



BURRA BHARGAVA & ASSOCIATES
COMPANY SECRETARIES

ACCEPTANCE OF DEPOSITS

BY

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CHARGING SECTIONS & IMP DEFINITIONS

- Sections 73 to 76A of the Companies Act, 2013
- **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



CHARGING SECTIONS & IMP DEFINITIONS

➤ Depositor:

- (i) any member of the company who has made a deposit with the company in accordance with the provisions of sub-section (2) of [section 73](#) of the Act, or
- (ii) any person who has made a deposit with a public company in accordance with the provisions of [section 76](#) of the Act;



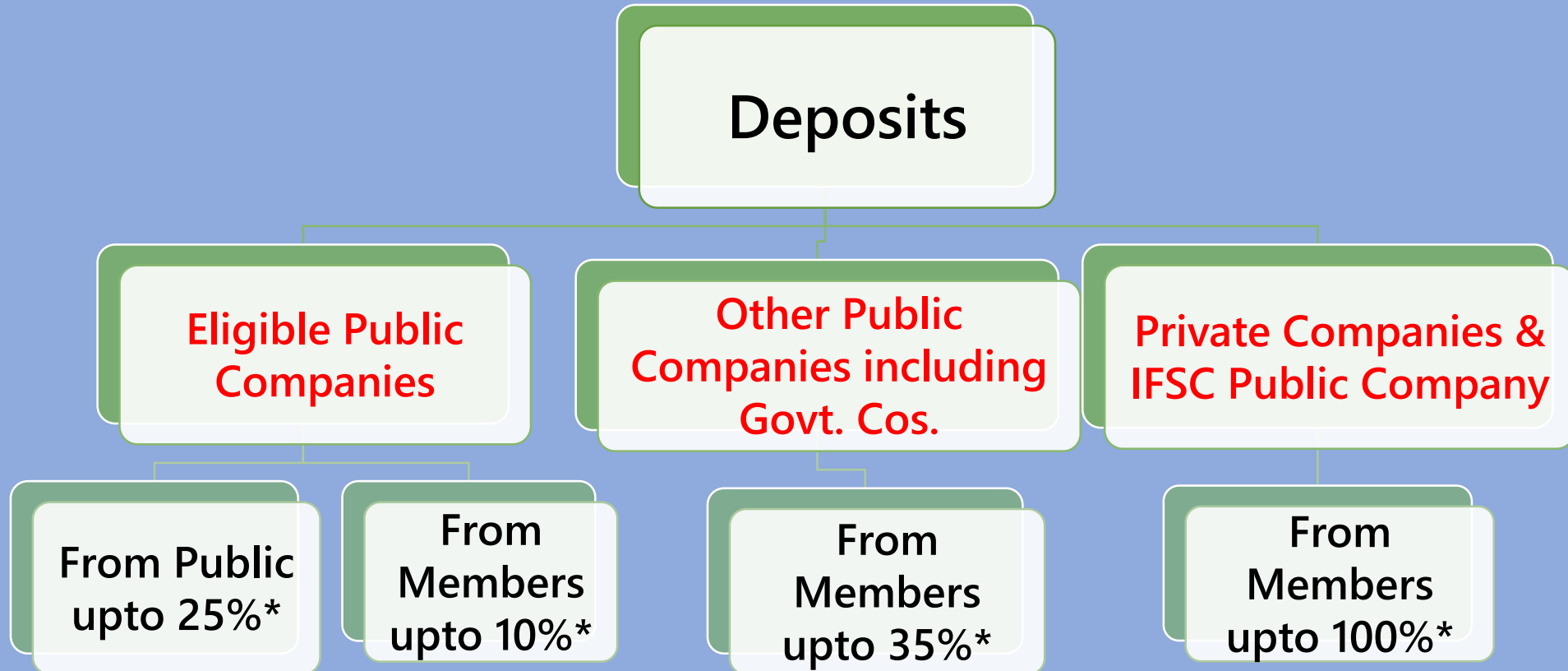
CHARGING SECTIONS & IMP DEFINITIONS

➤ Eligible Company:

means a public company as referred to in sub-section (1) of [section 76](#), having a **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 the prior consent of the company in general meeting by means of a special resolution and also filed the said resolution with the Registrar of Companies before making any invitation to the Public for acceptance of deposits:



LIMITS & OTHER TERMS/CONDITIONS



* Percentage of Paid-up Share Capital + Free Reserves + Securities Premium Account



LIMITS & OTHER TERMS/CONDITIONS

Maximum Limits shall not apply to following class of Private Companies:

- (i) a private company which is a start-up, for five years from the date of its incorporation;
- (ii) a private company which fulfils all of the following conditions, namely:-
 - (a) which is not an associate or a subsidiary company of any other company;
 - (b) the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is less ; and
 - (c) such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under section 73:
Provided also that all the companies accepting deposits shall file the details of monies so accepted to the Registrar in Form DPT-3.]



LIMITS & OTHER TERMS/CONDITIONS

Period of Accepting Deposits

No Company shall accept deposits which is repayable within a period of

Less than 6 Months

Not more than 36 months

Note: For the purpose of meeting **short term requirement**, Co. may **accept the deposits for repayment earlier than 6 months**, but **not earlier than 3 months** & such deposits shall **not exceed 10%** of Paid-up Share Capital + Free Reserves + Securities Premium Account



PROCESS OF ACCEPTING DEPOSITS

- Prior approval of shareholders in General Meeting
- issuance of a circular to its members including therein a statement showing the financial position of the company, the credit rating obtained, the total number of depositors and the amount due towards deposits in respect of any previous deposits accepted by the company and such other particulars in such form and in such manner as may be prescribed;
- filing a copy of the circular along with such statement with the Registrar within thirty days before the date of issue of the circular;
- depositing, on or before the thirtieth day of April each year, such sum which shall not be less than twenty per cent. of the amount of its deposits maturing during the following financial year and kept in a scheduled bank in a separate bank account to be called deposit repayment reserve account.



PROCESS OF ACCEPTING DEPOSITS

- Certificate from Statutory Auditor certifying that the company has not committed any default in the repayment of deposits accepted either before or after the commencement of this Act or payment of interest on such deposits; such deposits and where a default had occurred, the company made good the default and a period of five years had lapsed since the date of making good the default; and
- providing security, if any for the due repayment of the amount of deposit or the interest thereon including the creation of such charge on the property or assets of the company:

Provided that in case where a company does not secure the deposits or secures such deposits partially, then, the deposits shall be termed as "unsecured deposits" and shall be so quoted in every circular, form, advertisement or in any document related to invitation or acceptance of deposits.



PENAL PROVISIONS

FOR COMPANY

Amount of deposit defaulted
+
fine not less than **1 Crore**
or
2 times amount of deposit
but may **extend upto 10 Crore**

FOR OFFICER IN DEFAULT

Upto 7 years

(OR)

Fine not less than Rs.25
Lakhs upto Rs.2 crores

(OR)

Both