



THE INSTITUTE OF  
Company Secretaries of India  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament

# CS NITOR

ICSI E-NEWSLETTER

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## PRESIDENT MESSAGE

*Dear Professional Colleagues,*

*“Change is the law of life. And those who look only to the past or present are certain to miss the future.”* **John F. Kennedy**

Past two years have been a period of considerable changes in almost all the spheres of economy. Many of these had a significant impact on the profession of Company Secretaryship. For us, as Governance Professionals, these changes are not only about the change in our functions but also about the change in our identity, thus we have to keep a close track of all the major events, augment our capabilities and capitalise on new opportunities.

It is noteworthy to mention that Institute has been keeping close watch on these developments and spreading awareness through publications, bulletins, journals, communications and events. Dear colleagues, whenever you think that you don't have enough time to attend an event or go through these communications, please pause and re-think. The most important reason for this is to consider the opportunity lost. I therefore, urge the members to take benefit of the Institute's offerings through active participation. This would help you keep pace with new changes.

In this backdrop, I present to you this issue of e-CS Nitor and hope you will get rich insights into significant recent changes.

*Regards,*

**CS Atul H. Mehta**  
President  
[president@icsi.edu](mailto:president@icsi.edu)

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NATIONAL CONFERENCE  
ON  
**COMPETITION COMPLIANCE**  
FOR LISTED COMPANIES

Monday, 29<sup>th</sup> JUNE, 2015

International Convention Hall of the BSE  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort, Mumbai





**NATIONAL CONFERENCE  
ON  
COMPETITION COMPLIANCE FOR LISTED COMPANIES**

**Monday, June 29, 2015      09.30 am to 2.00 pm**

**Venue : International Convention Hall of the BSE  
1<sup>st</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai**

***Guest(s) of Honour***

***Shri U. K. Sinha, Chairman, Securities & Exchange Board of India***

***Shri Ashok Chawla, Chairman, Competition Commission of India***

**Introduction**

All businesses have a duty to act lawfully, but there are more practical reasons why compliance with competition law is particularly important. On a broader level, the main basic purpose of competition law is to ensure that markets remain competitive. Compliance ensures that this aim is achieved to the benefit of both businesses and consumers. At an individual level, businesses that comply with the law could avoid the various consequences of non-compliance.

The need for Compliance of Competition Law becomes more pressing where the risk of infringement is high. In addition, Compliance with competition law is more than just good corporate governance, as it reduces the risk of the company being subjected to an investigation by the Competition authorities. In the event of violation of Competition Law, business can face significant financial penalties, third party actions and loss of reputation and goodwill.

In an era of global competition, voluntary compliance with competition law is becoming a global standard led by the world's most prominent international corporations. This is due to the growing recognition that breach of competition law brings about managerial burdens rather than market benefits to individual companies. Corporations are thus obliged to firmly build up a business philosophy of abiding by established rules of fair market competition. In recognition of these facts, it becomes essential that all companies strive for voluntary observance of fair market discipline, and in the process help lay a cornerstone for a mature culture of corporate compliance.

In this backdrop, the Institute of Company Secretaries of India, BSE Ltd. and National Institute of Securities Markets (NISM) are organizing a **National Conference on "Competition Compliance for listed Companies"** on Monday, June 29, 2015 from 09:30 am to 02:00 pm at **BSE's International Convention Hall, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.**



## Coverage

The theme of the Conference will be deliberated in the following technical sessions:

### Understanding Competition Law

The main objective of the competition law is to preserve and promote competition as a measure to ensure efficient allocation of resources in economy resulting in the best possible choice of quality, the lowest prices and adequate supply for consumers, prevent practices having adverse effect on competition and to ensure freedom of trade.

Competition laws of most countries deal with enterprise behaviour by prohibiting such restrictive business practices as competition - restricting horizontal agreements, acquisitions and abuse of dominant positions as well as substantially restrictive vertical distribution agreements. In addition, a number of competition laws deal with alterations to the structure of markets through control of Mergers & Acquisitions, as well as joint ventures aiming at avoiding the creation of dominant firms, monopolies or even oligopolies. The competition laws also contain exceptions and exemptions to include labour, regulated industries, small and medium sized enterprises and certain type of cooperative agreements.

It is in this backdrop, this session has been designed to provide the participants the insights into the legal and technical aspects of Competition Law.

### Practitioners' Perspective

As every business is unique, so each company requires different steps to ensure compliance with competition law. These depend on a range of factors, including the size and nature of the business, and the frequency of contact of employees with their competitors. The larger the business and the greater the risk of infringement, the more likely it is that adequate steps will include the introduction of a compliance programme. As a starting point it is helpful to assess the extent to which competition law will affect the business and the risk of committing an infringement. In case the risk of infringement is high, more elaborate measures may be required to ensure compliance.

Competition Law Compliance programme help reduce legal costs in the short run by enabling the companies to avoid violation of competition laws, while in the long run, they increase corporate competitiveness by raising the value of an enterprise. One of the important potential benefits of a compliance program is the ability to protect the company from being a victim of waste, fraud and abuse. The very same techniques that help prevent a company from harming others, also helps protect the company from being victimised.

In the light of above this session has been structured to provide Practitioners' Perspective on Competition law and its compliances by the companies.

## Speakers

Eminent speakers comprising Regulators, Executives and legal professionals having expertise in their chosen areas, will address the participants and share their experiences.

## Participation

The Conference will be of immense benefit to corporate executives, company secretaries, compliance officer from listed companies, law firms, market intermediaries, consumer associations and other professionals.

## Fee

There is no participation fee for the Conference.

## PCH

3 PCH for ICSI members and 6 PDP for ICSI students.

## Registration

Please send request for registration in the enclosed form.



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1<sup>st</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai**

**Registration Form**

**Delegate Details**

Sr. No.	Delegate Name	Designation & Organization	Address & Mobile No.	E-mail ID	ACS/FCS/PCS Number if applicable

**Please complete this form & return on or before June 25, 2015 at the following address:**

**Mr. Ranjith Krishnan**

*Assistant Director, WIRO of ICSI*

The Institute of Company Secretaries of India,  
13, Jolly Maker Chambers, No. 2 (First Floor) and Nos. 56 & 57 (Fifth Floor),  
Nariman Point, Mumbai-400 021.

*Tel: 022-22844073/22047569; E-mail : [ranjith.krishnan@icsi.edu](mailto:ranjith.krishnan@icsi.edu)*

**or register online at the link :**

[https://docs.google.com/forms/d/1ovHsekkQu1eauaXl\\_eZyCwv2q4V7SgKSwYpSWdC9PcM/viewform?usp=send\\_form](https://docs.google.com/forms/d/1ovHsekkQu1eauaXl_eZyCwv2q4V7SgKSwYpSWdC9PcM/viewform?usp=send_form)

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## The Companies (Amendment) Act. 2015 – Highlights\*

### 1. Requirement of minimum paid-up share capital for private and public companies are omitted. (For ease of doing business)

In terms of section 2(68) and 2(71) of the Companies Act, 2013, private companies and public companies are required to have minimum paid-up share capital of one lakh rupees and five lakh rupees respectively.

The amendment omits the words “of one lakh rupees or such higher paid-up share capital” in clause 2(68) and “of five lakh rupees or such higher paid-up capital,” in Clause 2(71)(b).

### 2. Doing away with the requirement of filing a declaration by a company before commencement of business or exercising its borrowing powers as provided in section 11 of the Companies Act, 2013

Section 11 of the Principal Act which deals with the requirement for filing declaration by a company before commencement of business or exercising its borrowing powers, is omitted.

