

THINGS TO BE COMPLIED ON YEAR TO YEAR BASIS

S.No.	Particulars	Compliance to be done
1.	Ensure Attendance in Board Meeting (Section 167)	Every director must attend at least one board meeting in a financial year otherwise such person shall cease to be director.
2	Board Meeting and related requirement (Section 173)	<p>1. 1. First board meeting should be held within 30 days of the incorporation.</p> <p>2. 2. A Company needs to hold a minimum of four Board meetings in each year and not more than 120 days should have expired between two Board meetings. Seven days clear notice should be given for each Board meeting, which can be waived for shorter notice by all the directors.</p> <p>Provided that Dormant/small companies can have only one meeting in each half of the financial year subject to the condition there should be minimum 90 days gap between the two meetings.</p> <p>Provided that One person company having only one director need not to have any board meeting.</p>
3	Secretarial Audit (Section 204)	<p>The following company shall have to get the secretarial audit done by a company secretary</p> <ol style="list-style-type: none"> 1. Every listed company; 2. Every public Company having paid up capital of Rs.50 crores or more; 3. Every public Company having turnover of Rs.250 crores or more
4	Loan To Directors And Associated Concerns [Section 185]	<p>No Company shall directly or indirectly advance any loan, including any loan represented by a book debt, to any of its Directors or to any other person in whom the Director is interested, or give any guarantee or provide any security in connection with loan taken by Director or such other person:</p> <p>Thus a Company (hereinafter referred to as '<i>Lending Company</i>') cannot advance a loan to:</p> <p>EXEMPTIONS/ RELAXATIONS</p> <p>The aforesaid restrictions are not applicable to:</p> <ol style="list-style-type: none"> a. Giving of any loan to the Managing or Whole-time Director:-

		<p>(i) as a part of the conditions of service extended by the company to all its employees;</p> <p>(ii) pursuant to any scheme approved by members vide special resolution</p> <p>b. A Company which provides loans in the ordinary course of its business and interest in respect of such loans is charged at a rate not less than Bank rate declared by RBI</p> <p>c. Any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary company provided that such loans are utilised by the subsidiary company for its principle business activities.</p> <p>d. 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 is exempted from the requirements under this section provided that such loans made are utilised by the subsidiary company for its principle business activities.</p> <p>PENALTY FOR NON-COMPLIANCE</p> <p>Non-compliance of these provisions will make the company liable to a fine which shall not be less than Rs 5 lacs but which may extend to Rs 25 lacs and the director to whom the loan is given shall be punishable with imprisonment which may extend to 6 months or with a fine which shall not be less than RS 5 lacs but which may extend to Rs 25 lacs, or both.</p>
5	Books of Account [Section 128]	○
6	Board Meeting through video conferencing (Section 173(2))	<p>A meeting of board of directors may be held through video conferencing or other audio visual means, as may be prescribed for discussing matters other than as prescribed..</p> <p>Rules are prescribed at Rule 3 & 4 of The Companies (Meetings of Board and Its Powers) Rules 2014</p>
7	Resolution to be passed at Board Meeting and to be filed with MCA. (Section 117 (3) and 179(3) of the Companies Act, 2013 read with The Companies	<p>The resolution passed at the meeting of board of directors on any of the following matter is to be filed with MCA within 30 days from the date of passing in Form MGT 14.</p> <p>1. To make calls on shareholders in respect of money unpaid on their shares;</p>

	(Meetings of Board and its powers) Rules, 2014)	<ol style="list-style-type: none"> 2. To authorize buy-back of securities; 3. To issue securities, including debentures, whether in or outside India; 4. To borrow monies; 5. To invest the funds of the company; 6. To grant loans or give guarantee or provide security in respect of loans; 7. To approve financial statement and the Board's report; 8. To diversify the business of the company; 9. To approve amalgamation, merger or reconstruction; 10. To take over a company or acquire a controlling or substantial stake in another company; 11. To make political contributions; 12. To appoint or remove key managerial personnel (KMP); 13. To take note of appointment(s) or removal(s) of one level below the Key Management Personnel; 14. To appoint internal auditors and secretarial auditor; 15. To take note of the disclosure of director's interest and shareholding; 16. To buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company; 17. To invite or accept or renew public deposits and related matters; 18. To review or change the terms and conditions of public deposit; 19. To approve quarterly, half yearly and annual financial statements or financial results as the case may be.
8	Circular Resolution (Section 175)	Resolution by circulation may be passed by electronic mode also.
9	Resignation of Director (Sec 168)	Every Director resigning from the office shall have submit copy of resignation letter in Form DIR 11 to concerned ROC within 30 days along with the proof of dispatch of the resignation letter to concerned company and the company also has to file form DIR 12 along with notice of resignation. Resignation shall be deemed to be effective from the date on mentioned in the resignation letter or the date of receipt/delivery of the by/to the company, whichever is later.
10.	Proxy rules (Sec 105)	One person cannot represent as proxy for more than 50 members.
11.	Venue of the EGM (Sec 100 with the Rule 17 of The Companies (Management and Administration) Rules 2014)	The venue of the EGM needs to be a place within India.
12.	Financial statement (Sec 134)	<ol style="list-style-type: none"> 1. Consolidated financial statement for the financial year starting on or after 1.4.2014 have to be prepared for all companies that have one or more subsidiaries and laid before AGM.

