with paid up share capital of Ten crore rupees or more; or turnover of Fifty crore rupees or more, shall also be certified by a PCS in Form No. MGT. 8, stating that the annual return discloses the facts correctly and adequately and that the company has complied with all the provisions of the Act
- Extract of Annual Return in Form No. MGT. 9 to form part of Boards' report
- Annual Return to be filed with ROC within 60 days from the date of AGM
- Stringent Penal provisions for not filling Annual Return within prescribed time:
 - If a company fails to file its annual return, along with additional fee, within a period of delay of 270 days from the due date, the company shall be punishable with a fine from Fifty Thousand rupees to Five Lakhs rupees, and every officer of the company who is in default shall be punishable with imprisonment for a term upto six months or with a fine from Fifty Thousand rupees to Five Lakhs rupees or with both
 - PCS for certifying otherwise than in conformity with the requirements – Fine Fifty Thousand rupees to Five Lakhs rupees
- Copies of Annual Returns and certificates and documents required to be annexed thereto to be preserved for a period of 8 years from the date of filing with the ROC



Annual General Meeting (Sec. 96)

- In each calendar year, AGM should be held
- Within 6 months from the end of the financial year
 - In case of first AGM within nine months from the first financial year closing
- Registrar has power to extend time
- Time 9 a.m. to 6 p.m. (*Business hours defined*)
- Cannot be held on a national holiday
 - In Companies Act, 1956, it was 'Public Holiday'
- OPC not required to hold AGM



Notice of AGM (Sec. 101)

- Notice (21 clear days) can be given through electronic mode also, apart from written notice
- Notice must be given to auditors and directors also
- For special business detailed disclosures of interest to be made of
 - Every Director
 - Every Key Managerial Personnel
 - Relatives of director / key managerial personnel
- Voting through electronic means can be provided by
 - Every Listed Company
 - Company having not less than one thousand shareholders



Voting Rights (Sec. 47)

- Definition Total Voting Power [Sec.2(89)]
 - “total voting power”, in relation to any matter, means the total number of votes which may be cast in regard to that matter on a poll at a meeting of a company if all the members thereof or their proxies having a right to vote on that matter are present at the meeting and cast their votes
- Voting Rights
 - Equity shareholders - right to vote
 - On every resolution placed before the Company
 - On poll, in proportion to his holding
 - Preference shareholders – right to vote
 - On resolutions placed before the company which directly affect the rights attached to his preference shares
 - Any resolution for the winding up of the company
 - Any resolution for the repayment or reduction of equity or preference share capital

However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class shall have a **right to vote on all the resolutions** placed before the company.



Voting Rights (Sec. 47)

- Kinds of share capital (section 43)
 - Equity share capital
 - with voting rights; or
 - with differential rights as to dividend, voting or otherwise
 - Preference share capital
- Conditions for issuance of equity shares with Differential Voting Rights (DVR)
 - AOA of Company authorizes such issue
 - Ordinary resolution passed at members meeting (Postal ballot in case of listed Company)
 - Aggregate DVR shares shall not exceed 26% of total post issue paid up equity share capital (including DVR shares)
 - No default in filing the financial statement and annual returns for 3 preceding financial years
 - No default in payment of declared dividend or repayment of deposits or redemption of preference shares and debenture or interest on such deposits, debentures or payment of dividend
 - Consistent track record of distributable profits for the last three years
 - No default in payment of dividend of preference shares or repayment of any term loan from public financial institution or state financial institution or scheduled bank or interest thereon
 - No default in payment in respect of statutory dues relating to employees or contribution to Investor Protection Fund
 - The Company has not been penalised by the court or tribunal in last 3 years under the specified statutes

Depreciation (Schedule II)

■ Useful Lives To Compute Depreciation

Companies Act, 2013	Companies Act, 1956
Systematic allocation of the depreciable amount of an asset over its useful life	Specifies minimum rates of depreciation to be provided by a company

■ Useful Life:

- The useful life of an asset is the period over which an asset is expected to be available for use by an entity, or the number of production or similar units expected to be obtained from the asset by the entity

