

SECRETARIAL AUDIT

COMPANIES ACT, 2013



- **CS. ANIL MURARKA**
- PAST PRESIDENT – ICSI & CSIA**
- PRACTISING COMPANY SECRETARY**

WHAT IS SECRETARIAL AUDIT

- Process of verification of records and documents
- To check compliance
 - various laws & rules/procedures,
 - maintenance of books, records etc.



HISTORICAL BACKGROUND

- Financial Aspects
- Compliance of various Laws
- Corporate Irregularities
- NFCG - [28/07/2009]
- CG Voluntary Guidelines-2009 [Dec'2009]
- Companies Bill, 2009
 - Parliament Standing Committee [Aug'2010]
 - Every Company - ` 5.00 Crores or more
 - Meeting with Members of PSC
- ICSI - Vision & Mission
- ICSI - Meeting
 - Hon'ble Minister - [02/03/2011]
 - Secretary, MCA [March-July,2011]

EVOLUTION

Annual Return Certification

- Listed Companies

Since 2000 - Securities related Audit (Clause 47C)

February 2000 - Corporate Governance (Clause 49)

Companies (Compliance Certificate) Rules, 2001 (Section 383A)

- Every company with paid-up capital of Rs 10 lakh or more
- Required even if company had a Company Secretary in employment (applicable from December 31, 2002)

Listing Agreement

- Secretarial Audit Report for reconciliation of total admitted capital with depositories and total issued and listed capital (CA or CS)

Due Diligence Report - Banks - 2009

Due Diligence certificates / reports for IPO, open offer, bonus issue, GDR issue, etc.

Secretarial Audit and Annual Return certification (Companies Act 2013)

SA - AIM TO ACHIEVE?

- Compliance with the legal and procedural requirements
- Greater Transparency
- Effective Risk Management tool - Board Process & Compliance
- Corporate Governance
- Safety valve against unintended legal violations & corrupt practices
- Building corporate image/goodwill



BENEFICIARIES



SA - TRANSFORM CURRENT SITUATION?

A 3D rendering of the word "Yes!" in a bold, orange, sans-serif font. The letters are thick and have a slight shadow underneath, giving them a three-dimensional appearance. The exclamation mark is also 3D and orange.

"Prevention is
better than
cure"

APPLICABILITY

- ❑ Section 204 of the Companies Act, 2013
- ❑ Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014
 - Companies covered:
 - Every Listed Company (includes Companies whose debentures, warrants are listed)
 - Other class of companies:
 - ✓ Every Public Company having a paid up share capital of fifty crore rupees or more
 - ✓ Every public company having a turnover of two hundred fifty crore rupees or more
 - Secretarial Audit Report shall be annexed to Board's Report
 - Board in their Report to explain in full any qualification or observation or other remarks made by PCS in his report
 - Format of Secretarial Audit Report shall be in Form MR-3

WHO CAN CONDUCT ?

- By an Independent Professional
 - Member of ICSI
 - Holding Certificate of Practice
- Qualification and;
- Disqualification of Secretarial Auditor
 - No legal provisions in the Act
- Suggestion :
 - Self Code
 - Similar requirement-Statutory Auditor & Cost Auditor



PERIODICITY

- Once in a year

APPOINTMENT

- ❑ Section 117(3) of the Companies Act, 2013
- ❑ Companies (Meeting of Board and its Powers) Rules, 2014 [Rule 8(4)]
 - By Board of Directors
 - By means of a Resolution passed at the meeting of Board
 - Company to file the Resolution with ROC [Section 117 (3)]
 - MGT-14
 - 30 Days
 - Obtain Consent
 - Period of Office
 - The Act is silent
 - Suggested
 - Needs elaborate discussions
 - ✓ 3 years
 - Time of Appointment
 - Suggestions
 - ✓ At the beginning of year



REMOVAL & RESIGNATION

- Removal of Secretarial Auditor
 - No provisions in the Act
- Resignation of Secretarial Auditor
 - Board to note and file form with ROC (not obligatory)
- Secretarial Auditor also to file form with ROC (not obligatory)
- Appointment of Secretarial Auditor on casual vacancy



ALL APPLICABLE LAWS – FORM MR - 3



- Applicable - Laws - Specifically
- Compliance with the Provisions of Act, Rules, Regulations, Guidelines
- Adequate - Systems & Process - Compliance of Applicable Law

SECRETARIAL AUDIT - COMPANIES ACT, 2013



DOCUMENTS REQUIRED FOR AUDIT

- Memorandum & Articles of Association
- Notice, Agenda, Notes on Agenda Minutes of Meetings, Attendance Registers
- Draft Financial Statements, Auditor's Report, Director's Report
- Statements for Borrowings and Investments
- All Statutory Registers
- Disclosures / consents / declarations
- Filings with ROC / Regulatory Authorities / RBI
- Filings / submissions to Stock Exchanges
- Relevant Approvals / Correspondence
- Compliance Certificates of functional heads for compliance of Applicable Laws



Here is a Company Secretary who has
come here with his family to enjoy a
vacation

MOA & AOA

- ❑ Section 13 & 14 of the Companies Act, 2013
- ❑ Companies (Incorporation) Rules, 2014
 - Alteration
 - Special Resolution
 - MGT -14
 - Change of name
 - Approval of CG
 - Fresh Certificate of Incorporation - Form No. INC 25
 - Conversion of a Company from Private to Public or vice versa - Application in Form No. INC 27
 - Filing of Order of Competent Authority with Registrar
 - Form No. INC 27 together with printed copy of altered AOA
 - ✓ within 15 days from the date of Order
 - Noting [Section 15]
 - Every copy of MOA & AOA



MOA & AOACONTD.

- Shifting of Registered Office
 - From one State to another State
 - ✓ application in Form No. INC 23
 - ✓ advertise the Application in Form No. INC 26
 - ✓ approval of CG
 - ✓ filing of Order
 - Form No. INC 28
 - fee
 - within 30 days
 - with ROC of Both States
- Raising money from public
 - Through prospectus
 - Unutilised Amount of the money so raised
 - Special Resolution has been passed - change objects
 - Publishing of detail
 - ✓ english language & vernacular language
 - ✓ website of the Company
 - Justification for such change
 - Dissenting Shareholders
 - ✓ opportunity to exit



MOA & AOACONTD.

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Notice convening General Meeting with relevant Explanatory Statement
2. Minutes of General Meeting
3. Annual Return
4. Financial Statement
5. Return of Deposits
6. Advertisement for Change in Objects
7. Memorandum of Association
8. Articles of Association
9. INC24, INC25, INC26, INC28 INC27, MGT14 (along with attachments)

DISCLOSURE

- ❑ Section 12 & 60 of the Companies Act, 2013
- ❑ Companies (Incorporation) Rules, 2014
 - Change of Registered Office
 - From one Registrar to another
 - ✓ special resolution
 - ✓ application to Regional Director (RD)
 - ✓ Form No. INC 23
 - ✓ RD- 30 days
 - ✓ file with Registrar
 - ✓ within 60 days of confirmation
 - Address of Registered Office
 - Display at Registered Office & all other offices
 - Change of name
 - During last 2 years
 - Affix former Name
 - Certificate shall be conclusive evidence



DISCLOSURE....CONTD.

- Display of details
 - Name
 - Address of Registered office at all offices
 - Corporate Identification Number
 - Telephone Number
 - Fax Number, if any
 - E-Mail & Website Address, if any
- Display at
 - Business Letter
 - Bill Heads
 - Letter papers
 - All Notices &
 - Other Official Publication

➤ Publication of Authorized, Subscribed & Paid-up capital [Section 60]

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Certificate of Incorporation
2. Business Letters
3. Billheads
4. Letter Papers
5. All Notices
6. Director Identification Number
7. Website of the company
8. Copy of documents which are uploaded on website
9. Notice convening General Meeting with relevant Explanatory Statement
10. Minutes of General Meeting
11. Form No. INC 23

ISSUE OF SHARES AND OTHER SECURITIES

Public and Private Company

May allot Securities as



Private
Placement



Bonus
issue



Right issue

PRIVATE PLACEMENT

- ❑ Section 42 of the Companies Act, 2013
- ❑ Companies (Prospectus and Allotment of Securities) Rules, 2014
 - No. not to exceed 200 [Rule - 14]
 - In a Financial year
 - Each kind of security
 - No allotment against previous offer/invitation is pending/ withdrawn
 - Special Resolution has been passed for each offer /invitation
(NCD - One resolution in a year is sufficient)
 - Explanatory Statement
 - Justification for price & premium
 - Valuation Certificate by C.A. with 10 years of experience
 - Requirements of Private placement offer letter :
 - Issue of offer letter - Form PAS-4
 - Serially numbered application form
 - Addressed specifically to the person to whom offer
 - Sent to only such person in writing/electronically



PRIVATE PLACEMENT....CONTD.