		<p>2. A separate statement containing salient features of the financial statements of its subsidiaries to be attached along with financial statement for the financial year starting on or after 1.4.2014.</p>
13.	Statutory Auditors (Sec 139)	<p>Statutory auditors are to be appointed for a period of five years and their appointment has to be ratified at the AGM held every year.</p> <ol style="list-style-type: none"> 1. Statutory auditor cannot render other services to the Company such as acting as internal auditor, book keeper, providing investment banking services, advisory services, etc. 2. Auditors can audit maximum of 20 companies.
14.	<p>Fraud and auditor's obligations</p> <p>Rule 13(4) of the Companies (Audit and Auditors) Rules, 2014)</p>	<ol style="list-style-type: none"> 1. If the statutory auditor detects any fraud in the Company, he is to mandatorily report the same to MCA in Form ADT 4 2. If any loss occurred due misleading or incorrect statements in the audit reports, the auditor has to pay damages to the other concerned stakeholders and statutory bodies. 3. If auditor act in a fraudulent manner or colluded with Company's management, then the partners concerned and the audit firm will have joint and several responsibility.
15.	Auditor's rights/Duties (Sec 143)	<p>The auditor is required to mandatorily attend shareholders meetings of the Company, unless exempted by the Company. Any qualifications in the audit report have to be mandatorily read out at the shareholders meeting.</p> <p>The auditor is further authorized to attend all the general meeting and express his/her opinion about proceeding concerning their functions.</p>
16.	Allotment of shares (Sec 42 & 62)	<p>For any increase of subscribed share capital, an offer is to be made on pro rata basis to all existing shareholders including any employee stock option ("ESOP") holders.</p> <p>This provision is also applicable to all the companies including Private company. Under Section 62 if the shares are issued on preferential basis, i.e, to any person/s other than existing shareholders, then compliance has to be made of Section 42 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014. The said allotment shall be categorized as private placement. The compliance requires passing of a special resolution, sending private placement letter of offer by registered post, opening a separate bank account, amount to be received only by Cheque or DD and not by cash, Companies are time bound to allot the shares within a period of sixty (60) days from the date of receiving application. If they fail to allot the shares within prescribed duration then the entire amount should be repaid by companies within 15 days to the respective applicants.</p>

		<p>Non repayment within prescribed duration would be considered as default and from the 76th day, the whole application money held by company will be treated as deposit. Further, application money received by the company for allotment of shares cannot be utilized for any other purpose and a separate bank account shall be maintained for receiving the application money from the applicant and all the transaction related to allotment shall be done through that account only.</p> <p>In the light of above mentioned provisions, all the companies shall repay the application money held as on 31/03/2014 before 30th May 2014.</p>
17.	Disclosures required in annual return (Sec 92 with Rule 11 of The Companies (Management & Administration) Rules 2014	<p>Every company is required to file its annual return for the financial year in Form MGT 7. For preparing that MGT 7 at the end of the year companies should make a system to capture the following information during the financial year.</p> <ol style="list-style-type: none"> 1. Details (viz. Name of product/service, its NIC Code, % to total turnover) of all the business activities contributing 10% or more of the total turnover. 2. Statement of shareholding pattern 3. Details of directorship in other companies and changes therein. 4. Attendance Statement of general/ board/ committee meetings with the following details – Date of Meeting, Total number of member/director on the date of meeting, number of members/directors attended the meeting 5. Remuneration details of Directors, KMP's 6. Statement of Penalties/ Punishments/ Compounding of Offence of Company/Directors/ Officer in default Relevant Section, Brief Description, Detail of Penalty ___/ Authority/ Appeal made if any. 7. Statement of events and matter of which the company was liable to file returns or comply with requisite provisions of the Companies Act and rules made there under. 8. Details for providing Disclosures as mentioned in Point XIII(B) 5, 6, 7 of Form MGT 7
18.	Key changes in secretarial practices	<ol style="list-style-type: none"> 1. Share certificates to be returned within 1 month of registering a transfer of shares; (Sec 56) 2. Notice calling a shareholders meeting to contain details of all business to be transacted at the said meeting along with disclosure of interest by the directors/KMP (and their relatives) including any holdings in excess of 2% by such persons in other companies with whom the Company has business and being subject matter of the shareholders meeting; (Sec 101 & 102) 3. Register of directors to include details of each director's shareholding in the Company or any affiliate companies; (Sec. 170) 4. Notice of Board meeting for appointment of an MD requires disclosures on the proposed remuneration to be paid along with

