

Companies Act, 2013

A Ready Referencer

(Revised Edition)



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

THE COMPANIES ACT, 2013 – READY REFERENCER



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FOREWORD

The 8th of August, 2013 would be remembered as a historic day in the history of India Inc. On this very day the Rajya Sabha passed the new company law which was in incubation for over two decades. The much awaited notification bringing into force the provisions in 183 sections of the Companies Act, 2013 with effect from 1st April, 2014 was issued on 26th March, 2014. Earlier, 98 sections were notified on 12th September, 2013 and section 135 relating to Corporate Social Responsibility and Schedule VII (Amended) were notified on February 27, 2014. Of the 470 sections in the Companies Act, 2013, substantial number of sections and most of the Rules thereunder have been notified.

The new law is a paradigm shift in the way every stakeholder in a corporation needs to redirect his thought process. Moving beyond corporate governance, the new law would ensure corporate democracy thereby catapulting company secretaries from their present role to that of 'key managerial personnel' as the term used for referring to company secretaries under the new law carries with it various connotations, making him responsible for implementation of all relevant laws applicable to companies. It envisages a much larger role for them in the areas of secretarial audit, restructuring, liquidation, valuation and much more.

The Institute as part of its capacity building initiatives under the Companies Act, 2013 thought it fit to bring out this Ready Referencer on Companies Act, 2013, as a self learning aid to understand the basic tenets of the new Act. The Ready Referencer introduces readers to the new concepts in the Companies Act, 2013 and lists out the salient features, of the law in a capsule form.

I am grateful to CS K Sethuraman, Group Company Secretary, Reliance Industries Ltd. and CS Shashikala Rao, PCS for preparing the initial draft of this book, which bears testimony to their knowledge and scholarship. I commend the dedicated efforts put in by Shri Saurabh Jain, Deputy Director in the Institute for seeing the work through the press.

I sincerely believe that the readers would find the contents of this referencer useful and look forward to the constructive views and suggestions for further improving the contents of this publication in future editions.

New Delhi
August 14, 2014

CS R. Sridharan
President, ICSI

PREFACE

During pre-independence era, the Companies Act, 1913 regulated various corporate actions of joint stock companies. Post-independence of India, the Companies Act, 1956 which contained 658 sections and 15 schedules regulated the entire gamut of activities with regard to companies, namely formation, management and administration, governance, re-structuring, fund raising and processes thereof, compliance, rights, duties and obligations of various stakeholders, liquidation and winding up.

The Companies Act, 2013 ("The Act") is a historic legislation which has replaced existing Company Law which is 56 years old. It is a modern and contemporary law enacted after several rounds of deliberations with various stakeholders. It moves from the regime of control to that of liberalization/self-regulation. The Act contains 470 sections under 29 chapters with seven schedules. The Act enables the Central Government (Ministry of Corporate Affairs) to make rules through subordinate legislation.

The various important provisions of the new Act and the Rules framed thereunder have been set out in brief in the following pages to give a bird's eye view. Provisions contained in the rules to the Act have been incorporated at appropriate places. This executive summary sets out the provisions of law as they are in the Act and the rules without any comments or critical view.

Another major shift in the new Act is that the exemptions from applicability of various provisions available to a private limited company under the Companies Act, 1956, substantially stand withdrawn under the new Act. It is hoped that the Central Government issues requisite notification / clarification from time to time exempting private companies from the compliance requirements provided in the Act. All the provisions summarized in the following pages are applicable to a private company also unless specifically stated otherwise.

The initial draft of this executive summary was prepared by CS Ms. Shashikala Rao, Practising Company Secretary, when we co-authored a book titled "Treatise on the Companies Bill, 2011". I acknowledge her contribution. I thank my colleagues CS Shri Ratnesh Rukhariyar, CS Ms. Geeta Fulwadaya and Shri K. Shankara Raman for their assistance.

I believe this executive summary will be a useful reference. I request the readers to offer their feedback and suggestions to k.sethuraman@ril.com.

K. Sethuraman

Mumbai

August 12, 2014

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Chapter I

PRELIMINARY

The Companies Act, 2013 introduces some new concepts such as:

- (1) One Person Company (OPC)
- (2) Small Company
- (3) Dormant Company
- (4) Inactive Company.

Some changes have been made in the definition of 'private company' and 'subsidiary company'.