- Sent within 30 days of recording names in the list
- No person other than the addressee was allowed to apply
- Value of offer/invitation per person
 - not less than Rs. 20,000 of face value of the security
- Offered to such persons whose names are recorded prior to the invitation to subscribe
- Maintain record of Pvt. Placement in Form PAS -5
- Filing of offer letter with ROC along with record of offer within 30 days of circulation of offer letter
- If Company is listed
 - With SEBI
 - Within 30 days - circulation - O/L
- Payment only by cheque/demand draft/other banking channels but not by cash & only from the bank account of the subscriber
- To maintain record of the Bank Account from which payments received
- In case of joint holders, payment was received from first applicant only

PRIVATE PLACEMENT....CONTD.

- Completion of Allotment within 60 days from date of receipt of Application Form
 - If not, Application Money repaid within 15 days of completion of 60 days
 - If not repaid, the Application Money along with interest at 12 % p.a. from expiry of 60th day was paid
- Board resolution to specifically contain authority for issuance of share certificates by 2 directors and CS/one authorized person
 - One of the two directors should be director other than MD/WTD.
- Share Application Money to be kept in separate bank account and utilized only for (a) adjustment against or (b) repayment.
- Return of Allotment in form PAS-3 within 30 days.
- Share certificates issued within 2 months of allotment of shares/6 months of allotment of debentures.

PRIVATE PLACEMENT....CONTD.

- In case of contravention, money was refunded within 30 days of order imposing the penalty.
- Company made entry in Register of Members

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Minutes of Board Meeting
2. Notice convening general meeting with relevant explanatory statement
3. Register of m
4. Members
5. Board Resolution authorising person to sign Certificate
6. PAS-3, PAS-4, PAS-5, MGT-14

BONUS ISSUE

- ❑ Section 63 of the Companies Act, 2013
- ❑ Companies (Share Capital and Debentures) Rules, 2014
 - Authorized by its Articles;
 - Recommendation of Board
 - Authorized in the general meeting of the Company;
 - No default
 - Payment of interest or principal in respect of fixed deposits or debt securities issued by it;
 - Payment of statutory dues of the employees such as contribution to provident fund, gratuity and bonus;
 - Partly paid-up shares, if any outstanding on the date of allotment, are made fully paid-up;
 - Return of Allotment - 30 days - Registrar - Form PAS-3.



RIGHTS ISSUE

- ❑ Section 62 of the Companies Act, 2013
- ❑ Companies (Share Capital and Debentures) Rules, 2014

Applicable to :

- Private Company
- Public Company

Kinds of Securities covered :

- Equity shares
- Fully convertible debentures
- Partly convertible debentures
- Any other security which would be convertible into equity shares at a later date

RIGHTS ISSUE....CONTD.

- To increase subscribed capital, allot further shares to :
 - Existing equity shareholders in proportion to the paid up share capital held.
- ✓ procedure:
 - letter of offer to existing equity shareholders as notice
 - by registered post/speed post/electronic mode
 - at least 3 days before opening of the issue
- ✓ contents of letter of offer:
 - specify number of shares offered
 - time limit of minimum 15 and maximum 30 days from date of offer, if not accepted, would be deemed to have been declined
 - offer to include a right to renounce
- ✓ on expiry of period/renunciation
 - board to dispose of the shares
 - not disadvantageous to the company and shareholders

RIGHTS ISSUE....CONTD.

- Not Applicable, increase in subscribed capital by exercise of option
 - To convert debentures/loan into shares of the company provided
 - Terms of issue by special resolution before issue of debentures/raising of loan.
- Employees under ESOP Scheme
 - prior special resolution.
 - Any persons;
 - ✓ subject to prior special resolution;
 - ✓ either for cash or for consideration other than cash,
 - ✓ if price is determined by valuation report of registered valuer.

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Minutes of Board Meeting
2. Copy of notice of offer of shares
3. Articles of Association
4. Intimation to accept /decline the shares offered
5. Special Resolution to offer of shares to employees under ESOP and minutes thereof
6. Scheme of employee stock option
7. Special Resolution for offering the shares to any other persons and minutes thereof.
8. PAS-3, MGT-14

ISSUE OF SWEAT EQUITY SHARES

- Listed Company
 - Compliance with the SEBI (Issue of Sweat Equity) Regulations, 2002.
- Unlisted Company
 - Authorized by special resolution .
 - Lapse of one year after Company commenced business.
 - Not more than 15% of the existing paid up equity share capital in a year or shares of the issue value of Rs.5 crores, whichever is higher.
 - Issuance of sweat equity shares in the company has not exceeded 25% of the paid equity capital of the company at any time.
 - Register of Sweat Equity Shares in Form No. SH.3
 - Register to be maintained at the registered office of the company or such other place as the Board may decide.
 - Entries in the Register are authenticated by the Company Secretary of the company or by any other person authorized by the Board for the purpose.

ISSUE OF SWEAT EQUITY SHARES...CONTD.

➤ INDICATIVE LIST OF DOCUMENTS :

1. Minutes of Board Meeting
2. Special Resolution with Explanatory Statement
3. Minutes of General meeting
4. Approvals of registration from sectoral regulators such as RBI, SEBI etc.
5. Valuation Report
6. Board's Report
7. INC-21, SH-3
8. PAS-3, MGT-14

CALLS ON SHARES/DEBENTURES

- By the Board of Directors by means of resolutions passed at the Board Meeting
- As per the Articles of Association
- The Board of Directors approved
 - The Rate of Interest payable on delayed payment of calls
 - In conformity with the provisions in the Articles of Association

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Minutes of Board meeting
2. Articles of Association
3. Copies of Call letter
4. Proof of dispatch of call letters

DEBENTURES

- ❑ Section 71 of the Companies Act, 2013
- ❑ Companies (Share Capital and Debentures) Rules, 2014
 - May issue with an option of conversion - wholly/partly
 - Approval by Special Resolution
 - No Voting Right
 - Date of Redemption not exceed 10 years from the date of issue
 - [Except : in case of infrastructure projects may issue secured debentures for a period exceeding 10 years but not exceeding 30 years]
 - Appointment of Debenture Trustee
 - Before the issue of prospectus or letter of offer
 - Not later than 60 days after the allotment of the Debentures

DEBENTURES....CONTD.

- Execute a Debenture Trust deed to protect the interest of the Debenture Holders
- Trust Deed in Form No. SH. 12 or as near thereto
- Favour of the Debenture Trustees within 60 days of allotment of Debentures
- Creation of Debenture Redemption Reserve
 - Out of profits of Company
- **INDICATIVE LIST OF DOCUMENTS :**
 1. Minutes of Board Meeting
 2. Notice alongwith Explanatory Statement
 3. Minutes of General meeting
 4. Charge documents
 5. Prospectus or Letter of Offer for Subscription of Debentures
 6. Written Consent from Debenture Trustee
 7. Requisition signed by Debenture Holders for Meeting
 8. Trust Deed (SH-12)
 9. Financial Statement

ISSUE AND REDEMPTION OF PREFERENCE SHARES

- ❑ Section 55 of the Companies Act, 2013
 - Authorized by its Articles to issue preference shares
 - Special resolution
 - No subsisting default
 - In the redemption of preference shares
 - In payment of dividend due on any preference shares
 - The resolution for issue of preference shares has set out the following matters:
 - Priority with respect to payment of dividend or
 - Repayment of capital vis-à-vis equity shares
 - Participation in surplus dividend
 - Participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid
 - Payment of dividend on cumulative or non-cumulative basis
 - Conversion of preference shares into equity shares
 - Voting rights
 - Redemption of preference shares

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Articles of Association
2. Financial statement
3. Notice with explanatory statement
4. Minutes of General Meeting
5. Register of Members

ISSUE OF CERTIFICATE – SHARES/SECURITIES

- ❑ Section 46 of the Companies Act, 2013
- ❑ Companies (Share Capital and Debentures) Rules, 2014
 - As per Articles of Association
 - Certificate under the Common Seal
 - Specifying Shares held
 - Duplicate may be issued, if
 - Proved to be lost or destroyed or;
 - Defaced, mutilated, torn & surrendered
 - Held in Depository Form
 - Record of Depository
 - ✓ interest of Beneficial owner

TRANSFER & TRANSMISSION OF SECURITIES

- ❑ Section 56 - 58 of the Companies Act, 2013
- ❑ Companies (Share Capital and Debentures) Rules, 2014 [Rule 11]
 - Transfer of Shares
 - As per Articles of Association;
 - Securities or other Interest
 - Public Company-Freely Transferable
 - Within 60 days of Execution
 - Instrument of Transfer
 - ✓ form SH-4,
 - ✓ physical form of Securities/Letter of Securities
 - Partly Paid Shares
 - Notice of Application
 - Form SH-5
 - To the Transferee
 - Received no objection to transfer

TRANSFER & TRANSMISSION OF SECURITIESCONTD.