■ Normally, useful life of an asset shall not be longer than the useful life and the residual value shall not be higher than that prescribed in **Part C of Schedule II**

■ However, company provided with the option

- of depreciating assets over their useful life which could be different and
- to deviate from determining residual value

then that prescribed in Schedule II, subject to disclosure of justification for the same in financial statements

■ Component approach – Depreciate components with different useful lives separately



Depreciation (Schedule II)

- Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value
- Depreciation includes amortization
 - Amortisation of intangible asset created under Toll Road projects using **Revenue Based Amortisation Method**
 - For other intangible asset, the amortisation to be in accordance with applicable **Accounting Standards**
- No separate rates are prescribed for extra shift depreciation
 - For double shift - depreciation will increase by 50% for that period
 - For triple shift - depreciation shall be calculated on the basis of 100% for that period
 - No extra shift depreciation on assets indicated by NESD in Part C of schedule II
- Depreciation at the rate of 100% on assets, whose actual cost does not exceed 5 thousand rupees done away with

Declaration and Payment of Dividend (Sec. 123)

- Dividend to be declared 'out of profit of the year' after charging depreciation as per Schedule II or
'out of the profits of the earlier years' after charging depreciation as per Schedule II, remaining undistributed
 - Condition of set off of past losses not expressly stated
- Compulsory transfer to reserves condition under CA 1956, made optional in CA 2013
- In case of inadequacy or absence of profits, dividend can be paid out of 'accumulated profits' transferred to reserves, subject to prescribed rules as follow:
 - Rate of dividend not to exceed average rate of past three years (Rule does not apply, if no dividend declared in past 3 financial years)
 - Permissible Dividend Amount

Accumulated profits	XX
Less: Loss for the year	XX
Less: Past losses or depreciation whichever is lower	XX
Permissible Dividend Amount	XX

- The Dividend amount should not exceed 10% of paid capital + Free reserves as per last audited balance sheet
 - Reserves of at least 15% of paid up capital (as per last audited accounts) must be retained after deduction of the dividend amount
- No dividend shall be declared in case of contravention of provision of Acceptance of Deposits (Sec 73 & 74 of CA 13)



Issue of bonus shares (Sec. 63)

- Any Company may issue fully paid-up bonus shares to its members out of
 - Its free reserves
 - The securities premium account
 - The capital redemption reserve account
- Issue of bonus shares out of Revaluation Reserve not permitted
- No company shall capitalise its profits or reserves for issue of fully paid bonus shares, unless:
 - Authorised by its articles
 - On the recommendation of the Board, has been authorised in the general meeting of the company
 - not defaulted in payment of interest or principal in respect of fixed deposits or debt securities
 - not defaulted in respect of the payment of statutory dues
 - partly paid-up shares are made fully paid-up
- Decision for issue of Bonus announced by Board cannot be withdrawn by it
- Not be issued in lieu of dividend



Accounts and Audit

Relevant Definitions

- **Financial Statement: *Section 2(40)***

“financial statement” in relation to a company, includes—

(i) a balance sheet as at the end of the financial year;

(ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;

(iii) cash flow statement for the financial year;

(iv) a statement of changes in equity, if applicable; and

(v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement



Accounts and Audit

Relevant Definitions

- **Financial Year: *Section 2(41)***

“financial year”, in relation to any company or body corporate, means the period ending on the 31st day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year, in respect whereof financial statement of the company or body corporate is made up

Provided that on an application made by a company or body corporate, which is a holding company or a subsidiary of a company incorporated outside India and is required to follow a different financial year for consolidation of its accounts outside India, the Tribunal may, if it is satisfied, allow any period as its financial year, whether or not that period is a year

- **Accounting Standard : *Section 2 (2)***

“accounting standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in section 133



Accounts and Audit

Relevant Definitions

- **Free Reserves : *Section 2 (43)***

free reserves” means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:

Provided that—

(i) any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or

(ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves

- **Holding Company : *Section 2 (46)***

“holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies



Accounts and Audit

Place of Keeping Books of Account (BOA) (Section 128)