### 3. The provisions with regard a company to have common seal are made optional and consequential changes for authorisation for execution of documents (For ease of doing business)

In terms of section 9 of the Companies Act, 2013, every body corporate shall have perpetual succession and a common seal from the date of incorporation mentioned in the Certificate of Incorporation.

Provision for common seal appears in various section(s) including affixing on power of attorney [refer section 22] and on share certificate(s) [refer section 46].

The amendment omits the words "and a common seal" in section 9.

In section 12 of the principal Act, in sub-section (3), for clause (b), the following clause shall be substituted, namely:—

"(b) have its name engraved in legible characters on its seal, if any;"

In section 22 (2),—

(a) for the words "under its common seal", the words "under its common seal, if any," shall be substituted;

(b) the following proviso shall be inserted, namely:—

"Provided that in case a company does not have a common seal, the authorisation under this sub-section shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary.";

In section 22(3), the words "and have the effect as if it were made under its common seal", shall be omitted.

In section 46 (1), for the words "issued under the common seal of the company", the words "issued under the common seal, if any, of the company or signed by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary" shall be substituted.

In section 223, in sub-section (4), in clause (a), for the words "by the seal", the words "by the seal, if any," shall be substituted.

#### **4. Specific punishment for deposits accepted under the new Act is prescribed. This was left out in the Act inadvertently**

Sections 73 and Section 76 of the Companies Act, 2013 do not have penal provisions.

The amendment inserts following section 76A after section 76:

"76A. Punishment for contravention of section 73 or section 76.—Where a company accepts or invites or allows or causes any other person to accept or invite on its behalf any deposit in contravention of the manner or the conditions prescribed under section 73 or section 76 or rules made thereunder or if a company fails to repay the deposit or part thereof or any interest due thereon within the time specified under section 73 or section 76 or rules made thereunder or such further time as may be allowed by the Tribunal under section 73,—

- (a) the company shall, in addition to the payment of the amount of deposit or part thereof and the interest due, be punishable with fine which shall not be less than one crore rupees but which may extend to ten crore rupees; and
- (b) every officer of the company who is in default shall be punishable with imprisonment which may extend to seven years or with fine which shall not be less than twenty-five lakh rupees but which may extend to two crore rupees, or with both:

Provided that if it is proved that the officer of the company who is in default, has contravened such provisions knowingly or wilfully with the intention to deceive the company or its shareholders or depositors or creditors or tax authorities, he shall be liable for action under section 447."

#### **5. Public inspection of Board resolutions filed in the Registry is prohibited. (Representations by corporate)**

Section 117 (3)(g) requires the copy of resolutions passed in pursuance of sub-section (3) of section 179 to be filed with the Registrar within thirty days of the passing of such resolutions.

Section 179 (3) lists the powers which the Board is required to exercise by means of resolutions passed at meetings of the Board such as to issue securities, including debentures, whether in or outside India, to borrow monies, to invest the funds of the company, to approve financial statement and the Board's report, to approve amalgamation, merger or reconstruction etc.

The amendments provide for following amendments in section 117(3):

(i) in clause (g), the word "and" occurring at the end shall be omitted;

(ii) after clause (g), the following proviso shall be inserted, namely:—

"Provided that no person shall be entitled under section 399 to inspect or obtain copies of such resolutions; and"

**6. Provision for writing off past losses/depreciation before declaring dividend for the year is included. This was missed in the Act but included in the Rules**

Section 123 of the Companies Act, 2013 provides for declaration of dividend.

It does not contain the provision for writing off past losses as provided under section 205 of Companies Act, 1956.

The amendment inserts the following proviso after third proviso in Section 123(1):

"Provided also that no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year."

**7. It was provided in the Act for transferring equity shares for which unclaimed/unpaid dividend has been transferred to the IEPF. It is rectified that such transfer of equity shares would be in case where the dividend remains unpaid or unclaimed for a continuous period of seven years**

Section 124 (6) of the Companies Act, 2013 provides that all shares in respect of which unpaid or unclaimed dividend has been transferred under sub-section (5) shall also be transferred by the company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed.

The following amendments are made in section 124(6):

(i) for the words, brackets and figure "unpaid or unclaimed dividend has been transferred under sub-section (5) shall also be", the words "dividend has not been paid or claimed for seven consecutive years or more shall be" shall be substituted;

(ii) after the proviso, the following explanation shall be inserted, namely:—

*"Explanation.* - For the removals of doubts it is hereby clarified that in case any dividend is paid or claimed for any year during the said period of seven consecutive years, the share shall not be transferred to Investor Education and Protection Fund."

**8. The Act has provided for prescribing the thresholds beyond which fraud shall be reported to the Central Government (below the threshold, it will be reported to the Audit Committee). Disclosures for the latter category also to be made in the Board's Report. (Representations by auditors)**

Section 143 (12) of the Companies Act, 2013 provides that if an auditor of a company, in the course of the performance of his duties as auditor, has reason to believe that an offence involving

fraud is being or has been committed against the company by officers or employees of the company, he shall immediately report the matter to the Central Government within such time and in such manner as may be prescribed. However, no quantum or threshold has been prescribed under the Companies Act, 2013 or rules made thereunder for intimation of fraud to Central Government. The thresholds shall be prescribed in the rules.

As per section 143 (14), the provisions of the section shall *mutatis mutandis* apply to-

- (a) the cost accountant in practice conducting cost audit under section 148; or
- (b) the company secretary in practice conducting secretarial audit under section 204.

The following amendments are made in section 134 and section 143:

In section 134 of the principal Act, in sub-section (3), after clause (c), the following clause shall be inserted, namely:—

"(ca) details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government;"

In section 143 of the principal Act, for sub-section (12), the following sub-section shall be substituted, namely:—

"(12) Notwithstanding anything contained in this section, if an auditor of a company in the course of the performance of his duties as auditor, has reason to believe that an offence of fraud involving such amount or amounts as may be prescribed, is being or has been committed in the company by its officers or employees, the auditor shall report the matter to the Central Government within such time and in such manner as may be prescribed:

Provided that in case of a fraud involving lesser than the specified amount, the auditor shall report the matter to the audit committee constituted under section 177 or to the Board in other cases within such time and in such manner as may be prescribed:

Provided further that the companies, whose auditors have reported frauds under this sub-section to the audit committee or the Board but not reported to the Central Government, shall disclose the details about such frauds in the Board's report in such manner as may be prescribed."

## **9. Section 185 prohibits loans to Directors. The exemptions to the section are provided in the Rules. These are now included in the Act as a matter of abundant caution**

Section 185 prohibits giving loan to directors, etc. It provides that, 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 any loan taken by him or such other person.

Rule 10 of the Companies (meetings of Board and its powers) Rules, 2014 provides exemption to the section as follows:

185.(1) 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 is exempted from the requirements under this section; and

(2) 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 under sub-rule (1) and (2) are utilised by the subsidiary company for its principle business activities.

The following amendment is made:

In section 185 of the principal Act, in sub-section (1), in the proviso, after clause (b) the following clauses and proviso shall be inserted, namely:—

"(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; or

(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:

Provided that the loans made under clauses (c) and (d) are utilised by the subsidiary company for its principal business activities."