- Records
 - All transfers have been properly included in the Annual Return.
 - Indemnity in respect lost or not delivered.
 - Entries in the Register of Transfers
- Delivery of Certificate
 - Within 2 months of date of Incorporation- Subscribers to Memorandum
 - Within 2 months from the date of Allotment- Shares
 - Within 1 month from the date of Receipt of Transfer/Transmission
 - Within 6 month from the date of Allotment- Debentures
- Dealt in Depository
 - Allotment of Securities
 - ✓ immediately to Depository
- Refusal
 - Within 30 days
 - ✓ reasons
- Transmission of Shares
 - Legal Representative of the deceased shareholder - death of sole shareholder and
 - In case of joint holdings only to the survivor(s);
- Production of succession certificate or probate or letter of administration or indemnify duly signed by the legal heirs of the deceased or as per procedure stipulated by the Board of Directors and/or Articles of Association.

TRANSFER & TRANSMISSION OF SECURITIES....CONTD.

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Instrument of transfer (S.H. 4)
2. Notice to transferee (S.H. 5)
3. Share certificates
4. Letter of Allotment of Securities
5. Order of Court/ Tribunal/ other authority, if any
6. Records being maintained by RTA

DEPOSITS

- ❑ Section 73 of the Companies Act, 2013
- ❑ Companies (Acceptance of Deposits) Rules, 2014
 - Acceptance of Deposits [Rule 3]
 - Not repayable on demand or;
 - Upon receiving a notice within a period of less than 6 months or more than 36 months (from the date of acceptance or renewal of deposit).
 - Compliance of conditions prescribed in Rule 3.
 - To meet those term requirement of Funds
 - ✓ accept or renew
 - ✓ shall not exceed 10%-Aggregate of Paid-up Share Capital & Free Reserves
 - Issued Circular to all its Members by - [Rule 4]
 - Registered post acknowledgement due or ;
 - Speed post or ;
 - Electronic mode
 - In Form DPT - 1.



DEPOSITS....CONTD.

- May publish in Newspaper
 - ✓ english (Lang: English) and
 - ✓ vernacular (Lang: Local)
- Return of Deposits [Rule 16]
 - With Registrar (MCA)
 - On or before 30th June of every year
 - Information as on 31st March of that year
 - Filing Fee
 - DPT - 3
- Deposit Insurance [Rule 5]
 - Contract
 - ✓ 30 days before issue of circular or advertisement or;
 - ✓ 30 days before the date of renewal
 - ✓ both principal & interest (subject to aggregating monitory ceiling as specified in the contract)



DEPOSITS....CONTD.

- Insurance premium
 - ✓ by the Company
 - ✓ not to be recovered from Deposit holders
- Creation of Security [Rule 6]
 - Assets of Company excluding Intangible Assets
 - Value of assets shall not exceed the Market Value as assessed by a Registered Engineer
 - In favour of Trustee on-
 - ✓ specific Movable Property or;
 - ✓ specific Immovable Property
- Appointment of Trustee [Rule 7]
 - One or more trustee
 - Written consent shall be obtained
 - Execution of Deposit Trust Deed
 - ✓ DPT-2
 - ✓ 7 days before issue of circular



DEPOSITS....CONTD.

- No Director, KMP, any other officer or any employee of the Company or of its holding, subsidiary & associate Company or a depositor in the Company
 - ✓ indebted to the Company or its subsidiary, holding, associate or;
 - ✓ subsidiary of such holding Company
- Meeting of Depositors
 - By trustee
 - ✓ on requisition in writing
 - ✓ at least 1/10th of total depositors in value
 - Happening of any event
- Form of Application
 - No deposit without any Application
 - Declaration for money not Borrowed
- Register of Deposits [Rule 14]
 - Registered Office
 - Entry within 7 days from the date of issuance of receipt
 - Register shall be preserved in good order for a period not less than 8 years
 - ✓ from the financial year in which the latest entry is made in the Register

DEPOSITS....CONTD.

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Circulars inviting deposits (DPT- 1)
2. Newspaper clippings
3. Minutes of board meetings
4. Contract of deposit insurance
5. Instrument creating charge
6. Written consent from trustee for depositors
7. Deposit trust deed (DPT-2)
8. Written requisition calling meeting of depositors
9. Application form for deposits
10. Receipts of amount received by company
11. Register of deposits
12. Return of deposit (DPT-3)
13. Statement regarding deposits (DPT-4)
14. Financial statement

CHARGE

- ❑ Section 77-83 of the Companies Act, 2013
- ❑ Companies (Registration of Charges) Rules, 2014
 - Registration of particulars of creation or modification of charges [Rule 3]
 - With the Registrar
 - Within 30 days or;
 - Within the extended period - with additional fees
 - Form No. CHG-1
 - Form No. CHG-9 (for Debentures)
 - Condonation of Delay [Rule 4]
 - Application with Registrar
 - After 30 days but within a period of 300 days
 - Form No. CHG-10
 - ✓ declaration not affecting the interest of Creditors
 - Condonation of Delay-Beyond 300 days
 - Application with CG-RD



CHARGE.....CONTD.

- Form no. CHG-8
- Fee
- Order-filing-Registrar
 - ✓ form no INC.28
 - ✓ with fee
- Certificate of Registration [Rule 6]
 - Form No. CHG-2 (in case of registration)
 - Form No. CHG-3 (in case of modification)
 - Certificate shall be conclusive evidence
- Satisfaction of charge [Rule 8]
 - Within 30 days
 - Form CHG-4
 - Certificate by Registrar
 - ✓ form CHG-5
- Investigation of Appointment-Receiver/Manager
 - With Registrar
 - Form no.CHG-6
 - Fee

CHARGE...CONTD.

- Register of Charges [Rule 10]
 - At its registered office
 - Form No. CHG-7
 - Entries shall be made forthwith
 - Authentication by the Directors or Secretary or any other authorized person by the Board
 - Preserve permanently
 - Instrument shall be preserved for period of 8 years from satisfaction.

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Minutes of Board Meeting
2. Instrument creating / modifying charge (CHG-1 or CHG-9)
3. Application for delay (CHG-1)
4. Certificate of Registration (CHG-2)
5. Certificate of modification (CHG-3)
6. Register of charge
7. Satisfaction of charge (CHG-4)
8. Certificate of registration of satisfaction (CHG -5)
9. Notice of appointment/ Cessation of securities (CHG-6)
10. Copy of filing of order (INC-28)
11. Register of charges (CHG-7)
12. Application for Condonation of delay (CHG-8)



MEETINGS OF

DIRECTORS/COMMITTEES

- ❑ Section 173 of the Companies Act, 2013
- ❑ Companies (Meetings of Board and its Powers) Rules, 2014
 - Requisite number of Board Meetings [Section 173(1)]
 - Minimum 4 meetings
 - Gap of not more than 120 days
 - CG may exempt by notification
 - Notice of Board Meeting [Section 173(3)]
 - In writing
 - Not less than 7 days notice
 - Issued to all the Directors at his registered address
 - By Hand Delivery or by post or by electronic means
 - May be called on shorter notice
 - ✓ one Independent Director, if any, shall be present at the meeting
 - Maintenance of Attendance Records
 - Quorum
 - Chairman
 - Signature
 - Leave of absence

MEETINGS OF DIRECTORS/COMMITTEES.....CONTD.