- Company to keep at Registered Office (RO)
 - Books of account
 - Relevant books and paper
 - Financial statement
- Mode of Keeping
 - Permitted to be kept in electronic form
 - Accessibility in India and other conditions prescribed in The Companies (Accounts) Rules, 2014
 - Information technology Act 2000
- Method of Accounting
 - On accrual basis and as per double entry system

Preservation of Books of Account (BOA) and Vouchers (Section 128)

- BOA/records can be kept at other places
 - File notice with ROC within 30 days
- Branch Office
 - BOA can be maintained at branch, if returns sent periodically to RO



Accounts and Audit

- Preservation of Books of Account (BOA) and Vouchers
 - BOA with vouchers
 - For 8 financial years
 - Central Government may direct maintenance of BOA for longer period if an investigation is ordered

Financial Statements (FS) : True and Fair View (Section 129)

- Financial Statement to be laid down at Annual General Meeting
 - Financial statement
 - Consolidated Financial Statement
 - A statement containing salient feature of subsidiaries/associate companies/joint ventures in Form AOC -1
 - Auditor's Report
 - Board's Report
- Now possible to place before Adjourned AGM and still in compliance?



Accounts and Audit

Consolidated Financial Statement (CFS) Section 129(3),(4)

- Mandatory CFS for every company irrespective of nature and size ; if the company has one or more subsidiaries
- For the purpose of this section , “subsidiary” includes associate company and joint venture
- Provision of Companies Act 2013 for preparation, adoption and audit applicable to standalone FS, will also apply to CFS, Schedule III prescribes method of consolidation
- Preparation of CFS for foreign subsidiaries?



Accounts and Audit

Penalty prosecution for non compliance with Section 128/129

- Persons responsible in case of contravention of Section 128
 - Managing Director
 - Whole time director in charge of finance
 - Chief Financial Officer
 - Any other person charged by Board
- On contravention of section 129, if above category of persons not there, all the directors of the company
 - Directors will include independent directors
- Punishment
 - Imprisonment for a term extending to 1 year; or
 - Fine of Rs. 50,000 minimum which may extend to Rs 5 lakh; or
 - Both



Accounts and Audit

National Financial Reporting Authority (Section 132)

- NFRA replaces NCAS under CA 1956
 - Wider scope and powers than NCAS
 - Scope extends to matters relating to accounting as well as auditing
- Functions
 - Recommendation to CG on accounting auditing policies and standards
 - Monitor and enforce compliance with accounting and auditing standards
 - Oversee quality of services of the associated professions and suggest measures for improvement in quality of services
 - Perform other related functions as may be prescribed
- Power to investigate CAs on professional or other misconduct – override CA Act & regulations on disciplinary matters
- Vested with quasi judicial powers
- Power to levy penalty on CA, from Rs. 1 lakh to Rs.5 lakhs ; and on CA Firm from Rs. 10 lakhs to 10 times fees received
- Power to debar CA or Firm from Practice for period of 6 months to 10 years



Accounts and Audit

Copy of Financial Statements to be filed with Registrar (Section 137)

- Financial statements not adopted at AGM or adjourned AGM
 - To be filed with registrar within 30 days of AGM
 - To be considered as **provisional** till adopted financial statements are filed
- Financial statements adopted at Adjourned AGM
 - To be filed with registrar within 30 days of adjourned AGM
 - If not filed within 30 days, to be filed within 300 days (from???) along with additional filing fees as specified in Annexure B
 - If not filed within 300 days, company liable to penal consequences
- Now, adoption of FS at adjourned AGM, is due compliance with provisions of the Act relating to holding AGM within statutory time line?
- AGM not held for any year
 - Financial statements along with statement stating facts and reasons of not holding AGM to be filed within 30 days of the last date before which AGM should have been held
 - If not filed within 30 days, to be filed within 300 days with additional filing fees-



Accounts and Audit

Internal Audit (Section 138)