**10. The Amendment Act empowered the Audit Committee to give omnibus approvals for related party transactions on annual basis. (To align with SEBI policy and to increase ease of doing business)**

As per the Clause 49 as amended vide SEBI circular CIR/CFD/POLICY CELL/7/2014 dated 15<sup>th</sup> September, 2014, Audit Committee may grant the omnibus approval to transactions with related parties subject to the fulfillment of certain conditions [refer Clause 49(VII)(D)]. However, there is no such provision under the Companies Act, 2013. Further, section 177 (4) requires the Audit Committee to approve the transactions of the company with related parties or any subsequent modification therein.

The following amendment is made:

In section 177 of the principal Act, in sub-section (4), in clause (iv), the following proviso shall be inserted, namely:—

"Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed;"

**11. The amendments to Section 188 with respect to related party transactions to :**

**a) replace 'special resolution' with 'ordinary resolution' for approval of related party transactions by non-related shareholders. (Meet problems faced by large stakeholders who are related parties) and**

**b) exempt related party transactions between holding companies and wholly owned subsidiaries from the requirement of approval of non-related shareholders. No resolution required to be passed at general meeting. (Representation by Corporate)**

First proviso to section 188 provides that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a special resolution. The amendment Act replaces 'special resolution' with 'ordinary resolution':

The following amendment is made:

In section 188 of the principal Act,

(a) in sub-section (1),—

(i) for the words "special resolution", at both the places where they occur, the word "resolution" shall be substituted;

(ii) after the third proviso, the following proviso shall be inserted, namely:—

"Provided also that the requirement of passing the resolution under first proviso shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.";

(b) in sub-section (3), for the words "special resolution", the word " resolution" shall be substituted.

## **12. Bail restrictions to apply only for offence relating to fraud under Section 447**

This amendment relates to section 212 'Investigation into affairs of Company by Serious Fraud Investigation Office'.

The following amendments are made:

In section 212 of the principal Act, in sub-section (6), for the words, brackets and figures "the offences covered under sub-sections (5) and (6) of section 7, section 34, section 36, sub-section (1) of section 38, sub-section (5) of section 46, sub-section (7) of section 56, sub-section (10) of section 66, sub-section (5) of section 140, sub-section (4) of section 206, section 213, section 229, sub-section (1) of section 251, sub-section (3) of section 339 and section 448 which attract the punishment for fraud provided in section 447", the words and figures "offence covered under section 447" shall be substituted.

## **13. Winding Up cases to be heard by 2-member Bench instead of a 3-member Bench. (Removal of an inadvertent error)**

Section 419 (3) of the Companies Act, 2013 provides that the powers of the Tribunal shall be exercisable by Benches consisting of two Members out of whom one shall be a Judicial Member and the other shall be a Technical Member:

Section 419 (4), *ibid*, provides that the President shall, for the disposal of any case relating to rehabilitation, restructuring, reviving or winding up, of companies, constitute one or more Special Benches consisting of three or more Members, majority necessarily being of Judicial Members.

The Amendment provides that in section 419 of the principal Act, in sub-section (4), the words "or winding up" shall be omitted.

Accordingly for winding up cases, section 419(3) would apply.

## **14. Special Courts to try only offences carrying imprisonment of two years or more. (To let magistrate try minor violations)**

The amendment relates to section 436 which provides for the Offences triable by Special Courts.

436. (1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973,-

- (a) all offences under this Act shall be triable only by the Special Court established for the area in which the registered office of the company in relation to which the offence is committed or where there are more Special Courts than one for such area, by such one of them as may be specified in this behalf by the High Court concerned.

The following amendments are made:

In section 435 of the principal Act, in sub-section (1),—

- (i) for the words "trial of offences under this Act", the words "trial of offences punishable under this Act with imprisonment of two years or more" shall be substituted;
- (ii) the following proviso shall be inserted, namely :—

"Provided that all other offences shall be tried, as the case may be, by a Metropolitan Magistrate or a Judicial Magistrate of the First Class having jurisdiction to try any offence under this Act or under any previous company law."

In section 436 of the principal Act, in sub-section (1), in clause (a), for the words "all offences under this Act", the words, brackets and figures "all offences specified under sub-section (1) of section 435" shall be substituted.

#### **15. Rationalizing the procedure for laying draft notifications granting exemptions to various classes of companies**

Section 462 empowers Central Government to exempt certain class or classes of companies from complying with any of the provisions of Companies Act 2013. In order to put in place a speedier process for approval of draft notifications for providing exemptions etc. from specific provisions of the Act to a class of companies and to rationalize the procedure for laying draft notifications granting exemptions, the following amendment are made:

In section 462, for sub-section (2), the following sub-sections shall be substituted, namely:—

"(2) A copy of every notification proposed to be issued under sub-section (1), shall be laid in draft before each House of Parliament, while it is in Session, for a total period of thirty days, and if, both Houses agree in disapproving the issue of notification or both Houses agree in making any modification in the notification, the notification shall not be issued or, as the case may be, shall be issued only in such modified form as may be agreed upon by both the Houses.

(3) In reckoning any such period of thirty days as is referred to in sub-section (2), no account shall be taken of any period during which the House referred to in sub-section (2) is prorogued or adjourned for more than four consecutive days.

(4) The copies of every notification issued under this section shall, as soon as may be after it has been issued, be laid before each House of Parliament".

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# Companies (Auditor's Report) Order, 2015

**Nishita Singhal\***

*Assistant Education Officer, ICSI*

## **Background**

Section 143(11) of the Companies Act 2013, provides that “the Central Government may, in consultation with the National Financial Reporting Authority, by general or special order, direct, in respect of such class or description of companies, as may be specified in the order, that the auditor’s report shall also include a statement on such matters as may be specified therein.” The requirement of this section is similar to section 227(4A) of the Companies Act, 1956 which required that the auditor’s report of certain class of companies should include a statement on certain prescribed matters. These reporting requirements were prescribed under the Companies (Auditor's Report) Order (CARO), 2003. However, after the notification of section 143(11) under the Companies Act, 2013, section 227(4A) of the 1956 Act ceased to be operational from 1<sup>st</sup> April 2014.

In order to specify the matters to be included in the auditor’s report and in exercise of the powers conferred by sub-section (11) of section 143 of the Companies Act, 2013 and in supersession of the Companies (Auditor's Report) Order, 2003, the Central Government, after consultation with the Institute of Chartered Accountants of India issued the Companies (Auditor's Report) Order, 2015 on 10<sup>th</sup> April 2015 which shall come into force on the date of its publication in the Official Gazette.

## **Applicability**

Every report made by the auditor under section 143 of the Companies Act for the financial year commencing on or after 1<sup>st</sup> April, 2014 will be made according to the Companies (Auditor's Report) Order, 2015.

## **Companies covered under Companies (Auditor's Report) Order, 2015**

The order applies to every company except the companies which are excluded, including a foreign company as defined in section 2(42) of the Companies Act, 2013.

Foreign company means any company or body corporate incorporated outside India which:

- has a place of business in India whether by itself or through an agent, physically or through an electronic mode, and
- conducts any business activity in India in any other manner.

## **Companies excluded from Companies (Auditor's Report) Order, 2015**

- (i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949;
- (ii) an insurance company as defined under the Insurance Act, 1938 ;
- (iii) a company licensed to operate under section 8 of the Companies Act;
- (iv) a private limited company –
  - with a paid up capital and reserves not more than rupees fifty lakh, and

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\* *The views expressed are personal views of the author and do not necessarily reflect those of the Institute.*

- which does not have loan outstanding exceeding rupees twenty five lakh from any bank or financial institution, and
- does not having a turnover exceeding rupees five crore at any point of time during the financial year.