Some new expressions (important) have been defined and the meaning of certain expressions enlarged / modified, namely:

- (a) associate company,
- (b) control,
- (c) court to include special courts established under the Act,
- (d) employee stock option,
- (e) financial statements,
- (f) financial year,
- (g) free reserves,
- (h) independent director,
- (i) key managerial personnel,
- (j) promoter,
- (k) related party,
- (l) serious fraud investigation office.

Associate Company [Section 2(6)]

Associate company in relation to another company means a company in which another company has a significant influence, that is, it controls at least 20% of total share capital or controls business decisions under an agreement. Associate Company is not a subsidiary of the company. It includes a joint venture company irrespective of the shareholding.

Control [Section 2(27)]

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

Dormant Company

- A company which is formed and registered under the Act, for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company may make an application to the Registrar for obtaining the status of a dormant company [Section 455(1)].
- A dormant company may become an active company by submitting an application to the Registrar accompanied by such documents as may be prescribed [Section 455(5)].

Financial Statement [Section 2(40)]

Financial statement includes:

- (a) Balance sheet as at the end of the financial year.
- (b) Profit and loss account / income and expenditure account.
- (c) Cash flow statement.
- (d) A statement of 'changes in equity' (if applicable).
- (e) Explanatory notes annexed to balance sheet, profit and loss account, cash flow statement and statement of changes in equity.

Financial Year [Section 2(41)]

- Every company or body corporate to have financial year ended March 31, every year.
- Company incorporated on or after January 1 of a year to have financial year ending March 31 of the following year (15 months)
- A company which is a holding company or subsidiary of a company incorporated outside India and is required to follow a different financial year for consolidation of its accounts, outside India may have a different financial year, if the Tribunal allows.
- Existing companies and bodies corporate should align their financial year to March 31, by March 2016.

Free Reserves [Section 2(43)]

Free reserves means such reserves which as per the latest audited

balance sheet of a company are available for distribution as dividend. Therefore, securities premium, capital reserves, debenture redemption reserves, statutory reserves, revaluation reserve and the like will not form part of free reserves. Further, any change in carrying amount of an asset or of a liability, recognized in equity including surplus in profit and loss account on measurement of the asset or the liability at fair value will not form part of free reserves.

Key Managerial Personnel (KMP) [Section 2(51)]

KMP means:

- (a) The CEO or Managing Director or Manager
- (b) Whole-time Director
- (c) Chief Financial Officer
- (d) Company Secretary

The CEO and Manager need not be a member of the Board.

Listed Company [Section 2(52)]

A listed company means a company (public or private) which has any of its securities listed on any recognized stock exchange.

One Person Company

- One Person Company (OPC) has been defined to mean a private company which has only one person as a member [Section 2(62)]. The said member should be a natural person. The words “One Person Company” shall be mentioned in brackets below the name of the company, wherever it is printed, affixed or engraved [Section 12(3) second proviso].
- The memorandum of OPC shall indicate the name of the person who shall become the member of the company in the event of the death of the subscriber. The name of such person can also be changed by the member [Section 3(1)(c) first proviso].
- No person shall be eligible to incorporate more than one OPC or become nominee in more than one such company. No minor shall become member or nominee of OPC or can hold shares with beneficial interest.
- The OPC shall not be required to hold annual general meeting [Section 96(1)]. The financial statement of a OPC may not include the cash flow statement [Section 2(40)] proviso.
- Where there is only one director on the Board of directors of a OPC, for any business required to be transacted at a meeting of the Board of directors of the OPC, it shall be sufficient if the

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resolution is entered in the minutes book and signed and dated by such director. Such date shall be deemed to be the date of the meeting of the Board of directors for all purposes under the Act [Section 122(4)].

- The provisions of Section 98 and Sections 100 to 111 (both inclusive) dealing with meetings of members do not apply to a OPC.

Private Company

- A private company has been defined to mean inter alia a company (except a OPC) which limits the number of its members to two hundred [Section 2(68)]. If it invites or receives any money from its members or public it will be deemed a deposit. It is prohibited from inviting the public to subscribe for any of its securities.