- Class of companies to appoint an Internal Auditor or Firm of Internal Auditors – Rule 13 of The Companies (Accounts) Rules, 2014
 - every listed company
 - every unlisted public company having during preceding financial year -
 - paid up share capital of Rs. 50 crores or more
 - turnover of Rs. 200 crore or more
 - outstanding loans or borrowings from banks or public financial institutions exceeding Rs. 100 crores, or
 - outstanding deposits of Rs. 25 crores or more at any point of time during the last financial year
 - every private company having during preceding financial year
 - turnover of Rs 200 crore or more
 - outstanding loans or borrowings from banks or public financial institutions exceeding Rs. 100 crores, or



Accounts and Audit

Internal Audit (Section 138)

- Internal auditor shall either be
 - A Chartered Accountant; or
 - A Cost Accountant; or
 - Such other professional as may be decided by the Board

Internal Auditor may or may not be an employee of the Company

No express provision that a Firm or LLP of professionals can be appointed as Internal Auditors

- Internal Audit scope-
 - Functions of the company
 - Activities of the company
- Audit Committee of the company or the Board shall, in consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit. –
Rule 13 of The Companies (Accounts) Rules, 2014



Accounts and Audit

Appointment of Independent Auditors (Section 139)

- Appointment of Auditors of Companies is now mandatory for a period of 5 years
- Ratification of appointment at every AGM
- Company to now inform auditor and ROC within 15 days of the meeting in which the auditor is appointed
- If no auditor is appointed or reappointed at the AGM, the existing auditor shall continue to be the auditor of the company
- Audit Committee to be constituted by-
 - Every listed company
 - Every other public company having
 - paid up capital of Rs. 10 crores or more or
 - turnover of Rs.100 crore or more or
 - aggregate outstanding loans or borrowings or debentures or deposits exceeding Rs. 50 crores



Accounts and Audit

Appointment of Independent Auditors (Section 139)

Where Audit Committee is formed:

- Company shall take into account recommendations of such audit committee for appointments along with filling of casual vacancy of an auditor
- The audit committee, and in other cases, the board, while appointing the auditor to consider:
 - qualifications and experience of the person
 - whether it is commensurate with the size and requirements of the company
 - completed and pending proceedings against the auditor before ICAI or NFRA or NCLT or any Court of law
- Auditors appointment only by Ordinary resolution. The requirement of appointing auditor in certain cases by special resolution as per Companies Act 1956 is omitted
- If no auditor is appointed or reappointed, the existing auditor shall continue
- The auditor before appointment shall submit a certificate that-
 - he is eligible and is not disqualified for appointment
 - proposed appointment is within the term allowed
 - proposed appointment is within the limit laid down
- The first auditor of the company shall be appointed by the Board of Directors within 30 days from the date of registration, failing which the board shall inform the members of the company who shall within 90 days at EOGM appoint such auditor who shall hold office till the conclusion of the first AGM



Accounts and Audit

Qualifications and Disqualifications (Section 141)

QUALIFICATIONS

- A Chartered Accountant
- Firm with “**majority**” of partners practice in India are Chartered Accountants
 - Only Chartered Accountants in practice are authorized to act and sign on behalf of the firm

DISQUALIFICATIONS

- a body corporate other than a limited liability partnership registered under the Limited Liability Partnership Act, 2008;
- an officer or employee of the company;
- person who is a partner, or who is in the employment, of an officer or employee of the company



Accounts and Audit

Qualifications and Disqualifications (Section 141)

DISQUALIFICATIONS

- Person or firm, whether directly or indirectly, having business relationship with :
 - the company or
 - its subsidiary or
 - its holding company or
 - associate company or
 - subsidiary of such holding company or
 - associate company

As per Rules 4(ii) commercial transactions in the ordinary course of business are permitted if it's a ALP , for transactions such as sale of products or services such as telecommunication, airlines, hospital, hostels and such other similar services.

Application of the provision to Firm or LLP?