(v) a One Person Company and a small company

### **Matters to be included in the auditor's report**

As per the Companies (Auditor's Report) Order, 2015, an auditor should include a statement on the following matters in the auditor's report on account of the companies covered under this order-

#### **(i) Fixed assets**

- Whether the company is maintaining proper records, showing full particulars, including quantitative details and situation of fixed assets?
- Whether these fixed assets have been physically verified by the management at reasonable intervals?
- Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account?

#### **(ii) Inventory**

- Whether physical verification of inventory has been conducted at reasonable intervals by the management?
- Are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business? If not, the inadequacies in such procedures should be reported.
- Whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account?

#### **(iii) Granting of loans to certain parties**

Whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the 2013 Act. If so:

- Whether receipt of the principal amount and interest are also regular ?
- If overdue amount is more than Rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest?

#### **(iv) Internal control system**

- Is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services?
- Whether there is a continuing failure to correct major weaknesses in internal control system?

#### **(v) Acceptance of deposits**

- In case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with?

- (b) If not, the nature of contraventions should be stated.
- (c) If an order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?

**(vi) Maintenance of cost records**

Where maintenance of cost records has been specified by the Central Government under section 148(1) of the 2013 Act and whether such accounts and records have been made and maintained ?

**(vii) Deposit of statutory dues**

(a) Is the company regular in depositing undisputed statutory dues (which includes following) with the appropriate authorities:

- provident fund,
- employees' state insurance,
- income-tax,
- sales-tax,
- wealth tax,
- service tax,
- duty of customs,
- duty of excise,
- value added tax,
- cess, and
- any other statutory dues.

(b) If not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.

(c) If dues have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned in case of following dues:

- income tax,
- sales tax,
- wealth tax,
- service tax,
- duty of customs,
- duty of excise,
- value added tax, and
- cess.

*(A mere representation to the concerned Department shall not constitute a dispute).*

- (d) Whether the amount required to be transferred to Investor Education and Protection Fund (IEPF) in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time ?

**(viii) Accumulated losses and cash losses**

- (a) Whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth?
- (b) Whether it has incurred cash losses in such financial year and in the immediately preceding financial year?

**(ix) Default in repayment of dues**

- (a) Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders?
- (b) If yes, the period and the amount of default to be reported.

**(x) Guarantee for loans taken by others from bank or financial institutions**

Whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company ?

**(xi) Application of term loans**

Whether term loans were applied for the purpose for which the loans were obtained?

**(xii) Fraud reporting**

- (a) Whether any fraud on or by the company has been noticed or reported during the year?
- (b) If yes, the nature and the amount involved is to be indicated.

The auditor is also required to give reasons in the auditor's report:

- if the response to any of the reporting matters is unfavourable or qualified, the auditor's report shall also state the reasons for such unfavourable or qualified response.
- where the auditor is unable to express any opinion in response to a particular question, the audit report should indicate such fact together with the reasons why it was not possible to provide a response to such a question.

**Conclusion**

As compared to the Companies (Auditor's Report) Order, 2003, the reporting requirements under the Companies (Auditor's Report) Order, 2015 have been significantly reduced from 21 clauses to 12 clauses. The reporting requirement relating to the timely transfer of amounts to the IEPF in accordance with the relevant provisions of the 1956 Act is new reporting requirement under Companies (Auditor's Report) Order, 2015. All other reporting requirements are carried forward in entirety or with certain modifications from the Companies (Auditor's Report) Order, 2003.

The MCA has addressed an important need of companies in India by issuing the much awaited reporting requirements under Companies (Auditor's Report) Order, 2015. It is important as auditors are gearing up to report on the financial statements for the year ending 31<sup>st</sup> March 2015. Though it is the responsibility of auditors to report on the matters prescribed in the CARO, 2015, the companies will also have to gear up to provide the underlying information.

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**Circulars, Notifications, Orders, Amendments**

F. No. 2/19/2011-CL-V  
**Ministry of Corporate Affairs**  
**Government of India**

**'A' Wing, 5<sup>th</sup> Floor, Shastri Bhawan**  
**New Delhi - 110 001.**

**Dated: 4<sup>th</sup> June, 2015**

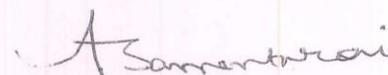
**ORDER**

**Subject: - Constitution of Companies Law Committee**

The Government hereby constitutes a Companies Law Committee consisting of the following:-

<b>S. No.</b>	<b>Name of Person/Institution</b>	<b>Position</b>
1.	Secretary, Ministry of Corporate Affairs	Chairperson
2.	Ms. Reva Khetarpal, former Judge, Delhi High Court	Member
3.	Sh. Manoj Fadnis, President, The Institute of Chartered Accountants of India	Member
4.	Sh. Atul H Mehta, President, The Institute of Company Secretaries of India	Member
5.	Dr. A.S. Durga Prasad, President, The Institute of Cost Accountants of India	Member
6.	Shri Bharat Vasani, Chief Legal & Group General Counsel, Tata Sons Ltd, Industry nominee	Member
7.	Shri Y.M. Deosthalee, Chairman, L&T Finance Holdings, Industry nominee	Member
8.	Joint Secretary (Policy), Ministry of Corporate Affairs	Member-Convener

2. The Committee may invite or co-opt subject matter experts relating to corporate law or any other subject matter, as well as experts from SEBI, RBI, C&AG as needed. The Committee may also invite any other person or body in the interest of broad-based consultation.
3. The terms of reference of the Committee are as follows:
  - (i) to make recommendations to the Government on issues arising from the implementation of the Companies Act, 2013 and
  - (ii) to examine the recommendations received from the Bankruptcy Law Reforms Committee, the High Level Committee on CSR, the Law Commission and other agencies, while undertaking (i) above.
4. Non-official members of the Committee will be eligible for travelling, conveyance and other allowances as per extant Government instructions, wherever the sponsoring agency is unable to bear their expenditure. Secretarial support to the Committee will be given by the Ministry of Corporate Affairs.
5. The Committee shall submit its recommendations within six months of its first meeting.



(Alok Samantrai)

Director, Inspection and Investigation

Phone: 2338 9602

**To**

**The Members of the Committee**

**Copy also to:-**

- (i) PS to CAM
- (ii) Sr. PPS to Secretary
- (iii) PS to AS
- (iv) PSs to JS(M), JS(B), JS(SP), JS(K)
- (v) All RDs/ROCs/OLs
- (vi) President ASSOCHAM/FICCI/CII
- (vii) Guard File
- (viii) Website of the Ministry

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the <sup>5<sup>th</sup> June,</sup> 2015

**G.S.R. .... (E).** - In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 read with section 406 of the Companies Act, 2013 (18 of 2013) and in supersession of notification number GSR 517(E), dated the 31<sup>st</sup> August, 2006 and GSR 326(E), dated the 8<sup>th</sup> April, 2011 or any other notification issued under section 620A of the Companies Act, 1956, except as respects things done or omitted to be done before such supersession, the Central Government in the interest of public, hereby directs that certain provisions of the Companies Act, 2013, as specified in column (2) of the Table, shall not apply or shall apply with such exceptions, modifications and adaptations, as specified in column (3) of the said Table, to *Nidhis*, namely:-

Serial No.	Provisions of the Companies Act, 2013	Exceptions, modifications and adaptations
(1)	(2)	(3)
1.	Sub-section (2) of section 20	Shall apply subject to the modification that in the case of a Nidhi, the document may be served only on members who hold shares of more than one thousand rupees in face value or more than one per cent. of the total paid-up share capital of the Nidhis whichever is less.  For other shareholders, document may be served by a public notice in newspaper circulated in the district where the Registered Office of the Nidhi is situated; and publication of the same on the notice board of the Nidhi.
2.	Section 42 except sub-section (1), explanation (II) to sub-section (2), sub-sections (4), (6),	Shall not apply.