Related Party [Section 2(76)]

- Related Party means:
 1. A director or his relative.
 2. A key managerial personnel or his relative
 3. A firm, in which a director, manager or his relative is a partner.
 4. A private company in which a director or manager is a member or director.
 5. A public company in which a director or manager is a director and holds alongwith his relatives more than 2% of its paid up share capital.
 6. Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager.
 7. Any person on whose advice, directions or instructions a director or manager is accustomed to act [Persons giving professional advice not covered].
 8. Any company which is
 - (a) a holding company, subsidiary or an associate company of such company; or
 - (b) a co-subsidiary of such company.
 9. A director or key managerial personnel of the holding company or his relative.

Relatives [Section 2(77)]

Relatives with reference to any person for the purpose of the Act, means anyone who is related to another if:

(a) they are members of a HUF;

(b) they are husband and wife;

If he or she is related to another in the following manner, namely:

(c) father (including step-father);

(d) mother (including step-mother);

(e) son (including step-son);

(f) son's wife;

(g) daughter;

(h) daughter's husband;

(i) brother (including step brother);

(j) sister (including step-sister).

Small Company

Small company has been defined to mean, a company other than a public company:

(a) Whose paid-up capital does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than five crore rupees; or

(b) Whose turnover as per its last profit and loss account does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than twenty crore rupees.

'Small Company' cannot be a:

- A public company;
- A holding company or a subsidiary company;
- A company registered under section 8 (formation of companies with charitable objects etc.) of the Act; or
- A company or body corporate governed by any special Act [Section 2(85)].

Small companies shall be subjected to lesser stringent regulatory framework.

Subsidiary Company [Section 2(87)]

- Subsidiary company has been defined in relation to a holding company, to mean a company in which the holding company –
 - controls the composition of the Board of Directors; or
 - exercises or controls more than one-half of the total share capital either at its own or together with one or more of its

subsidiary companies.

— Total share capital means aggregate of the :

(a) paid-up equity share capital; and

(b) convertible preference share capital.

- A company which is a subsidiary of a subsidiary company, shall also be a subsidiary of the holding company.
 - A company shall be deemed to control the composition of another company's Board of Directors, if that company has the power to appoint or remove all or majority of the directors of the other company.
 - The Central Government may prescribe such specific class or classes of companies which shall not have layers of subsidiaries beyond such numbers as may be prescribed. This restriction on the number of step down subsidiary companies has been introduced to prevent the abuse of diversion of funds through many step down subsidiaries.
 - The expression 'company' includes any body corporate.
-

Chapter II

INCORPORATION OF COMPANY AND MATTERS INCIDENTAL THERETO

Memorandum and Articles of Association

- The objects clause of the Memorandum of Association shall be divided into (a) the objects to be pursued by the company on its incorporation and (b) matters which are necessary for furtherance of the objects specified in (a) above [Section 4(1)(c)].
- The articles of a company may contain provisions for entrenchment, meaning that certain provisions of the articles may be altered subject to compliance with specified conditions or procedures, which are more restrictive than those applicable in the case of a special resolution [Section 5(3)].
- The provisions for entrenchment in the articles can be made at the time of incorporation of the company; or by an amendment to the articles agreed to by all the members if the company is a private company and by a special resolution if the company is a public company [Section 5(4)].

Incorporation of Companies

- Various documents and information are required to be submitted to the Registrar of Companies for registration of a company [Section 7(1)].
- Where any person furnishes any false or incorrect particulars of any information or suppresses any material information, he shall be liable under section 447 of the Act ("for fraud") [Section 7(5)].
- Where at any time after the incorporation of a company, it is proved that the company has been incorporated by furnishing incorrect or false information or representation or by suppressing any material fact or information in any of the document or declaration filed or made for incorporating such company, or by any fraudulent action, the promoters, the persons named as the first directors of the company and the persons making the declaration confirming compliance with the requirements of the Act, shall each be liable under section 447 of the Act ("for fraud") [Section 7(6)].

Commencement of Business

- Every company (public and private) having share capital shall not commence business or exercise any borrowing power unless:
 - a) a declaration is filed by a director with the Registrar, stating that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him and that the paid-up share capital of the company is not less than five lakh rupees in case of a public company and not less than one lakh rupees in case of a private company on the date of making of the declaration; and
 - b) the company has filed with the Registrar a verification of its registered office within thirty days of incorporation in the prescribed manner [Section 11(1)].
- Where a company fails to file such a declaration within 180 days of the date of incorporation, the Registrar may initiate action for removal of the name of the company from the register of companies [Section 11(3)].