- Person whose relative is director or is in employment of the company as
 - Director or
 - Key managerial personnel



Accounts and Audit

Qualifications and Disqualifications (Section 141)

DISQUALIFICATIONS

- Person who has been convicted by a court for fraud and not less than 10 years have elapsed from the date of conviction
- Person whose subsidiary or associate or any form of entity is engaged on the date of appointment in consulting and other specialized services as per section 144
- A person who is in full time employment elsewhere or a person or a partner of firm holding appointment as its auditor, at the date of appointment or reappointment holding appointment as auditor of more than 20 companies
- Person or his relative or partner who is indebted, (>Rs. 5 lakhs) holds any security or interest, gives guarantee or provides security for indebtedness of a third person to- (threshold limit of Rs. 1 lakh)
 - Company or
 - Its subsidiary or
 - Its holding or
 - Associate company or
 - Subsidiary of such holding company



Accounts and Audit

Appointment Term And Rotation (Section 139)

- Compulsory rotation of auditors by
 - Class of companies as per Rule 5 of The Companies (Accounts) Rules, 2014
 - All unlisted public companies having paid up share capital of Rs. 10 crores or more
 - All private limited companies having paid up share capital of Rs. 20 crore or more
 - All companies other than above, but having public borrowings of Rs. 50 crores or more
- Individual auditor to be appointed for not more than 1 term of 5 consecutive years
- Audit firm (including LLP) to be appointed for not more than 2 terms of 5 consecutive years i.e. 10 years

(period prior to commencement of the Act shall be taken into account to calculate 5 or 10 consecutive years, as the case may be) – Rule 6 of The Companies (Accounts) Rules, 2014



Accounts and Audit

Appointment Term And Rotation (Section 139)

- Cooling off period of 5 years after the completion of the term as above for rotated auditor during which such auditor is not eligible for re-appointment
- Such cooling off period also restricts audit firms to be re-appointed which
 - have common partner(s)
 - is associated with such auditor under the same network of audit firms or is operating under the same trade mark or brand
- No restriction from appointment of same auditor in an associated company
- In case of joint auditors, company shall follow the rotation of auditors in such a manner that all the joint auditors do not complete their term in the same year



Accounts and Audit

Resignation by Auditor (Section 140)

- The resigning auditor shall file a statement in Form 10.2 within 30 days of resignation indicating the reasons and other relevant facts with
 - the company
 - the ROC
 - CAG (in case of Government companies)
- If the auditor fails to file such statement then he shall be punishable with a fine of not less than Rs. 50,000 but which may extend to Rs. 5,00,000

POWER/RIGHTS

- Auditor of holding company shall have right of access to the records of all its subsidiaries in relation to Consolidated Financial Statements, in addition to the general right of access to the records of the audittee company



Accounts and Audit

Audit Report (Section 143)

The Audit Report shall state that –

- whether he has **sought** and obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit and if not, the details thereof **and the effect of such information on the financial statements**;
- *whether, in his opinion, proper books of account as required by law have been kept by the company so far as appears from his examination of those books and proper returns adequate for the purposes of his audit have been received from branches not visited by him;*
- *whether the report on the accounts of any branch office of the company audited under sub-section (8) by a person other than the company's auditor has been sent to him under the proviso to that sub-section and the manner in which he has dealt with it in preparing his report;*
- *whether the company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns;*
- *whether, in his opinion, the financial statements comply with the accounting standards;*



Accounts and Audit

Audit Report (Section 143) (Cont..)

- the observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company;
- whether any director is disqualified from being appointed as a director under sub-section (2) of section 164;
- any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
- whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- such other matters as may be prescribed.

As per **Rule 11** the Auditors Report shall also include their views and comments on the following matters:

- Whether the company has disclosed the effect, if any, of pending litigations on its financial position in its financial statement;
- Whether the company has made provision for foreseeable losses, if any, on long term contracts including derivative contracts;
- Whether there has been delay in depositing money into the Investor Education and Protection Fund by the company



Accounts and Audit

Prohibition on rendering of certain non audit services (Sec. 144)

- Auditor not to provide **directly or indirectly** below mentioned “other services” to **auditee-company** or its **holding company** or **subsidiary company**
 - Accounting and book keeping services
 - internal audit
 - Design and implementation of any financial information system
 - Actuarial services
 - Investment advisory services
 - Investment banking services
 - Rendering of outsourced financial services
 - Management services and
 - Any other kind of services as may be prescribed (not prescribed as yet)
- All types of companies covered irrespective of nature and size
- Scope: Professional Services V/s Management Services
Management Services V/s Service to Management