	(8), (9) and (10)	
3.	Clause (b) of sub-section (1) of section 47	Shall apply, subject to the modification that no member shall exercise voting rights on poll in excess of five per cent. of total voting rights of equity shareholders.
4.	Section 62	Shall not apply.
5.	Sub-section (1) of section 67	Shall not apply, when shares are purchased by the company from a member on his ceasing to be a depositor or borrower and it shall not be considered as reduction of capital under section 66 of the Companies Act, 2013.
6.	Sub-section (5) of Section 123	Shall apply, subject to the modification that any dividend payable in cash may be paid by crediting the same to the account of the member, if the dividend is not claimed within 30 days from the date of declaration of the dividend.
7.	Section 127	Shall apply, subject to the modification that where the dividend payable to a member is one hundred rupees or less, it shall be sufficient compliance of the provisions of the section, if the declaration of dividend is announced in the local language in one local newspaper of wide circulation and announcement of the said declaration is also displayed on the notice board of the Nidhis for at least three months.
8.	Sub-section (1) of Section 136	Shall apply, subject to the modification that, in the case of members who do not individually or jointly hold shares of more than one thousand rupees in face value or more than one per cent. of the total paid-up share capital whichever is less, it shall be sufficient compliance with the provisions of the section if an intimation is sent by public notice in newspaper circulated in the district in which the Registered Office of the Nidhi

		is situated stating the date, time and venue of Annual General Meeting and the financial statement with its enclosures can be inspected at the registered office of the company, and the financial statement with enclosures are affixed in the Notice Board of the company and a member is entitled to vote either in person or through proxy.
9.	Section 160	In sub-section (1), for the words "one lakh rupees", the words "ten thousand rupees" shall be substituted.
10.	Section 185	Shall not apply, provided the loan is given to a director or his relative in their capacity as members and such transaction is disclosed in the annual accounts by a note.
11.	Second proviso to sub-section (1) of section 197	<p>Shall apply with the modification that the remuneration of a director who is neither managing director nor whole-time director or manager for performing special services to the Nidhis specified in the articles of association may be paid by way of monthly payment subject to the approval of the company in general meeting and also to the provisions of section 197 :</p> <p>Provided that no approval of the company in general meeting shall be required where,—</p> <p>(a) a Nidhi does not have a managing director or a whole-time director or a manager;</p> <p>(b) the remuneration payable during a financial year to all the directors of the Nidhi does not exceed ten per cent. of the net profits of such Nidhi or fifteen lakh rupees, whichever is less; and</p> <p>(c) a remuneration payable under clause (b) is approved by a special resolution passed in this behalf by the Nidhi.</p>

12.	Section 403	Shall apply, with the modification that the filing fees in respect of every return of allotment under sub-section (9) of section 42 shall be calculated at the rate of one rupee for every one hundred rupees or parts thereof on the face value of the shares included in the return but shall not exceed the amount of normal filing fee payable.
-----	-------------	---

2. The Nidhis, while complying with such exceptions, modifications and adaptations, as specified in column (3) of the aforesaid Table, shall ensure that the interests of their shareholders are protected.

3. A copy of this notification has been laid in draft before both Houses of Parliament as required by sub-section (2) of section 462 of the Companies Act, 2013.

[F No 2/11/2014-CL.V]

*Amardeep Singh Bhatia*  
05/06/2015

Amardeep Singh Bhatia

Joint Secretary to the Government of India

GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
NOTIFICATION

New Delhi, the 5<sup>th</sup> July 2015

G.S.R. \_\_\_ (E). - In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of said section of the Companies Act, 2013 (18 of 2013), the Central Government, in the interest of public, hereby directs that certain provisions of the Companies Act, 2013, as specified in column (2) of the Table, shall not apply or shall apply with such exceptions, modifications and adaptations, as specified in column (3) of the said Table, to a private company, namely:-

Serial number	Chapter/ Section number/ Sub-section(s) in the Companies Act, 2013	Exceptions/ Modifications /Adaptations
(1)	(2)	(3)
1.	Chapter I, sub-clause (viii) of clause (76) of section 2.	Shall not apply with respect to section 188.
2.	Chapter IV, section 43 and section 47.	Shall not apply where memorandum or articles of association of the private company so provides.
3.	Chapter IV, sub-clause (i) of clause (a) of sub-section (1) and sub-section (2) of section 62.	Shall apply with following modifications:-  In clause (a), in sub-clause (i), the following proviso shall be inserted, namely:-  Provided that notwithstanding anything contained in this sub-clause and sub-section (2) of this section, in case ninety per cent. of the members of a private company have given their consent in writing or

		in electronic mode, the periods lesser than those specified in the said sub-clause or sub-section shall apply.
4.	Chapter IV, clause (b) of sub-section (1) of section 62.	In clause (b), for the words "special resolution", the words "ordinary resolution" shall be substituted.
5.	Chapter IV, section 67.	<p>Shall not apply to private companies -</p> <p>(a) in whose share capital no other body corporate has invested any money;</p> <p>(b) if the borrowings of such a company from banks or financial institutions or any body corporate is less than twice its paid up share capital or fifty crore rupees, whichever is lower; and</p> <p>(c) such a company is not in default in repayment of such borrowings subsisting at the time of making transactions under this section.</p>
6.	Chapter V, clauses (a) to (e) of sub-section (2) of section 73.	Shall not apply to a private company which accepts from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified.

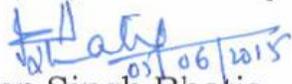
7.	Chapter VII, sections 101 to 107 and section 109.	Shall apply unless otherwise specified in respective sections or the articles of the company provide otherwise.
8.	Chapter VII, clause (g) of sub-section (3) of section 117.	Shall not apply.
9.	Chapter X, Clause (g) of sub-section (3) of section 141.	Shall apply with the modification that the words "other than one person companies, dormant companies, small companies and private companies having paid-up share capital less than one hundred crore rupees" shall be inserted after the words "twenty companies".
10.	Chapter XI, section 160.	Shall not apply.
11.	Chapter XI, section 162.	Shall not apply.
12.	Chapter XII, section 180.	Shall not apply.
13.	Chapter XII, sub-section (2) of section 184.	Shall apply with the exception that the interested director may participate in such meeting after disclosure of his interest.
14.	Chapter XII, section 185.	Shall not apply to a private company -  (a) in whose share capital no other body corporate has invested any money;  (b) if the borrowings of such a company from banks or financial institutions or any body corporate is less

		<p>than twice of its paid up share capital or fifty crore rupees, whichever is lower; and</p> <p>(c) such a company has no default in repayment of such borrowings subsisting at the time of making transactions under this section.</p>
15.	Chapter XII, second proviso to sub-section (1) of section 188.	Shall not apply.
16.	Chapter XIII, sub-sections (4) and (5) of section 196.	Shall not apply.

2. The private companies, while complying with such exceptions, modifications and adaptations, as specified in column (3) of the aforesaid Table, shall ensure that the interests of their shareholders are protected.

3. A copy of this notification has been laid in draft before both Houses of Parliament as required by sub-section (2) of section 462 of the Companies Act, 2013.