		<p>other terms and conditions relating to the appointment; (Sec 196)</p> <ol style="list-style-type: none"> 5. Register of members to show resident and non-resident shareholders separately; (Sec 88) 6. Documents filed at time of original incorporation of the Company have to be maintained till dissolution of the Company; (Sec 7 (4)) 7. A Company cannot undertake or commence business till the minimum subscribed share capital has been infused by the subscribers and the registered office address of the Company has been verified with the ROC; (Sec 11) 8. First statutory auditor to be compulsorily appointed within 30 days by the Board or within 90 days by the shareholders.
19	<p>Restriction On Powers Of Board (Section 180)</p>	<p>The Board of Directors of a Company whether public or private shall exercise the following powers only with the consent of the company by a special resolution and file Form MGT 14 within 30 days from the date of passing resolution:-</p> <ol style="list-style-type: none"> a) To sell, lease or dispose off the whole or substantially the whole of the undertaking of the company, <ul style="list-style-type: none"> (i) "undertaking" shall mean an undertaking in which the investment of the company exceeds twenty per cent. of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year; (ii) the expression "substantially the whole of the undertaking" in any financial year shall mean twenty per cent. or more of the value of the undertaking as per the audited balance sheet of the preceding financial year; b) To invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation, c) To borrow money, where the money to be borrowed, together with the money already borrowed by the company exceeds aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business. <p>It is to be noted that money borrowed shall include loans from directors, shareholders, banks, NBFC's etc. Temporary loans means loans repayable on demand or within six months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature;</p>

		<p>Further the special resolution in relation to borrowings shall specify the total amount up to which monies may be borrowed by the Board of Directors.</p> <p>Moreover no debt incurred by the company in excess of the limit imposed by special resolution shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded. In other words the lender has to obtain the certified copy of resolution in each case to protect its interest.</p> <p>As per MCA circular, if any public company has already passed the resolution u/s 293 of the Companies Act 1956 then that remains valid for the period of one year from the date of enactment of this Act unless new development took place, i.e, borrowing is exceeding the limit already authorized.</p> <p>d) To remit, or give time for the repayment of, any debt due from a director.</p> <p>Since almost all the companies are having outstanding borrowings as on 01-04-2014 and the above requirement is made applicable for all the companies including Private limited companies. Accordingly, all the companies have to call the EOGM immediately for passing the special resolution for fixing the limits of borrowings and to file the return with ROC within 30 days.</p>
20	<p>Restrictions On Loans And Investments By Companies</p> <p>[Section 186]</p>	<p>A company cannot make investment through not more than two layers of investment companies: Provided that the provisions of this sub-section shall not affect,—</p> <p>(i) a company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country;</p> <p>(ii) a subsidiary company from having any investment subsidiary for the purposes of meeting the requirements under any law or under any rule or regulation framed under any law for the time being in force.</p> <p>As per the provisions of this section no company shall directly or indirectly —</p> <p>(a) give any loan to any person or other body corporate;</p> <p>(b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and</p> <p>(c) acquire by way of subscription, purchase or otherwise, the</p>