Change of Name of Company

- Any change in the name of the company would require passing a special resolution by the shareholders and approval of the central government. Approval of central government is not required if the change involves only addition thereto or deletion therefrom of the word 'private'.
- Where a company has changed its name(s) during the last two years it shall paint or affix or print along with its name the former name or names so changed during the last two years [Section 12(3) first proviso].
- Every company shall print in all its business letters, bill heads, letter papers and in all its notices and other official publications its name, address of the registered office, corporate identity number, telephone number, fax number (if any), e-mail and website addresses, if any [Section 12(3)(c)].

Alteration of Memorandum and Articles

- The provisions of memorandum of association and articles of association may be altered by a special resolution [Sections 13(1) and 14(1)].
- Additional stipulations have been made for compliance by a company which has raised money from public through prospectus and still has any unutilised amount out of the money raised with regard to change of its objects in the memorandum. In such an event, the dissenting shareholders shall be given an opportunity to exit by the promoters and shareholders having

control in accordance with the regulations specified by the SEBI [Section 13(8)].

- Conversion of a public company into a private company (including OPC) would require prior approval of the Tribunal and will be effective only after such approval. No such approval is required for conversion of a private company into OPC or OPC into a private company.

Service of Documents [Section 20(1)]

- Service of documents by speed post or any courier service or electronically have been added as other modes of serving documents on a company or an officer thereof or on Registrar of Companies or any member of a company.
 - In case of delivery by post, such notice shall be deemed to have been effected in the case of a notice of a meeting at the expiration of 48 hours after the letter containing the same is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.
-

Chapter III

PROSPECTUS AND ALLOTMENT OF SECURITIES

Modes of raising Resources by Companies

- A public company may issue securities :
 - (a) to public through prospectus; or
 - (b) through a private placement; or
 - (c) through a rights issue or a bonus issue [Section 23(1)].
- A private company issuing securities by private placement is also required to comply with the provisions of the Act [Section 23(2)(b)].
- 'Public offer' includes initial public offer or further public offer or offer for sale of securities to the public by a company [Section 23(2) Explanation].

Prospectus (Section 26)

- Contents of prospectus are listed out in the section and in the Companies (Prospectus and Allotment of Securities) Rules, 2014.
- A company making a public issue also to comply with the disclosure requirements and matters to be stated in the prospectus as per SEBI (ICDR) Regulations, 2009.

Variation in terms of contract or objects in prospectus (Section 27)

- Variation in the terms of a contract referred to in the prospectus or objects for which the prospectus was issued can be made not more than one time in any particular public issue by passing a special resolution through Postal Ballot by shareholders.
- Justification in full for such variation should be clearly set out in the notice and published in newspapers.
- The dissenting shareholders who do not consent to such variation shall be given an exit offer by promoters or controlling shareholders at such exit price and in such manner and on such conditions as may be specified by the SEBI.
- A company shall not use any amount raised by it through prospectus for buying, trading or otherwise dealing in equity shares of any other listed company [Section 27 read with Rule 7 of the Companies (Prospectus and Allotment of Securities) Rules, 2014].

Offer for Sale of Securities

- Existing members of a company (including a listed company), may in consultation with the Board of directors offer part of their holding of shares to the public under a prospectus (Section 28).

Penal Provisions

- Criminal liability for misstatement in prospectus (Section 34) :
 - If a prospectus issued includes any statement which is untrue or misleading in form or context in which it is included or where any inclusion or omission of any matter is likely to mislead, every person who authorises the issue of the prospectus shall be criminally liable under Section 447 (for fraud).
- Civil liability for mis-statement in Prospectus (Section 35).
 - Where it is proved that a prospectus includes any statement which is misleading to every person who has subscribed to the securities and has sustained any loss or damage as a consequence, the company and every person who :
 - (a) is a director of the company at the time of issue of prospectus;
 - (b) has authorised himself to be named in the prospectus as a director;
 - (c) is a promoter of the company;
 - (d) has authorised the issue of the prospectus and
 - (e) is an expert.shall be liable to pay compensation to every person who has sustained any loss or damage [Section35(1)].
 - Above persons are personally liable without any limitation of liability for all losses incurred by the subscribers if it is proved that prospectus was issued with intent to defraud the applicants [Section 35(3)].
- Punishment for fraudulently inducing persons to invest money (Section 36).
 - Any person who either knowingly or recklessly makes any statement, promise or forecast which is false, deceptive or misleading or deliberately conceals any material fact to induce another person to enter into any agreement inter alia with a view to obtaining credit facilities from any bank or financial institution, he shall be liable for action under section 447 (for fraud) (Section 36).
- Action by affected persons (Section 37).
 - A class action suit (action by affected persons) may be filed or

any other action may be taken by any person, group of persons affected by any misleading statement or the inclusion or omission of any matter in the prospectus (Section 37).