[F No 1/1 /2014-CL.V]

  
Amardeep Singh Bhatia,  
05/06/2015

Joint Secretary to the Government of India

GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
NOTIFICATION

New Delhi, the 5<sup>th</sup> June, 2015

G.S.R. \_\_\_ (E). - In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of said section of the Companies Act, 2013 (18 of 2013) and in supersession of notifications issued under section 620 of the Companies Act, 1956 (1 of 1956), except as respects things done or omitted to be done before such supersession, the Central Government, in the interest of public, hereby directs that certain provisions of the Companies Act, 2013, as specified in column (2) of the Table, shall not apply or shall apply with such exceptions, modifications and adaptations, as specified in column (3) of the said Table, to a Government company, namely:-

Serial number	Chapter Number/ Section number/ Sub-section(s) in the Companies Act, 2013	Exceptions, Modifications and Adaptations.
(1)	(2)	(3)
1.	Chapter II, section 4.	In section 4, in sub-section (1), in clause (a), the words ‘in the case of a public limited company, or the last words “Private Limited” in the case of a private limited company’ shall be omitted.
2.	Chapter IV, section 56.	<p>In sub-section (1), after the proviso, the following provisos shall be inserted, namely:-</p> <p>Provided further that the provisions of this sub-section, in so far as it requires a proper instrument of transfer, to be duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee, shall not apply with respect to bonds issued by a Government company, provided that an intimation by the transferee specifying his name, address and occupation, if any, has been delivered to the company along with the certificate relating to the bond; and if no such certificate is in existence, along with the letter of allotment of the bond:</p> <p>Provided also that the provisions of this sub-section shall not apply to a Government Company in respect of securities held by nominees of the Government.</p>

3.	Chapter VII, section 89.	Shall not apply.
4.	Chapter VII, section 90.	Shall not apply.
5.	Chapter VII, sub-section (2) of section 96.	In sub-section (2), for the words "some other place within the city, town or village in which the registered office of the company is situate", the words "such other place as the Central Government may approve in this behalf" shall be substituted.
6.	Chapter VIII, second proviso to sub-section (1) of section 123.	Shall not apply to a Government Company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments.
7.	Chapter VIII, sub-section (4) of section 123.	Shall not apply to a Government Company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments or by one or more Government Company.
8.	Chapter IX, section 129.	Shall not apply to the extent of application of Accounting Standard 17 (Segment Reporting) to the companies engaged in defence production.
9.	Chapter IX, clause (e) of sub-section (3) of section 134.	Shall not apply.
10.	Chapter IX, clause (p) of sub-section (3) of section 134.	Shall not apply in case the directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government, as per its own evaluation methodology.
11.	Chapter XI, section 149(1)(b) and first proviso to sub-section (1) of section 149.	Shall not apply.
12.	Chapter XI, clause (a) of sub-section (6) of section 149.	In section 149, in sub-section (6), in clause (a), for the word "Board", the words "Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government" shall be substituted.
13.	Chapter XI, clause (c) of sub-section (6) of section 149.	Shall not apply.
14.	Chapter XI, sub-section (5) of section	Shall not apply where appointment of such director is done by the Central Government or State Government, as the case

	152.	may be.
15.	Chapter XI, sub-sections (6) and (7) of section 152.	Shall not apply to --  (a) a Government Company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments; (b) a subsidiary of a Government company, referred to in (a) above, in which the entire paid up share capital is held by that Government company.
16.	Chapter XI, section 160.	Shall not apply to --  (a) a Government Company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments; (b) a subsidiary of a Government company, referred to in (a) above, in which the entire paid up share capital is held by that Government company.
17.	Chapter XI, section 162.	Shall not apply to --  (a) a Government Company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments; (b) a subsidiary of a Government company, referred to in (a) above, in which the entire paid up share capital is held by that Government company.
18.	Chapter XI, section 163.	Shall not apply to --  (a) a Government Company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments; (b) a subsidiary of a Government company, referred to in (a) above, in which the entire paid up share capital is held by that Government company.
19.	Chapter XI, sub-section (2) of section 164.	Shall not apply.
20.	Chapter XI, section 170.	Shall not apply to a Government Company in which the entire share capital is held by the Central Government, or by any State Government or Governments or by the Central Government or by one or more State Governments.
21.	Chapter XI, section 171	Shall not apply to a Government Company in which the entire share capital is held by the Central Government, or by any State Government or Governments or by the Central Government or by one or more State Governments.

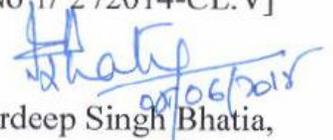
22.	Chapter XII, clause (i) of sub-section (4) of section 177.	In clause (i) of sub-section (4) of the section 177, for the words "recommendation for appointment, remuneration and terms of appointment" the words "recommendation for remuneration" shall be substituted.
23.	Chapter XII, sub-sections (2), (3) and (4) of section 178.	Shall not apply to Government company except with regard to appointment of 'senior management' and other employees.
24.	Chapter XII, section 185.	Shall not apply to Government company in case such company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government before making any loan or giving any guarantee or providing any security under the section.
25.	Chapter XII, section 186.	Shall not apply to -- (a) a Government company engaged in defence production; (b) a Government company, other than a listed company, in case such company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government before making any loan or giving any guarantee or providing any security or making any investment under the section.
26.	Chapter XII, first and second proviso to sub-section (1) of section 188.	Shall not apply to -- (a) a Government company in respect of contracts or arrangements entered into by it with any other Government company; (b) a Government company, other than a listed company, in respect of contracts or arrangements other than those referred to in clause (a), in case such company obtains approval of the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government before entering into such contract or arrangement.
27.	Chapter XIII, sub-sections (2), (4) and (5) of section 196.	Shall not apply.
28.	Chapter XIII, section 197	Shall not apply.

29.	Chapter XIII, sub-sections (1), (2), (3) and (4) of section 203.	After sub-section (4), the following sub-section shall be inserted, namely:-  “(4A) The provisions of sub-sections (1), (2), (3) and (4) of this section shall not apply to a managing director or Chief Executive Officer or manager and in their absence, a whole-time director of the Government Company.”
30.	Chapter XXIX, sub-section (2) of section 439.	In sub-section (2), the words “the Registrar, a shareholder of the company, or of” shall be omitted.

2. The Government companies, while complying with such exceptions, modifications and adaptations, as specified in column (3) of the aforesaid Table, shall ensure that the interests of their shareholders are protected.

3. A copy of this notification has been laid in draft before both Houses of Parliament as required by sub-section (2) of section 462 of the Companies Act, 2013.

[F No. 1/ 2 /2014-CL.V]



Amardeep Singh Bhatia,

Joint Secretary to the Government of India.