- Items to be transacted
 - To be passed only at the Board meeting.
[As per Section 179(3)]
 - i. Make calls
 - ii. Buy back of securities
 - iii. Issuing securities
 - iv. Borrowing monies
 - v. Investing funds
 - vi. Granting loans/giving guarantees/providing securities
 - vii. Approving financial statement and Board's report
 - viii. Diversifying business
 - ix. Approving amalgamation/merger/reconstruction
 - x. Taking over of a company/acquiring control in substantial stake in another company
 - [As per Companies(Meetings of Board and its Powers) Rules, 2014]
 - xi. Making political contributions
 - xii. Appointing or removing KMP

MEETINGS OF DIRECTORS/COMMITTEES....CONTD.

- xiii. Noting appointment/removal of personnel one level below KMP
- xiv. Appointing internal auditor
- xv. Appointing secretarial auditor
- xvi. Noting disclosure of interest by directors
- xvii. Buying and selling investments (other than trade investments) in excess of 5% of paid up capital and free reserves of investee company
- xviii. Inviting/accepting/renewing public deposits
- xix. Changing terms of public deposits
- xx. Approving periodical financial results
 - Form MGT-14
 - ✓ for all such Resolution
 - ✓ filing fee
- Disclosure of interest [Section 184]
 - Directly or indirectly interested
 - From all the Directors

MEETINGS OF DIRECTORS/COMMITTEES....CONTD.

- Abstained from participating or voting
- 1st Meeting of Board
- 1st Meeting of the Board in every Financial Year
- In case of Change -
 - ✓ 1st Meeting of Board held after such changes
- Disclose Nature of Interest
- Non-Disclosure shall be voidable at the option of the Company
- MBP 1
- Register of Contracts [Section 189]
 - Entries have been made
 - Noting by Board of directors
 - Renewal of such disclosures - every year
- Constitution of committees by the Board- Requirements
 - Quorum
 - Chairman
 - Minutes
- Resolutions by Circulation
 - Approved in accordance with the provisions of the Act
 - By requisite number of Directors
 - Put before the next Board Meeting

MEETINGS OF DIRECTORS/COMMITTEES....CONTD.

- Part of the Minutes
- Declaration by Director
 - DIR-8
 - Not disqualified to act as a Director
 - Beginning of each Financial year
 - Placed before the Board and taken note of
- Declaration by Independent Directors
 - Status of Independence
- Minimum Attendance of Board Meeting
 - One Board Meeting in a year
 - In person or through video conferencing.
- **INDICATIVE LIST OF DOCUMENTS :**
 1. Notice of Board Meetings / Committee Meetings.
 2. Intimation to stock exchanges regarding Meetings of Directors.
 3. Proof of sending notice of Board Meeting.
 4. Minutes of Board Meetings/ Committee Meetings.
 5. Declaration of independence by Independent directors.
 6. DIR-8, MBP-1, MBP-2, MBP-4

MINUTES BOOK OF MEETINGS OF DIRECTORS/MEMBERS

- ❑ Section 118 of Companies Act, 2013
 - All Appointments made at the Meeting are included in the Minutes
 - Names of the Directors are recorded in the Minutes
 - Names of the Directors dissenting from or not concurring were recorded
 - Fair & Correct Summary of the Proceeding.
 - Secretarial Standard viz. SS1,SS2, SS5 have been complied with
 - Pages of the Minutes Book have been consecutively numbered
 - Signature (Board Meeting & General Meeting)
 - Each page is initialled
 - Last page is
 - ✓ dated

MINUTES BOOK OF MEETINGS OF DIRECTORS/MEMBERS....CONTD.

✓ signed

- by the chairman of the said meeting or chairman of the succeeding meeting, in case of Board Meeting.
- by the chairman of the same meeting or by a director authorized within the aforesaid period of 30 days, in case of General Meeting.

➤ Custody

- Company Secretary or
- Director
- duly authorised by Board

BOARD MEETINGS - VIDEO

CONFERENCING/AUDIO VISUAL MEANS

- Necessary arrangements :
 - Avoid failure of video or audio visual connection
- Notice sent to all the Directors
 - To participate through video or audio visual means
 - Intention of Director to participate- received in advance
- Start of Meeting
 - Roll call
 - Information about the name of the persons other than Directors present
 - Quorum
 - Consent of Directors to record signature electronically
 - Roll call made in case of an objection
 - Summary of decision



➤ Security & Identification

- Sufficient system in place
- Integrity of Meeting
- By CS/Chairman
- No person other than concerned Director
- Access to the Proceedings
- Able to hear
- See the participants
- Safekeeping of Recordings
- Upto Audit of that particular ye

➤ Circulation of Draft Minutes

- To all Directors
- Within 15 days
- In writing or electronically
- Approval of Directors within 7 days
- Entering of Minutes in Minutes book



Managing New Concepts and its legal implications



SIR! SHOULD I INCLUDE THAT DOGGY AS A SPECIAL INVITEE

**CS. ANIL MURARKA PRACTISING
COMPANY SECRETARY**

- Following matters not to be dealt
 - Approval of annual financial statements;
 - Approval of Board's report
 - Approval of Prospectus
 - Audit Committee Meetings for consideration of accounts
 - Approval in matters relating to amalgamation, merger, demerger, acquisition & takeover.
- Proper recording of the proceedings
- Prepare Minutes



AGM – NOTICE, CONDUCT OF THE MEETING AND MINUTES

- ❑ Section 96 of the Companies Act, 2013
- ❑ Companies(Management & Administration) Rules, 2014
- ❑ Listing Agreement, if applicable
 - AGM [Section 96(1)]
 - First - within 9 months from date of closing of first financial year
 - Subsequent - within 6 months from date of closing of financial year
 - Not more than 15 months has elapsed between 2 AGM
 - Registrar may extend
 - ✓ for any special reason
 - ✓ not exceeding 3 months
 - AGM called during Business Hours [Section 96(2)]
 - Between 9 a.m. and 6 p.m.

AGM – NOTICE, CONDUCT OF THE MEETING AND MINUTES...CONTD.

- Any day but not on a National holiday
- CG may exempt
- Place of AGM
 - Either at Registered office
 - At some other place within the city, town or village in which the registered office of the company is situated
 - Notice [Section 101(1)]
 - Writing or electronic mode
 - To every member/assignee of insolvent member/legal representative of the deceased member
 - Auditor
 - Director
 - AGM
 - Day, date, hour of meeting, place
 - Statement of business
 - Explanatory statement with material facts
 - At least 21 days before

AGM – NOTICE, CONDUCT OF THE MEETING AND MINUTES...CONTD.

- For shorter notice
 - ✓ Consent of atleast 95% of the members was obtained [not AGM - Other Meetings]
- EGM [Section 100]
 - Whenever Board deems fit
 - Requisition
 - ✓ Share Capital - not less than $1/10^{\text{th}}$ of paid-up share capital
 - ✓ No Share Capital - not less than $1/10^{\text{th}}$ of total voting power
 - ✓ Set out matters
 - ✓ Signed by the requisitionist
- Quorum [Section 103]
 - Public Company
 - ✓ $5 < 1000$
 - ✓ $15 > 1000-5000$
 - ✓ $30 > 5000$
 - Private Company
 - ✓ 2
- Chairman to be elected
 - By the members
 - By show hands/poll

➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Minutes of Board Meetings.
2. Notice of Annual General Meetings.
3. Register of members
4. Register of Proxies.
5. Attendance Register.
6. Application for extension of date of holding AGM, if any
7. Approval of extension of date to hold AGM from ROC.
8. Proof of sending notice.
9. Advertisement regarding Book Closure.
10. Filings with stock exchange.
11. Minutes of AGM & report of AGM.

REPORT ON AGM

- ❑ Section 121 of the Companies Act, 2013
- ❑ Companies (Management and Administration) Rules, 2014
 - Every Listed Company [Section 121(1)]
 - In addition to Minutes
 - Signed & dated by Chairman of Meeting or;
 - In case of inability
 - ✓ By any 2 Directors
 - ✓ One of whom should be Managing Director and
 - ✓ Company Secretaries of the Company
 - Report shall include [Rule 31(1)]
 - Day, date & venue of AGM
 - No. of Members attended the Meeting
 - Confirmation
 - ✓ Appointment of Chairman of Meeting
 - ✓ Compliance of the Act & the Rules,
Secretarial Standard
 - ✓ Quorum

REPORT ON AGM....CONTD.