		<p>securities of any other body corporate, exceeding 60% 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.</p> <p>Where the giving of any loan or guarantee or providing any security of the acquisition exceeds 60%, prior approval by means of a special resolution passed at a general meeting shall be necessary. A special resolution passed shall specify the total amount up to which the Board of Directors are authorised to give such loan or guarantee, to provide such security or make such acquisition.</p> <p>EXEMPTIONS/OTHER CONDITIONS</p> <p>a. Where a loan or guarantee is given or where a security has been provided by a company to its wholly owned subsidiary company or a joint venture company, or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, the special resolution is not required.</p> <p>b. No loan can be given at a rate of interest lower than Govt. security closest to the tenor of loan;</p> <p>c. The aforesaid restrictions are not be applicable to NBFC Companies;</p> <p>d. Loan/ Investment register to be maintained in Form MBP-2;</p> <p>e. In case the existing Loans/ Investments of companies as on 1st April, 2014 exceed the aforesaid specified limits, special resolution to be passed at any time before 31st March, 2015;</p> <p>f. The company shall also disclose to the members in the financial statement the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.</p> <p>PENALTY FOR NON-COMPLIANCE</p> <p>If the company contravenes the provisions of this section then the company shall be punishable with a fine which shall not be less than Rs. 25,000 but which may extend to Rs. 5,00,000/- and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 2 years and with fine which shall not be less than Rs. 25000/- but which may extend to Rs. 1,00,000/-.</p>
21	Depreciation	As per the new Companies Act, 2013 the depreciation is to be charged based on the useful life of assets given in Schedule II. This schedule requires that from

		<p>the date it comes into effect, the useful life of the asset shall not be longer than the useful life and the residual value shall not be higher than that prescribed in Part C.</p> <p>To follow the above requirement, the company needs to ascertain the date of purchase / construction of each asset, the date of modifications if any to the said asset, date of sale of any part, so as to ascertain the remaining useful life of the asset. Accordingly, a fixed asset register is required for each asset, so that depreciation can be brought in line with the new Act. This is applicable from FY 2014-15.</p>
22	Change in Shareholding of Promoter and Top 10 Shareholders.	<p>Every listed company shall file a return in the prescribed form with the Registrar with respect to change in the number of shares held by promoters and top ten shareholders of such company, within fifteen days of such change in MGT 10. This form is to be get certified from the Company Secretary in Practice.</p>
23	Punishment for fraud: Section 447	<p>One of the most frequently quoted sections in the 2013 Act is the Section 447 dealing with "Punishment for fraud". The term fraud is a commonly used one but the new law for company has a clear explanation for the term "fraud", which is explained below:</p> <p><i>"fraud" in relation to affairs of a company or any body corporate includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss."</i></p> <p>The law also explains the terms "any wrongful gain or wrongful loss", which runs as under: <i>"wrongful gain" means the gain by unlawful means of property to which the person gaining is not legally entitled;</i></p> <p><i>"wrongful loss" means the loss by unlawful means of property to which the person losing is legally entitled.</i></p> <p>Thus, as per Section 447, any person who is found to be guilty of fraud, shall be punishable with</p> <p>Where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.</p>
24	Punishment for false statement	<p>This section corresponds Section 628 of the 1956 Act, and one of the very important provision for the practicing professionals like CA, CS and CMAs who do pre-certification work and attestation / audit assignments.</p>

	Section 448	<p>Section 448 says that, if in any return, report, certificate, financial statement prospectus, statement or other document required by, or for, the purposes of any of the provisions of this 2013 Act or the rules made there under, any person makes a statement,—</p> <p>(a) which is false in any material particulars, knowing it to be false; or</p> <p>(b) which omits any material fact, knowing it to be material, such person be liable under section 447.</p> <p>Thus every professional who gives / signs / attests / certifies a return, report, certificate, financial statement etc. under the 2013 Act will be punishable u/s.447 if the criteria stated in Section 448 are attracted.</p>
25	<p>Punishment for false evidence:</p> <p>Section 449</p>	<p>This section corresponds Section 629 of the 1956 Act, and one of the very important section for individuals giving an evidence under the 2013 Act.</p> <p>Section 449 states that, if any person intentionally gives false evidence—</p> <p>(a) upon any examination on oath or solemn affirmation, authorised under this Act; or</p> <p>(b) in any affidavit, deposition or solemn affirmation, in or about the winding up of any company under this Act, or otherwise in or about any matter arising under this Act, he shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to seven years and with fine which may extend to ten lakh rupees.</p>
26	<p>Punishment where no specific penalty or punishment is provided</p> <p>Section 450</p>	<p>We may find many Sections in the 2013 Act, where there is no specific penalty or punishment are stated. It's not happy news, as far as you come to know about Section 450, which specifies penalty or punishment in such cases. This section corresponds Section 629A of the 1956 Act.</p> <p>According to Section 450, if a company or any officer of a company or any other person contravenes any of the provisions of 2013 Act or the rules made there under, or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, and for which no penalty or punishment is provided elsewhere in this Act, the company and every officer of the company who is in default or such other person shall be punishable with fine which may extend to ten thousand rupees, and where the contravention is continuing one, with a further fine which may extend to one thousand rupees for every day (*penalty doubled from 1956 Act) after the first during which the contravention continues.</p>
27	Punishment in the case of repeated defaults	<p>"Excellence should be a Habit", but not in the case of offences / defaults in the 2013 Act. "Default should not be a habit" says the new law.</p>