Accounts and Audit

Prohibition on rendering of certain non audit services (Section 144)

As per explanation to Section 144, the term “directly or indirectly” shall include rendering of services by the auditor-

- in case of auditor being an individual, either himself or through his relative or any other person connected or associated with such individual or through any other entity, whatsoever, in which such individual has significant influence or control, or whose name or trade mark or brand is used by such individual;
- in case of auditor being a firm, either itself or through any of its partners or through its parent, subsidiary or associate entity or through any other entity, whatsoever, in which the firm or any partner of the firm has significant influence or control, or whose name or trade mark or brand is used by the firm or any of its partners.



Accounts and Audit

DUTIES

- To comply with Auditing Standards
- State in Auditor's report (additional items over CA 1956)
 - qualification, reservation or adverse remark in relation to maintenance of accounts or other related matters
 - whether company has adequate and effective internal financial controls system
 - directions of CAG and action on such directions and its impact on the financial statements, if any (in case of Government companies)
 - Whether company has disclosed the impact of pending litigations on its financial position in the financial statement
 - Whether company has made provision as required under any law or accounting standard for material foreseeable losses on long term contracts including derivative contracts
 - Whether there has been any delay in transferring amounts required to be transferred , to the Investor Education and Protection Fund by the Company



Accounts and Audit

- If Auditor has reason to believe that officers or employees of the company have committed offence involving fraud in the course of performance of his duties, then he shall
 - Report to Audit committee/ Board regarding such fraud within 45 days
 - In case audit committee/ board is not taking action or auditor is not satisfied with the action taken ;
 - Report to Central Government The stipulated time to report such fraud to Central Government is 60 days from the time of knowledge of fraud
- The stipulated time to report such fraud to Central Government is 60 days from the time of knowledge of fraud
- Failure on reporting of such fraud by the auditor would be punishable with a fine ranging from Rs.1 lakh – Rs.25 lakhs

Attendance at General meeting (Sec 146)

- Company shall send notice of AGM to the auditor
- Auditor shall mandatorily attend any general meeting
 - By himself or
 - Through authorized representative who is qualified to be an auditor



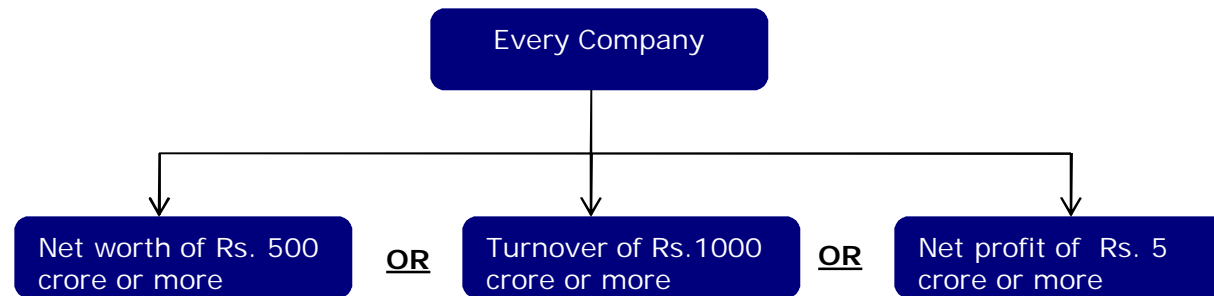
Accounts and Audit

Penal Provision (Sec 147)

- Criminal liability of the auditor in contravention of provisions in relation to-
 - Contents of audit report
 - Not to render prohibited non-audit services
 - Signing of audit report
- Fine increased from Rs. 10,000 to ranging between Rs. 25,000 – Rs. 5,00,000
- In case of wilful or knowingly with intent to deceive the company or its shareholders or creditors or tax authorities - imprisonment upto one year and with fine ranging from Rs. 1,00,000 – Rs. 25,00,000
- Convicted auditor to refund remuneration to the company and to pay for damages to the company, statutory bodies or authorities or to any other persons for loss arising on incorrect or misleading statements
- If audit partners of a audit firm has or have-
 - Acted in fraudulent manner or
 - Abetted or colluded in any fraud