- Punishment for personation for acquisition of securities (Section 38)
 - Any person who makes or abets making an application including multiple applications in a fictitious name for acquiring or subscribing for the securities of a company, shall be liable under section 447. The Court may order disgorgement of gain, if any, and seizure and disposal of securities in possession of such convicted person Section 38(1)] and Section 38(3).

Private Placement (Section 42)

- Some of the important provisions relating to private placement are as follows:
 - (a) Provisions are common to all class of companies – private, public (listed and unlisted).
 - (b) Listed companies will be governed by SEBI (ICDR) Regulations, 2009.
 - (c) Prior approval of shareholders by passing a special resolution is required for each offer or invitation for each kind of security that is equity, preference shares or debentures. Company to pass a special resolution once in a year for all offers made during the year in case of issue of non-convertible debentures.
 - (d) The offer in a financial year can be made to not more than 200 persons in the aggregate (excluding QIBs and Employees under ESOP). This restriction would be reckoned individually for each kind of security, that is, equity share, preference share or debenture.. If a company allots securities to more than the prescribed number of persons, it shall be deemed to be an offer to the public;
 - (e) Even an agreement to allot securities to more than the prescribed number of persons (whether money received or not) shall be deemed to be an offer to the public.
 - (f) No offer or invitation of another kind of security shall be made unless allotment with respect to offer or invitation made earlier in respect of any kind of security is completed.
 - (g) The value of such offer shall be with an investment size of not less than Rs.20,000 of face value of the securities.
 - (h) The payment for subscription to securities shall be made from the bank account of the person subscribing to such securities.

- (i) The offer or invitation shall be made through a private placement offer letter;
- (j) The company should allot the securities within 60 days from the date of receipt of the application money, failing which application money will be refunded;
- (k) Similar to that in a public issue, the amount received in a private placement shall be kept in a separate bank account and shall not be utilized unless the securities are allotted [Section 42(6)];
- (l) Complete record of private placement offers and private placement offer letter to be filed with the Registrar of Companies and in case of listed companies also with SEBI.
- The private placement offer can be made by a company only to such persons whose names are recorded by the company prior to the invitation and the offer shall be made to such persons by name [Section 42(7)].
- Stringent penal provisions have been set out if a company makes private placement in contravention of the various provisions set out in the Act [Section 42(10)].

Power of SEBI (Section 24)

- Provisions contained in Chapter-III (public offer and private placement), Chapter-IV (share capital and debentures) and in section 127 (punishment for failure to distribute dividends) shall, in so far as they relate to (a) issue and transfer of securities; and (b) non-payment of dividend by listed companies or those companies which intend to get their securities listed on any recognized stock exchange in India be administered by SEBI.
 - SEBI shall have powers to enforce provisions relating to forward dealings in securities and insider trading of securities of listed companies and file a complaint in the court of competent jurisdiction (section 458).
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Chapter IV

SHARE CAPITAL AND DEBENTURES

Kinds of Share Capital (Section 43)

The share capital of a company shall be of two kinds namely:

- (a) Equity share capital:
 - (i) with voting rights; or
 - (ii) with differential rights as to dividend, voting or otherwise.
- (b) Preference share capital

Duplicate Certificate of Shares [Section 46(5)]

- If a company with intent to defraud, issues a duplicate certificate of shares it shall be punishable with stringent fines. Further, every officer of the company who is in default shall be liable under section 447. The punishment will be non-compoundable.
- Duplicate share certificate shall not be issued without prior consent of the Committee of Directors. A listed company should issue duplicate share certificate within fifteen days from the date of submission of complete documents with the company and an unlisted company should issue the same within three months.

Variation of Shareholders' Rights (Section 48)

Rights attached to a class of shares may be varied with consent in writing of the holders of not less than three-fourths of the issued shares of that class or by means of a special resolution passed by the shareholders of that class. If the variation affects the rights of any other class of shareholders, consent of such other class is necessary in a similar way.