**GOVERNMENT OF INDIA**  
**MINISTRY OF CORPORATE AFFAIRS**

**NOTIFICATION**

New Delhi, the 5<sup>th</sup> June, 2015

**G.S.R. \_\_\_\_ (E).** - In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of said section read with section 8 of the Companies Act, 2013 (18 of 2013), and in supersession of notifications issued under section 25 of the Companies Act, 1956 (1 of 1956) except as respects things done or omitted to be done before such supersession, the Central Government in the interest of public, hereby directs that certain provisions of the Companies Act, 2013, as specified in column (2) of the Table, shall not apply or shall apply with such exceptions, modifications and adaptations, as specified in column (3) of the said Table, to a body to which a licence is granted under the provisions of the aforesaid section 8, namely :-

<b>Serial Number</b>	<b>Provisions of the Act</b>	<b>Exceptions, Modifications and Adaptations</b>
(1)	(2)	(3)
1.	Clause (24) of section 2.	The provisions of clause (24) of section 2 shall not apply.
2.	Clause (68) of section 2.	The requirement of having minimum paid-up share capital shall not apply.
3.	Clause (71) of section 2.	The requirement of having minimum paid-up share capital shall not apply.
4.	Sub-section (2) of section 96.	In sub-section (2), after the proviso and before the explanation, the following proviso shall be inserted, namely:-  Provided further that the time, date and place of each annual general meeting are decided upon before-hand by the board

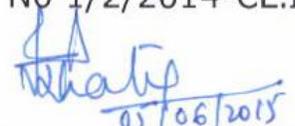
		of directors having regard to the directions, if any, given in this regard by the company in its general meeting.
5.	Sub-section (1) of section 101.	In sub-section (1), for the words "twenty one days", the words "fourteen days" shall be substituted.
6.	Section 118.	The section shall not apply as a whole except that minutes may be recorded within thirty days of the conclusion of every meeting in case of companies where the articles of association provide for confirmation of minutes by circulation.
7.	Sub-section (1) of section 136.	In sub-section (1), for the words "twenty one days", the words "fourteen days" shall be substituted.
8.	Sub-section (1) of section 149 and the first proviso to sub-section (1).	Shall not apply.
9.	Sub-sections (4), (5), (6), (7), (8), (9), (10), (11), clause (i) of sub-section (12) and sub-section (13) of section 149.	Shall not apply.
10.	Section 150.	Shall not apply.
11.	Proviso to sub-section (5) of section 152.	Shall not apply.
12.	Section 160.	Shall not apply to companies whose articles provide for election of directors by ballot.
13.	Sub-section (1) of section 165.	Shall not apply.
14.	Sub-section (1) of section 173.	Shall apply only to the extent that the Board of Directors, of such Companies shall hold at least one meeting within every six calendar months.

15.	Sub-section (1) of section 174.	In sub-section (1),--- (a) for the words "one-third of its total strength or two directors, whichever is higher", the words "either eight members or twenty five per cent. of its total strength whichever is less" shall be substituted; (b) the following proviso shall be inserted, namely:- "Provided that the quorum shall not be less than two members".
16.	Sub-section (2) of section 177.	The words "with independent directors forming a majority" shall be omitted.
17.	Section 178.	Shall not apply.
18.	Section 179.	Matters referred to in clauses (d), (e) and (f) of sub-section (3) may be decided by the Board by circulation instead of at a meeting.
19.	Sub-section (2) of section 184.	Shall apply only if the transaction with reference to section 188 on the basis of terms and conditions of the contract or arrangement exceeds one lakh rupees.
20.	Section 189.	Shall apply only if the transaction with reference to section 188 on the basis of terms and conditions of the contract or arrangement exceeds one lakh rupees.

2. The companies covered under section 8 of the Companies Act, 2013, while complying with such exceptions, modifications and adaptations, as specified in column (3) of the aforesaid Table, shall ensure that the interests of their shareholders are protected.

3. A copy of this notification has been laid in draft before both Houses of Parliament as required by sub-section (2) of section 462 of the Companies Act, 2013.

[F No 1/2/2014-CL.I]

  
05/06/2015

Amardeep Singh Bhatia

Joint Secretary to the Government of India

GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 12<sup>th</sup> June, 2015

G.S.R..... (E).- In exercise of the powers conferred by sub-sections (1) and (2) of section 469 and section 148 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (cost records and audit) Rules, 2014, namely:-

- (1) These rules may be called the Companies (cost records and audit) (Amendment) Rules, 2015.  
(2) They shall come into force from the date of their publication in the official Gazette.
- In the Companies (cost records and audit) Rules, 2014, in the Annexure, for Forms CRA-2 and CRA-4, the following forms shall respectively be substituted, namely:-

## "FORM - CRA-2

(Pursuant to sub-rule (2) of rule 6  
and sub-rule (3A) of rule 6)

Form of intimation of  
appointment of cost auditor  
by the company to Central  
Government

Form language  English  Hindi

**Note: Refer the instruction kit for filing the form. All fields marked in \* are to be mandatorily filled.  
IN CASE OF REVISED CRA-2, ALL THE DETAILS MUST BE FILLED AFRESH.**

- (a) \*Corporate identity number (CIN) or foreign company registration number (FCRN) of the company    
(b) Global location number (GLN) of company
- (a) Name of the company   
(b) Address of the registered office or of the principal place of business in India of the company   
(c) \*e-mail ID of the company

(d) \*Phone (with STD code)  -

(e) \*Nature of intimation of appointment of cost auditor(s)

(f) (i) \*SRN of CRA-2/23C filed earlier for appointment of cost auditor(s) for the current Financial Year

(ii) \*Number of such auditor(s) whose place of office is vacated

(iii) Particulars of the auditor(s) whose place of office is vacated

I

(i) \*Firm registration number(FRN) of the Cost auditor/Cost Auditor's firm/LLP

(ii) \*Name of the Cost Auditor/Cost Auditor's firm/LLP

(iii) \*Date of casual vacancy

(iv) \*Reason of casual vacancy

3. \*Product(s)/ Service(s) to which Cost Audit relates

(a) Number of Industries/Sectors/Products/Services (CETA Heading Level, wherever applicable as per rules) covered under regulated sectors

Details of such industries/sectors/products/services

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/ Products/ services

(b) Number of Industries/Sectors/Products/Services (CETA Heading Level, wherever applicable as per rules) covered under non-regulated sectors

Details of such industries/sectors/products/services

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/Products/ services

4. \*Details of all the cost auditor(s) appointed

\*Number of cost auditor(s)

I. (a) \*Category of the auditor  Individual  Partnership firm  Limited liability partnership (LLP)

(b) (i) \*Membership number of the Cost Auditor/ member representing the Cost Auditor's Firm/LLP

(ii) \*Name of the Cost Auditor/ member representing the Cost Auditor's Firm/LLP

(iii) \*Firm Registration Number(FRN) of the Cost Auditor/Cost Auditor's firm/LLP

(iv) \*Name of the Cost Auditor's firm/LLP

(c) (i) Address

\*Line I

Line II

(ii) \*City

(iii) \*State

(iv) \*Country

(v) \*Pin Code

(vi) \*e-mail ID of the firm or member

(d) \*Date of the board meeting in which cost auditor was appointed

(DD/MM/YYYY)

(e) \*Type of appointment

Original  Appointment due to casual vacancy  Appointment for new products/services/location

(f) \*Scope of audit of the cost auditor/firm/LLP

5. \*Financial year to be covered under the cost audit

From

(DD/MM/YYYY)

To

(DD/MM/YYYY)

6. (a) \*Is there any change in cost auditor(s) appointed, from the previous financial year  Yes  No  Not applicable

(b) \*Mention the Firm Registration number(s) and name of the previous cost auditor(s) which has not been reappointed.

(c) \*Reasons for change

(d) \*Whether the previous cost auditor(s) has/have been informed about the change  Yes  No

## Attachments

- (1) \*Copy of Board resolution of the company
- (2) Optional attachment, if any.

Attach
Attach

### List of attachments

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Remove Attachment
-------------------

## Declaration

I am authorized by the Board of Directors of the Company vide resolution number\*  dated \*  to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. I also declare that all the information given herein above is true, correct and complete including the attachments to this form and nothing material has been suppressed.