The liability for such an act would be of the audit partner(s) as well as of the firm jointly or severally

Corporate Social Responsibility (Sec. 135)



As per CSR Rules 2014 ,CSR is applicable to :

- Every company including its holding or subsidiary and
 - A foreign company having its branch office or project office in India
- on fulfillment of the specified threshold

Corporate Social Committee (CSC): Constitution

- Minimum 3 Directors including at least 1 Independent Director
- Composition to be disclosed in Board Report



Corporate Social Responsibility (Sec. 135)

■ Functions of CSC

- Formulate Corporate Social Responsibility Policy (CSRP)
- Recommend Expenditure for (CSRP) activities
- Monitor policy from time to time

■ Eligible CSR activities (Refer Annexure)

■ Amount to be contributed towards CSR

- 2% of average net profits made during 3 immediately preceding financial years

■ What is not considered as CSR?

- Projects/activities for sole benefits of employees of Cos & their families
- Contribution of any amount directly or indirectly to any political party

■ CSR Expenditure

- CSR projects or programs undertaken in India only shall amount to CSR Expenditure
- 5% of CSR expenditure towards personnel & agencies implementing CSR is allowed

■ Board Reporting on CSR

- Board Report to include an annual report on CSR

■ Is CSR mandatory?

- If the company fails to spend such amount , the Board shall specify the reasons for not spending the amount

■ Is CSR Deductible expenditure under Income Tax Act?

CA Paresh Vakharia
PHD & Associates

Corporate Social Responsibility (Sec. 135)

■ Schedule VII : Activities which may be included in CSR Policy

Activities relating to :
<ul style="list-style-type: none"> eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
<ul style="list-style-type: none"> promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
<ul style="list-style-type: none"> promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
<ul style="list-style-type: none"> ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water
<ul style="list-style-type: none"> protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts:
<ul style="list-style-type: none"> measures for the benefit of armed forces veterans, war widows and their dependents;
<ul style="list-style-type: none"> training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
<ul style="list-style-type: none"> contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Caste, the Scheduled Tribes, other backward classes, minorities and women;
<ul style="list-style-type: none"> contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
<ul style="list-style-type: none"> rural development projects



Appendix

Rules under the Companies Act, 2013

Sr. No	Particulars
1	The Companies (Specification of definition details) Rules, 2014
2	The Companies (Incorporation) Rules, 2014
3	The Companies (Prospectus & Allotment of Securities) Rules, 2014
4	The Companies (Issue of Global Depository Receipts) Rules, 2014
5	The Companies (Share Capital & Debenture) Rules, 2014
6	The Companies (Acceptance of Deposits) Rules, 2014
7	The Companies (Registration of Charges) Rules, 2014
8	The Companies (Management & Administration) Rules, 2014
9	The Companies (Declaration & Payment of Dividend) Rules, 2014
10	The Companies (Accounts) Rules , 2014
11	The Companies (Audit & Auditors) Rules, 2014
12	The Companies (Corporate Social Responsibility) Rules, 2014

* Yet to be notified

Appendix

Rules under the Companies Act,2013

Sr.No	Particulars
13	The Companies (Appointment & Qualification of Directors)
14	The Companies (Meetings of Board & its Powers) Rules,2014
15	The Companies (Appointment & Remuneration of Managerial Personnel) Rules,2014
16	The Companies (Inspection, Investigation & Inquiry) Rules,2014
17	The Companies (Authorized to Registered) Rules,2014
18	The Companies (Registration of Foreign Companies) Rules,2014
19	The Companies (Registration Offices & Fees) Rules,2014
20	Nidhi Rules,2014
21	National Company Law Tribunal Rules,2014 *
22	National Company Law Appellate Tribunal Rules,2013 *
23	The Companies (Adjudication of Penalties) Rules,2014
24	The Companies (Miscellaneous) Rules,2014

* Yet to be notified



***THANK
YOU***



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