	Section 451	As per Section 451 of the 2013 Act, if a company or an officer of a company commits an offence punishable either with fine or with imprisonment and where the same offence is committed for the second or subsequent occasions within a period of three years, then, that company and every officer thereof who is in default shall be punishable with twice the amount of fine for such offence in addition to any imprisonment provided for that offence.
28	Punishment for wrongful withholding of property Section 452	<p>Section 452 corresponds Section 630 of the 1956 Act. According to Section 452 of the 2013 Act, if any officer or employee of a company—</p> <p>(a) wrongfully obtains possession of any property, including cash of the company; or</p> <p>(b) having any such property including cash (*introduced in the 2013 Act) in his possession, wrongfully withholds it or knowingly applies it for the purposes other than those expressed or directed in the articles and authorised by this Act, he shall, on the complaint of the company or of any member or creditor or contributory thereof, be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.</p> <p>The Court trying an offence may also order such officer or employee to deliver up or refund, within a time to be fixed by it, any such property or cash wrongfully obtained or wrongfully withheld or knowingly misapplied, the benefits that have been derived from such property or cash or in default, to undergo imprisonment for a term which may extend to two years.</p> <p>Thus, this Section intends to safeguard the assets / properties of the company including cash, from wrongful withholding or misapplication.</p>
29	Punishment for improper use of "Limited" or "Private Limited"	<p>Section 453 is similar to that of Section 631 of 1956 Act, which states that if any person or persons trade or carry on business under any name or title, of which the word "Limited" or the words "Private Limited" or any contraction or imitation thereof is or are the last word or words, that person or each of those persons shall, unless duly incorporated with limited liability, or unless duly incorporated as a private company with limited liability, as the case may be, punishable with fine which shall not be less than five hundred rupees but may extend to two thousand rupees (*introduced in the 2013 Act) for every day for which that name or title has been used. Thus, only companies incorporated under the Act shall use the words "Limited" or "Private Limited" in the trade name.</p> <p>To conclude, the most interesting part of the above seven punishments in the new law is that, it casts huge responsibility on the professionals and stakeholders dealing with the company, and as it is seen that the penalty is also kept as high, when compared to the 1956 law. Introducing the concept of "fraud" and giving an explanation in the Act is a welcoming step. It is evident that the job of pre-certification, attestation, audit and reporting will be a more hectic task</p>

		in the light of few of the above cited punishments in the Companies Act 2013.
30	Contributions to bona fide and charitable funds Section 181	A Prior permission of a Company in a general meeting shall be required for contribution to charitable funds exceeding five per cent of its average net profits of three immediately preceding financial years.
31	Creation/ Modification of Charges Section 77	<p>Company creating/modifying a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, has to register the particulars of the charge in Form No. CHG-1 within 30 days of its creation/modification. The Act doesn't specify any list of event/circumstance, under which the charge is required to be registered. The new Act says "every charge" means even pledge of movable property will have to be registered.</p> <p>Form CHG 1 may be filed within 300 days with additional fees. Registrar may on an application by the company, allow such registration to be made within a period of 300 days of such creation/modification on payment of such additional fees as given in Table A below.</p> <p>The Application for condonation of delay shall be made to Registrar in Form CHG-10 and if the delay exceeds 300 days than application for extension of time has to be Filed In Form CHG 8 and the order received in this respect has to be filed in Form no. INC.28.</p> <p>Every company is required to keep at its registered office in Form NO. CHG.7 and enter the particulars.</p>
32	Satisfaction of Charge Section 82	<p>A company shall give intimation of Satisfaction of Charge to Registrar within a period of 30 days in Form No. CHG-4.</p> <p>If the same is not filed within 30 days than application for extension of time has to be Filed In Form CHG 8 and the order received in this respect has to be filed in Form no. INC.28.</p>

- We provide all the compliance services @ Rs. 10,000/- per year. (Excluding ROC Fees and Special business)