\*To be digitally signed by

DSC BOX

\*Designation

\*Director identification number of the director; or PAN of the Manager or CEO or CFO or authorized representative; or Membership number of the Company Secretary

---

**Note: Attention is drawn to provisions of sections 448 and 449 of the Companies Act, 2013 which provide for punishment for false statement / certificate and punishment for false evidence respectively.**

---

This e-form has been taken on file maintained by the Central Government through electronic mode and on the basis of statement of correctness given by the company.

# FORM - CRA-4

(Pursuant to sub-rule (6) of rule 6)

Form for filing Cost Audit Report with the Central Government

Form language  English  Hindi

**Note: Refer the instruction kit for filing the form. All fields marked in \* are to be mandatorily filled.**

1. (a) \*Corporate identity number (CIN) or foreign company registration number (FCRN) of the company
- (b) Global location number (GLN) of company
2. (a) Name of the company
- (b) Address of the registered office or of the principal place of business in India of the company
- (c) \*e-mail ID of the company
- (d) \* SRN of 23C/ CRA-2 filed for appointment of Cost Auditor(s)
3. (a)\* Financial year for which cost auditor was initially appointed  
From  (DD/MM/YYYY) To  (DD/MM/YYYY)
- (b) \*Whether any change in Financial Year Yes  NO
- (c) \*Changed Financial Year for which report is being filed From  DD/MM/YYYY To  DD/MM/YYYY
- (d) \*Date of Board of Directors meeting in which Annexure to the cost audit report was approved  DD/MM/YYYY
4. (a) \*State number of Industries/ Sectors/ Product(s)/ Service(s) (CETA heading level, wherever applicable as per Rules) for which the Cost Audit Report is being submitted
- (i) Regulated
- (ii) Non-Regulated
- (b) Details of such Industries/ Sectors/ product(s)/ service(s) of the company
- (i) Details of such industries/sectors/products/services under regulated sectors

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/Products/ services

(ii) Details of such industries/sectors/products/services under non-regulated sectors

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/Products/ services

5 (a) \*State number of Industries/ Sectors/ Product(s)/ Service(s) (CETA heading level, wherever applicable as per Rules) not covered in the Cost Audit Report

(i) Regulated

(ii) Non-Regulated

(b) (i) Details of such Industries/ Sectors/ product(s)/ service(s) of the company under regulated sector

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/Products/ services

(b) (ii) Details of such Industries/ Sectors/ product(s)/service(s) of the company under non-regulated sector

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/Products/ services

6 Details of the cost auditor(s) appointed

\*Number of cost auditor(s) appointed

(a) \*Category of the auditor  Individual  Partnership firm  Limited liability partnership (LLP)

(b) (i) \*Membership number of the cost auditor or member representing the cost auditor's firm/LLP

(ii) \* Name of the Cost Auditor/ member representing the Cost Auditor's Firm/LLP

(iii) \* Firm registration number(FRN) of the Cost Auditor/Cost Auditor's firm/LLP

(iv) \*Name of the Cost Auditor's firm/LLP

(c) (i) Address \*Line I

Line II

(ii) \*City

(iii) \*State

(iv) Country

(v) \*Pin Code

(vi) \*e-mail ID of the firm or member

(d) \*Date of the board meeting in which cost auditor was appointed  (DD/MM/YYYY)

(e) \*Type of appointment     Original     Appointment due to casual vacancy     Appointment for new products/services/locations

(f) \*Scope of audit of the cost auditor/firm/LLP

(g) \*Date of receipt of copy of cost audit report by the company  (DD/MM/YYYY)

7. (a) \*Whether the cost auditor's report has been qualified

Yes  No

If yes, please state

(b) \*Whether cost auditor's report has any reservations

Yes  No

If yes, please state

(c) \*Whether cost auditor's report has any adverse remarks

Yes  No

If yes, please state

(d) \*Whether the cost auditor's report contain any observations or suggestions

Yes  No

If yes, cost auditor's observations/ suggestions

### Attachments

(1) \*XBRL document in respect of the cost audit report and Company's information and explanations on every Qualification and reservation contained therein

Attach

(2) Optional attachment, if any.

Attach

### List of attachments

Remove Attachment

### Declaration

To the best of my knowledge and belief, the information given in this form and its attachments is correct and complete

I have been authorised by the Board of Director's resolution number  dated  (DD/MM/YYYY)

to sign and submit the application.

It is confirmed that the attached XBRL document(s) are the XBRL converted copy(s) of the duly signed cost audit report as required under Section 148(2) and company's information and explanations as required under Section 148(6) of the Companies Act, 2013 and the rules made thereunder. It is further confirmed that such document(s) have been prepared using XBRL taxonomy as notified by the Ministry of Corporate Affairs for this purpose.

**\*To be digitally signed by**

Director or Manager or CEO or CFO or Secretary of the company  
(in case of Indian company) or authorised representative  
(in case of Foreign company)

DSC BOX

\* Designation

\* Director identification number of the Director; or PAN of the Manager  
or CEO or CFO or authorized representative; or membership number  
of the Company Secretary

**Note: Attention is drawn to provisions of sections 448 and 449 of the Companies Act, 2013 which provide for punishment for false statement / certificate and punishment for false evidence respectively.**

Modify

Check Form

Prescrutiny

Submit

This e-form has been taken on file maintained by the Central Government through electronic mode and on the basis of statement of correctness given by the company".

[F.No. 1/40/2013-CL-V]

  
12/06/2015

**AMARDEEP SINGH BHATIA,**

**Joint Secretary to the Government of India**

Note.- The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 425 (E), dated the 30<sup>th</sup> June, 2014 and amended vide number G.S.R. 01(E), dated the 31<sup>st</sup> December, 2014.

General Circular No. 28./2015

File No./1/40/2013/CL-V  
Government of India  
Ministry of Corporate Affairs

'A' Wing, 5<sup>th</sup> floor, Shastri Bhawan  
Dr. Rajendra Prasad Road, New Delhi-110001  
Dated: 12<sup>th</sup> June, 2015

To

All Regional Directors,  
All Registrars of Companies,  
All Stakeholders

**Sub: - Extension of time for filing of Notice of appointment of the Cost Auditor for the F.Y. 2015-16 in Form CRA-2 and filing of cost audit report to the Central Government for the F.Y. 2014-15 in form CRA-4.**

Sir,

The Ministry has received several representations about the non-availability of the revised form CRA-2 on MCA-21 required for filing of notice of appointment of the Cost Auditor for the F.Y. 2015-16, although the time limit for filing of the same has either lapsed or will be lapsing. The revised form CRA-2 has now been notified on 12<sup>th</sup> June, 2015 and is available on the MCA21 system for filing.

2. In view of the delay in availability of revised Form CRA-2 on the MCA21 portal, however, the additional fee on account of any delay beyond the prescribed period of 30 days from the date of Board Meeting in which the appointment of the Auditor was made for filing of CRA-2 for the financial year starting on or after 1<sup>st</sup> April, 2015 is waived for all such filings till 30th June, 2015.

3. The revised e-Form CRA-4 has also been notified vide the above mentioned notification and will be made available on MCA-21 portal shortly. Therefore, on the similar lines mentioned in above paras, additional fees on delayed filing of form CRA-4 beyond the prescribed period of 30 days from the date of receipt of a copy of Cost Audit Report from the Cost Auditor for the Financial Year starting on or after 1<sup>st</sup> April, 2014 is also waived for all such filings till 31<sup>st</sup> August, 2015.

4. This issues with the approval of the Competent Authority.

Yours faithfully,

  
(K.M.S. Narayanan)  
Assistant Director  
Tel: 23387263

Copy to:

1. E-governance Section and web content officer to place this circular on the Ministry's website.
2. File No. 52/22/CAB/2015



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