- Business transaction & result
- Particulars with respect to an Adjournment, Postponement, Change of venue
- Any other relevant points
- Fair & correct summary of the proceedings

➤ Filing [Section 121(2)]

- With Registrar
- Form No. MGT-15 [Rule 31(2)]
- Within 30 days
- Fees

➤ Penal Provisions

- Company
 - ✓ Not less than ` 1.00 lac but may extend to ` 5.00 lac
- Every Officer of the Company
 - ✓ Not less than ` 25K but may extend to ` 1.00 lac.

ANNUAL RETURN

- ❑ Section 92 of the Companies Act, 2013
- ❑ Companies (Management and Administration) Rules, 2014 [Rules -11& 15]
 - Every Company
 - Form No. MGT-7 [Rule 11(1)]
 - Filing [Section 92(4)]
 - With Registrar
 - Within 60 days from the date of AGM or;
 - Within 60 days from the date on which AGM should have been held
 - ✓ together with reasons
 - With fee
 - Return will include [Section 92(1)]

ANNUAL RETURN....CONTD.

- Certification
 - By PCS
 - Form No. MGT-8
 - Listed Company or;
 - Paid-up Share Capital of ` 10 crore or more or;
 - Turnover of ` 50 crore or more
- Extract of Annual Return
 - Attach with Board's Report
 - Form No. MGT-9
- Signature
 - By a Director and Company Secretary
 - Where there is no Company Secretary, PCS

ANNUAL RETURN....CONTD.

➤ Inspection

- Working day
- Business hours [not less than 2 hrs]
- By
 - ✓ Any Member
 - ✓ Debenture holder
 - ✓ Security holder or ;
 - ✓ Beneficial owner or ;
 - without any fees
 - ✓ By any other person
 - Fees as per AOA but not exceeding ` 50 for each inspection

ANNUAL RETURN....CONTD.

➤ Copy of Return

- By
 - ✓ Any Member
 - ✓ Debenture holder
 - ✓ Security holder or ;
 - ✓ Beneficial owner or;
 - ✓ Any other person
- Payment of such fee as per AOA but not exceeding` 10 per page
- Supply
 - ✓ Within 7 days from deposit of such fees

➤ Preservation

- 8 years from the date of filing with Registrar
- Foreign Register of Members, permanently
 - ✓ Custody of CS or person authorized by Board

ANNUAL RETURN....CONTD.

- Place of keeping
 - Registered office
 - Any other place in India
 - ✓ More than 1/10th of total no. of Members - Reside
 - Approved by Special Resolution
 - Filing with Registrar
 - ✓ Atleast 1 day before date of General Meeting
 - Form No. MGT-14
- Non-Filing
 - The Company shall be punishable
 - ✓ Fine not less than ` 50K but may extend to ` 5.00 lac

ANNUAL RETURN.....CONTD.

- Every officer of the Company
 - ✓ With imprisonment for a term which may extend to 6 months or;
 - ✓ With fine which shall not be less than ` 50K and may extend to ` 5.00 lac or;
 - ✓ With both
- Certification by PCS
 - If not in conformity of Section or Rules
 - ✓ Fine shall not be less than ` 50K but may extend to ` 5.00 lac

DIVIDEND

- ❑ Section 123 & 124 of Companies Act, 2013
- ❑ Companies (Declaration and Payment of Dividend) Rules, 2014 [CHP-VIII]
 - Dividend shall be declared or paid for any Financial year [Section 123(1)]
 - Out of profits of the Company for that year
 - After providing Depreciation
 - Out of the profits of the Company for any previous Financial year
 - Out of the money provided by CG or SG
 - Transfer of Profits to Reserves
 - May transfer such percentage of profit as may deem appropriate
 - From the profits of previous years - as per Rules

DIVIDEND....CONTD.

- Dividend out of Reserves [Rule 3]
 - From Reserves other than Free Reserves
 - Rate - not exceed average of 3 preceeding years.
 - ✓ Not apply- if no Dividend in 3 preceeding Financial year.
 - Total amount drawn from Accumulated Profits
 - ✓ $1/10^{\text{th}}$ of paid-up Share Capital & Free Reserves as per latest audited Financial Statement
 - ✓ Balance Reserve after such withdrawal
 - Not fall below 15% of paid-up Share Capital as per latest audited Financial Statement
 - ✓ No Dividend without set-off of previous loss or depreciation.
 - Depreciation
 - As per Schedule II

DIVIDEND....CONTD.

➤ Interim Dividend

- Board of Directors may declare
- Out of the surplus in the P/L Account and out of the profits of the Financial year
- In case of loss
 - ✓ Not higher than average dividend of preceeding 3 Financial years

➤ Deposit of Amount [Section 121(4)]

- Within 5 days from the date of declaration
- In a Scheduled Bank
- In a Separate A/c

DIVIDEND....CONTD.

- Payment of Dividend [Section 121(5)]
 - Registered Shareholders or;
 - His order or;
 - His Banker
 - Only in cash
 - ✓ Cheque or;
 - ✓ Warrant or;
 - ✓ Any electronic mode
- Amount to IEPF [Rule 4]
 - Form DIR-5
- Restriction on Dividend [Section 121(6)]
 - Default of Section 73 & 71
 - ✓ Re-payment of Deposits

DIVIDEND....CONTD.

➤ INDICATIVE LIST OF DOCUMENTS :

1. Statement containing names of unpaid dividends
2. Website of company
3. Statement of transfer of unpaid dividend A/c to IEPF with receipt
4. Financial statement
5. Minutes of Board Meeting
6. Bank account details of scheduled bank
7. Details of payment of dividend
8. Details of unpaid dividend account

DIRECTORS & KMP

- ❑ Section 149 of the Companies Act, 2013
- ❑ Companies (Appointment and Qualification of Directors) Rules, 2014
 - Number of Directors [Section 149 (1)]
 - Only Individuals
 - Minimum - 3 - Public Company
 - Minimum - 2 - Private Company
 - Maximum - 15
 - < 15
 - ✓ Passing of Special Resolution

DIRECTORS & KMP.....CONTD.

- Women Director [Rule 3]
 - At least 1 Women Director
 - ✓ A listed company;
 - ✓ Other public company having
 - Paid-up share capital of 100 crore rupees or more; or
 - Turnover of 300 crore rupees or more
- Independent Director
 - At least 2



DIRECTORS & KMP.....CONTD.

- Public Companies
 - ✓ Paid up share capital of 10 crore rupees or more; or
 - ✓ Turnover of 100 crore rupees or more; or
 - ✓ which have, in aggregate , outstanding loans, debentures and deposits, exceeding 50 crore rupees
 - ✓ Companies required to appoint higher number due to Audit Committee
- Casual Vacancy
 - ✓ by the Board
 - ✓ at the earliest
 - ✓ not later than immediate next B.M. or
 - ✓ 3 months from the date of vacancy
 - whichever is later

DIRECTORS & KMP....CONTD.

- Qualification
 - ✓ Appropriate skills
 - ✓ Experience & knowledge
 - In one or more fields of
 - a. Finance
 - b. Law
 - c. Management
 - d. Sales
 - e. Marketing
 - f. Research
 - g. Corporate Governance
 - h. Technical operations or
 - i. Other disciplines related to Company's business

DIRECTORS & KMP....CONTD.

- Small Shareholders' Director [Rule 7]
 - Listed Company
 - May- Notice of not less than 1000 small shareholders or;
 - $1/10^{\text{th}}$ of total no. of such shareholders
 - Whichever is lower
 - A Company may appoint suo moto
 - Process
 - ✓ Notice by small shareholders
 - ✓ 14 days by the meeting with their signatures
 - ✓ Specifying the following:
 - Name
 - Address
 - Shares held & Folio No.

DIRECTORS & KMP.....CONTD.

- ✓ Statement by the proposed appointed with
 - DIN
 - Not disqualified to become a Director
 - Consent to act as a Director
- Status
 - ✓ Considered Independent Director
 - declaration of independence
- Provisions
 - ✓ Not liable to retire by rotation
 - ✓ Tenure shall not exceed a period of 3 consecutive years
 - ✓ Shall not be eligible for reappointment on expiry of tenure

DIRECTORS & KMP.....CONTD.

- Disqualification
 - ✓ As prescribed u/s 165
- Vacation of office
 - ✓ In case of disqualification - Section 164
 - ✓ Becomes vacant - Section 167
 - ✓ Ceases to meet the criteria of Independent Director
- No. of Companies
 - ✓ Not more than 2 Companies
 - ✓ Conflict to the business of one Company
 - ✓ Cooling period of 3 years

DIRECTORS & KMP....CONTD.

➤ Consent

- In writing
- Form DIR-2
- Company to file with Registrar
 - ✓ DIR-12
 - ✓ Within 30 days of appointment
 - ✓ Filing fee

➤ DIN

- Application
- Form DIR-3
- To CG
- Fees

DIRECTORS & KMP....CONTD.

- System will generate provisional DIN
- Process of Application of DIN
- Approval by post or electronically
 - ✓ Within 1 month from the date of receipt of such application
- If defective or incomplete
 - ✓ Intimation to the applicant
 - ✓ Applicant can rectify within 15 days
- Validity
 - ✓ DIN allotted by the commencement of the Rules
 - ✓ Valid for life time

DIRECTORS & KMP....CONTD.

- Cancellation or surrender or De-activation
 - ✓ Power with CG or RD-North
 - ✓ If found
 - Duplicate
 - Obtained in a wrongful manner
 - death of concerned individual
 - has been declared a person of unsound mind by a Competent Court
 - adjudicated as an insolvent
 - ✓ Opportunity of being heard
 - ✓ An application in Form DIR-5

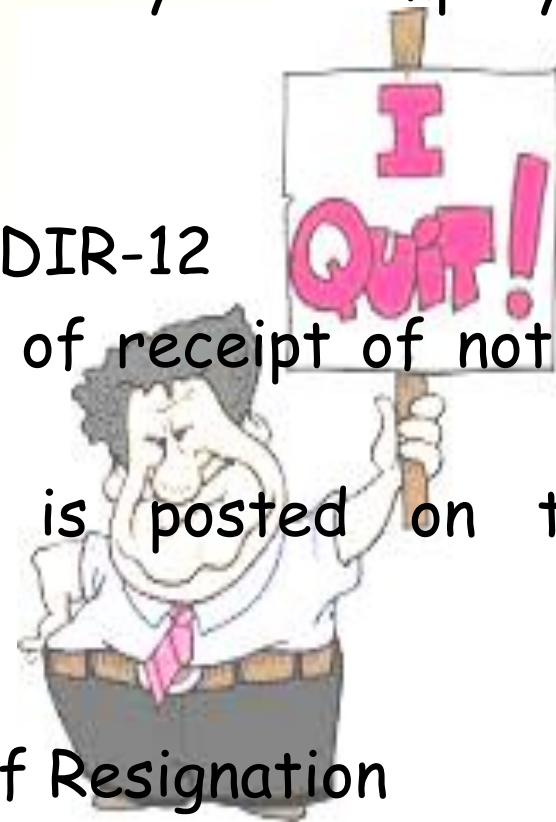
DIRECTORS & KMP....CONTD.

➤ INDICATIVE LIST OF DOCUMENTS :

1. Articles of Association
2. Minutes papers of Board Meetings
3. Notice and minutes of Annual General Meeting, Report of AGM
4. Register of directors and KMP
5. DIR-2, DIR-6, DIR-8, DIR-9 (if any), DIR-10 (if any), DIR-11, DIR-12
6. Declaration of independence given by Independent Directors
7. Filings with Stock Exchanges
8. Balance sheet and P&L account and Board's Report

RESIGNATION OF DIRECTOR

- The letter of Resignation is received by the company
- Duties of the Board
 - To take note of the Resignation
 - Intimate the Registrar in Form DIR-12
 - Within 30 days from the date of receipt of notice of Resignation
- Information about Resignation is posted on the website of the company, if any.
- Duty of Director
 - Within 30 days from the date of Resignation
 - Forward the Resignation letter to the Registrar with reasons
 - Form No. DIR-11
 - Fees



RETIREMENT OF DIRECTOR

- ❑ Section 152 of Companies Act, 2013
 - One third of such directors for the time being
 - Who have been longest in office since their last appointment
 - Same Day
 - determined by draw of lots
 - Vacancy appointing the retiring director or some other person
 - If vacancy is not filled
 - Adjourn the meeting
 - ✓ Same day in the next week
 - ✓ Same time and place

RETIREMENT OF DIRECTOR....CONTD.

- If the same day is a national holiday then
 - ✓ Next succeeding day
 - ✓ Same time and place
- If vacancy is not filled at the adjourned meeting
 - Resolved not to fill the vacancy
 - The Retiring Directors shall be reappointed unless
 - ✓ Resolution for reappointment was lost
 - ✓ Retiring Director has expressed his unwillingness
 - ✓ Not qualified or disqualified for appointment
 - Special or Ordinary Resolution by virtue of the Act
 - Section 162 is applicable

RETIREMENT OF DIRECTOR....CONTD.

➤ INDICATIVE LIST OF DOCUMENTS :

1. Articles of Association
2. Register of directors and KMP
3. Notice and minutes of Annual General Meeting, Report of AGM
4. Board's Report
5. DIR-2, DIR-6, DIR-8, DIR-9, DIR-10 (if any), DIR-12

REMOVAL OF DIRECTOR

- ❑ Section 169 of Companies Act, 2013
 - Company by Ordinary Resolution may remove a Director
 - Special notice required
 - Sent notice to the concerned Director
 - Opportunity of being heard
 - Representation of Director to the members
 - Representation to be read at the meeting
 - Vacancy may be filled by the Board or at the General meeting
 - New Director- to hold office upto the term of predecessors
 - If vacancy is not filled it may be filled as a casual vacancy.
 - Director so removed will not be appointed by Board of Directors.

REMOVAL OF DIRECTOR...CONTD.

➤ INDICATIVE LIST OF DOCUMENTS :

1. Special notice received
2. Notice and minutes of Annual General Meeting/EGM, , Report of General Meeting
3. Board's Report
4. DIR-2, DIR-6, DIR-8, DIR-9, DIR-10 (if any), DIR-12

REGISTER OF DIRECTORS & KMP

- ❑ Section 170 of Companies Act, 2013
- ❑ Companies (Appointment and Qualification of Directors) Rules, 2014
 - Every company shall keep
 - At Registered Office
 - Register of its Directors and KMP
 - Containing following Particulars:
 - ✓ DIN (optional for KMP);
 - ✓ Present Name & Surname in full;
 - ✓ Any Former Name or Surname in full;
 - ✓ Father's name, Mother's name and Spouse's name(if married) and Surnames in full;
 - ✓ Date of Birth;

REGISTER OF DIRECTORS & KMP....CONTD.

- ✓ Residential Address (present as well as permanent);
- ✓ Nationality (including the nationality of origin, if different);
- ✓ Occupation;
- ✓ Date of the Board Resolution in which the Appointment was made;
- ✓ Date of Appointment and Reappointment in the company;
- ✓ Date of Cessation of office and Reasons therefore;
- ✓ Office of Director or KMP held or relinquished in any other Body Corporate;
- ✓ Membership Number of the ICSI in case of CS, if applicable; and

REGISTER OF DIRECTORS AND KMPCONTD.

- ✓ PAN (mandatory for KMP if not having DIN);
- ✓ Details of securities held by them in
 - the Company
 - its Holding Company
 - Subsidiaries
 - Subsidiaries of the Company's Holding Company
 - Associate Companies relating to
 - a. the number, description and nominal value of securities;
 - b. the date of acquisition and the price or other consideration paid;
 - c. date of disposal and price and other consideration received;

REGISTER OF DIRECTORS AND KMP....CONTD.

- d. cumulative balance and number of securities held after each;
- e. mode of acquisition of securities ;
- f. mode of holding - physical or in dematerialized form; and
- g. whether securities have been pledged or any encumbrance

➤ Return of Director & KMP [Rule-18]

- Particulars of Appointment & Changes therein
- File with Registrar
- Form DIR-12
- Fees
- Within 30 days

SECRETARIAL STANDARDS

- So far 10 Secretarial Standard has been issued by ICSI
- But no legal force
- All under Companies Act, 1956
- Secretarial Standard under Companies Act, 2013
 - Legal force
 - ICSI has submitted
 - ✓ Board Meeting
 - ✓ General Meeting
 - Approval of MCA is awaited

CORPORATE SOCIAL RESPONSIBILITY

- ❑ Section 135 of the Companies Act, 2013
- ❑ Companies (Corporate Social Responsibility Policy) Rules, 2014
 - CSR Committee
 - Every Company having
 - ✓ net worth of rupees five hundred crore or more, or
 - ✓ turnover of rupees one thousand crore or more or
 - ✓ a net profit of rupees five crore or more
 - ✓ during any financial year
 - ✓ shall constitute a Committee of the Board
 - 3 or more Director
 - atleast one Independent Director

CORPORATE SOCIAL RESPONSIBILITY....CONTD.

➤ Policy

- CSR Committee will formulate policy
- Recommend to Board
 - ✓ activities to be undertaken - Schedule VII
 - ✓ recommend the amount of expenditure
 - ✓ monitor CSR Policy

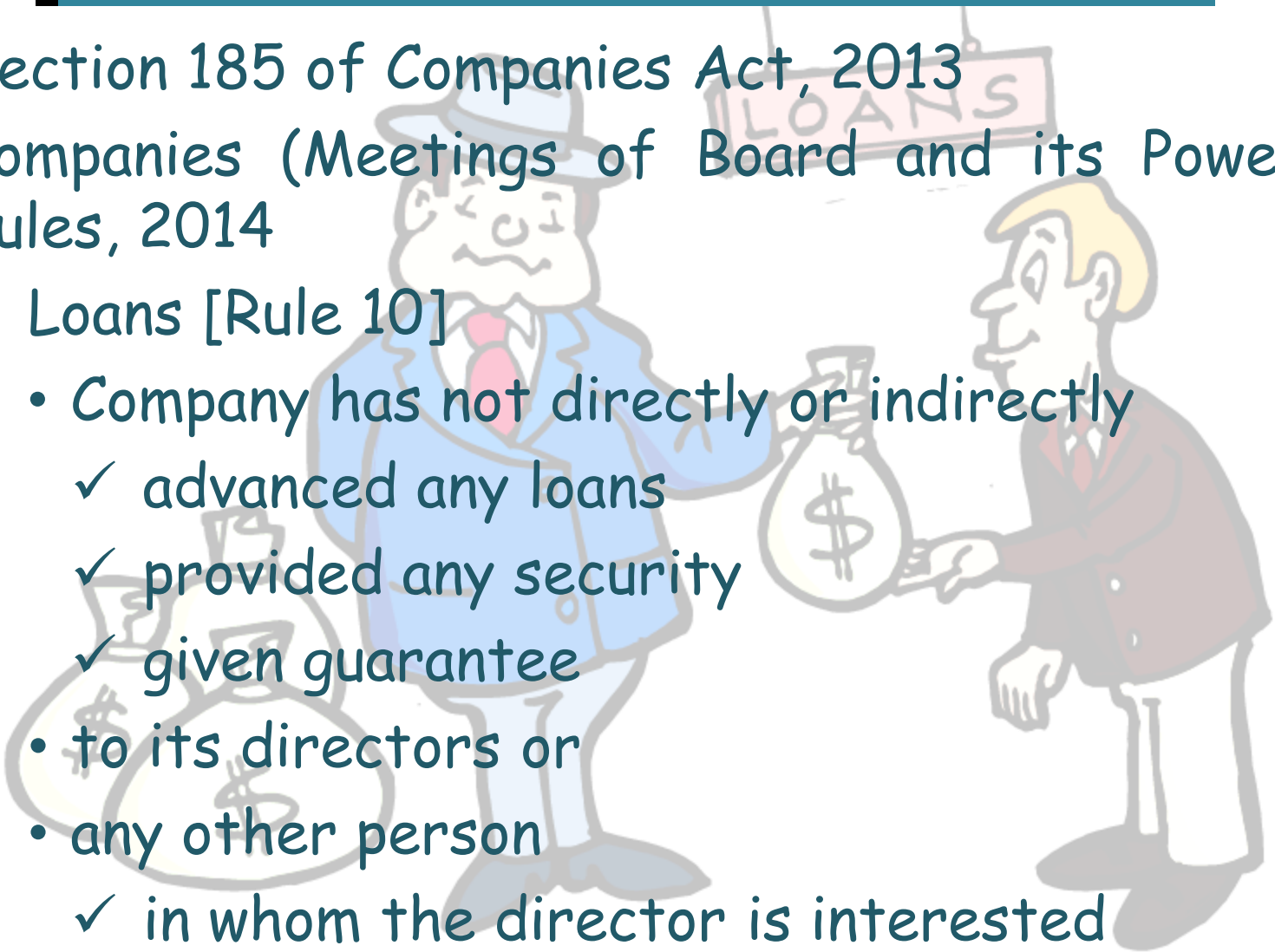
➤ **INDICATIVE LIST OF DOCUMENTS :**

1. Balance sheet and P&L account
2. Minutes of Board Meeting
3. Minutes of CSR Committee
4. Company website, if any.



LOANS TO DIRECTORS, ETC.

- ❑ Section 185 of Companies Act, 2013
- ❑ Companies (Meetings of Board and its Powers) Rules, 2014
 - Loans [Rule 10]
 - Company has not directly or indirectly
 - ✓ advanced any loans
 - ✓ provided any security
 - ✓ given guarantee
 - to its directors or
 - any other person
 - ✓ in whom the director is interested



LOANS TO DIRECTORS, ETC....CONTD.

➤ Exempted

- Loans by Holding Company to wholly owned Subsidiary
- Guarantee given or security provided
 - ✓ Holding Company to wholly owned Subsidiary
 - ✓ Loans made by Bank or Financial Institutions
 - utilized by subsidiary for its principal business
- Loan to Manager or Whole-time Director
 - ✓ Part of conditions of Service
 - ✓ Scheme approved by Members by a Special Resolution

RELATED PARTY TRANSACTIONS

- ❑ Section 188 of Companies Act, 2013
- ❑ Companies (Meetings of Board and its Powers) Rules, 2014
 - Related Party Transactions [Rule 15]
 - Company has entered into
 - ✓ Contract or;
 - ✓ Arrangement
 - ✓ With any related party
 - ✓ Through a Board resolution at Board Meeting
 - Has obtained
 - ✓ prior approval of the shareholders
 - ✓ by a special resolution
 - ✓ in case
 - the paid up capital is 10 crore or more and
 - other conditions as specified in Rule 15 subsists.
 - Has annexed
 - ✓ explanatory statement
 - notice of the meeting
 - disclosing the details required under Rule 15.

LOANS, INVESTMENTS, GURANTEES AND SECURITIES

- ❑ Section 186 of Companies Act, 2013
- ❑ Companies (Meetings of Board and its Powers) Rules, 2014
 - Passed Board Resolution/Special Resolution
 - Company has not made
 - Investment through
 - more than two layers of investment companies.
 - Has not defaulted
 - repayment of deposit
 - ✓ while granting loans/giving guarantee/providing security.

LOANS, INVESTMENTS, GUARANTEES AND SECURITIES....CONTD.

- Disclosed
 - in the financial statements
 - full particulars of the loans given investment made or guarantee given
 - as prescribed under the Act.
- Maintains register
 - particulars in form MBP-2
 - at the registered office
- Has obtained
 - prior approval of the public financial institution
 - ✓ if term loan is subsisting.

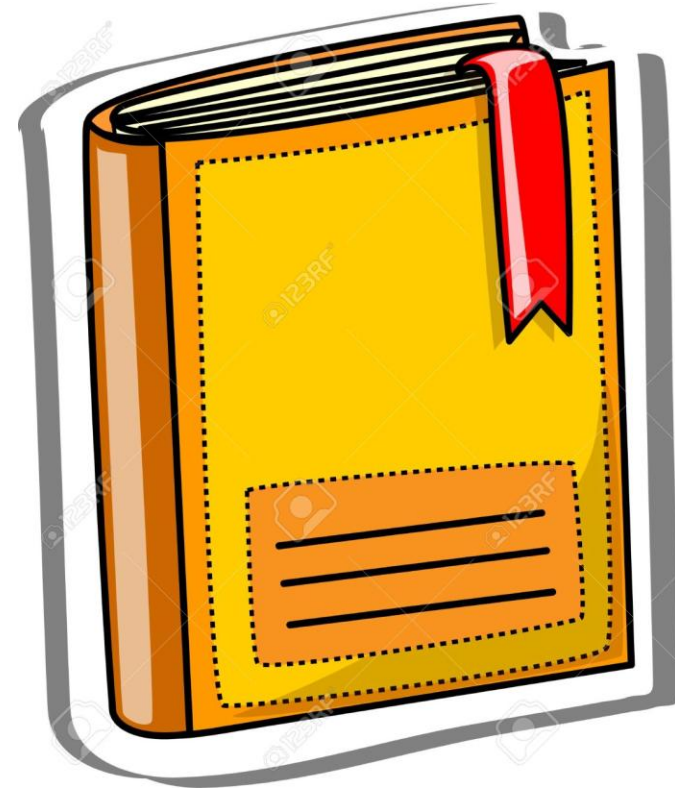


I Considered the legal definitions, guidelines, solicitors' opinions and finally found that only this ROBOT can be appointed as an Independent Director

REGISTERS, FILING OF FORMS, RETURNS AND DOCUMENTS

REGISTERS

- Register of Renewed or Duplicate Share Certificate
- Register of sweat equity shares
- Register of Employee Stock Option
- Register of Securities bought-back
- Register of Deposits
- Register of Charges →
- Register of Members
- Minutes Book of Meetings



RESTRICTION ON NUMBER OF COMPANIES

No such Restriction

ICSI Council is Empowered

- Not on years of Experience
- Not on years of Membership



PENAL PROVISIONS

■ Section - 205(4) of the Companies Act, 2013

Liable for
Penalty

- Company
- Every Officer of the Company
- Company Secretary in Practice

Fine
(individually)

- Minimum Fine 1 Lac
- Maximum Fine 5 Lac



FEES

- No Minimum Fees - Depend upon-
 - The nature & size of the company,
 - Type of company
 - Efforts required to be put in while carrying out Secretarial Audit
 - No. of Skilled Man Hour
 - Support of other Professionals (in case of specific industries)
 - Exclusive of Travelling cost

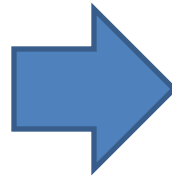
ISSUES AT THE DESK OF A COMPANY SECRETARY IN EMPLOYMENT

Why PCS Is Asking About No. Of Manufacturing Units, Sales Depots, Other Outlets, Etc. Before Giving Their Quote?

RIGHT QUALITIES OF A GOOD SECRETARIAL AUDITOR



Can we do all this
MANUALLY
with thousands of
Law ??



Let IT work
for
you.....

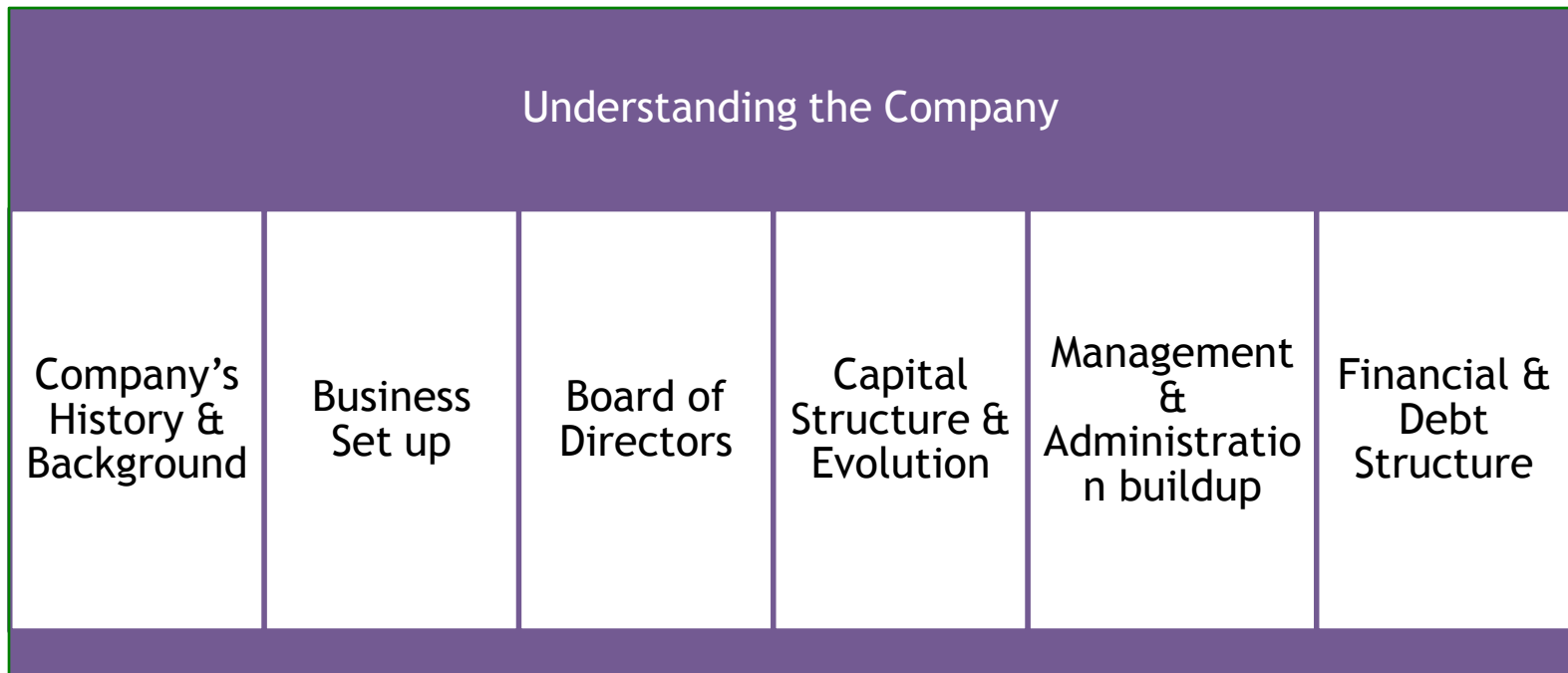
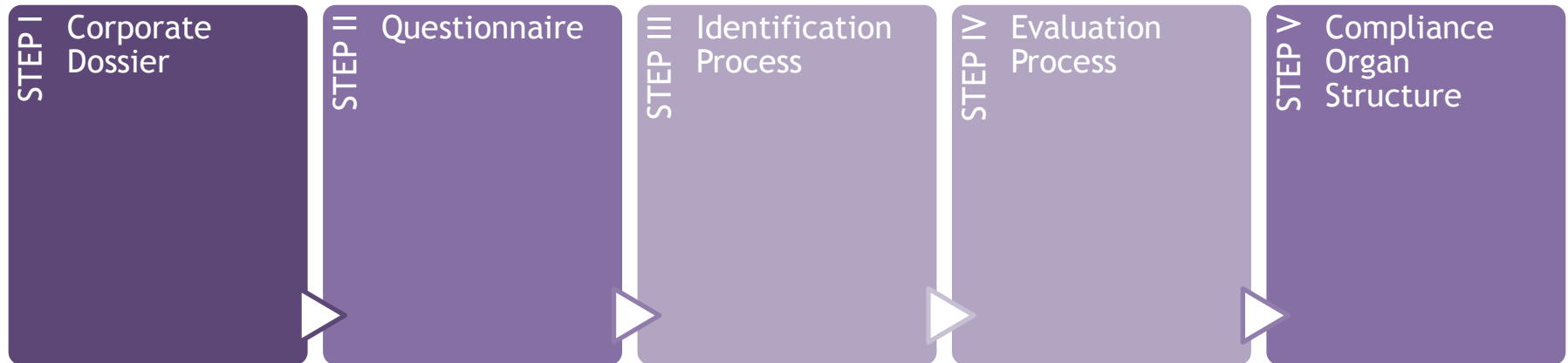
*“Adopt technology to defeat technology”
is the latest survival mantra*



Time has come.. The compliance is not merely a legal compliance but it is a **NECESSITY** Now



CCM – First Five Steps



***“Problems becomes opportunities,
when right people come together ...”***

*When Opportunity does
not knock your
door...."
build the door...."*



*But now opportunities
have knocked your
door ...*



*You have to get off
from your seat and
open the door...."*





Alphabet 'O' stands for
'OPPORTUNITY',
Which is absent in **YESTERDAY**
Available once in **T'O'DAY** and
Thrice in **T'O'M'O'RR'O'W.**
Never lose hope...

Thank You ...