Issue of Shares at a Premium / Discount

- A company may issue shares at a premium (Section 52)
- The Act, prohibits issue of shares (except sweat equity shares) at a discount by a company and any shares issued at a discount is void (Section 53).

Preference Shares

- No company shall issue any preference shares which are irredeemable. A company may issue preference shares liable to

be redeemed within a period not exceeding twenty years from the date of their issue [Section 55(1) and (2)].

- A company may issue preference shares redeemable beyond twenty years for infrastructure projects and the redemption will be at the option of the preference shareholders. Companies engaged in infrastructure projects may redeem preference shares from the 21st year at the rate of 10% minimum redemption such that the preference shares are redeemed not later than 30 years from the date of their issue [Section 55(2) proviso read with the Rules].
- In case of such class of companies as may be prescribed, the premium, if any, payable on redemption of preference shares shall be provided for out of profits of the company [Section 55(2) proviso (d)(i)]. Premium payable on redemption of preference shares issued before commencement of the Act shall be provided either out of profits of the company or securities premium account.
- Where dividends payable in respect of a class of preference shares (whether cumulative or non-cumulative) are in arrears for a period of two years or more, such class of preference shareholders shall have a right to vote on all resolutions placed before a meeting of the company [Section 47(2) second proviso].

Transfer and Transmission of Securities (Section 56)

Every company shall deliver the certificates of all securities allotted, transferred or transmitted:

- (a) within two months from the date of incorporation to the subscribers of Memorandum of Association;
- (b) within two months from the date of allotment to the allottees;
- (c) within one month from the date of receipt of instrument by the company to the transferees (including transmission);
- (d) within six months from the date of allotment of debentures to the allottees of debentures.

Alteration of Share Capital

A limited company having share capital may consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; where such consolidation or division results in changes in the voting percentage of shareholders, it shall not take effect unless it is approved by the Tribunal [Section 61(1)(b)].

Further Issue of Capital (Section 62)

- A company having share capital may if authorised by a special resolution, increase its subscribed capital, by making an offer to any persons other than by way of 'rights', either for cash or for consideration other than cash. The price of the shares so offered

in such cases shall be determined by a registered valuer except in case of listed companies [Section 62(1)(c) and Rule 13(1) proviso].

- A 'Rights offer' can be made by a company with the approval of the Board of Directors. The issue price of 'Rights Shares' need not be valued by the registered valuers. Listed companies whose shares are listed on the Stock Exchange should adhere to the requirements set out under the SEBI (ICDR) Regulations, 2009. The rights offer shall be kept open for not less than 15 days and not more than 30 days. Letter of offer shall be despatched through registered post or speed post or through electronic mode to all existing equity shareholders at least three days before opening of the issue.

Employees' Stock Option [Section 62(1)(b)]

A company having share capital may make an offer to the employees under a scheme of employees' stock option, subject to passing a special resolution by the company. The price of the shares offered under ESOP is not required to be determined by a registered valuer. The issue of ESOP by unlisted companies will be governed by Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014. The issue of ESOP shares by a listed company whose shares are listed will be governed by Regulations issued by SEBI.

Issue of Bonus Shares (Section 63)

- A company may issue fully paid-up bonus shares to its members out of its free reserves or securities premium account or the capital redemption reserve account.
- No bonus shares shall be issued by capitalising reserves created by the revaluation of assets. Bonus shares shall not be issued in lieu of dividend.
- A company cannot issue bonus shares unless :
 - (a) it is authorised by its articles;
 - (b) it has been recommended by the Board and approved at a general meeting;
 - (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it;
 - (d) it has not defaulted in the payment of statutory dues of the employees such as contribution to provident fund, gratuity and bonus;
 - (e) partly paid-up shares, if any, outstanding on the date of allotment, are made fully paid-up.
- Recommendation of the Board of a bonus issue cannot be withdrawn subsequently.

Reduction of Share Capital (Section 66)

- Subject to confirmation by the Tribunal, a company with share capital, may by passing a special resolution reduce the share capital in any manner.
- No reduction of share capital can be made if a company is in arrears in the repayment of any deposits accepted by it or interest payable thereon.
- The Tribunal may make an order confirming the reduction of share capital, if it is satisfied that:
 - i) the debt or claim of every creditor is discharged or determined or has been secured or consent obtained; and
 - ii) the accounting treatment proposed by the company for such reduction is in conformity with the accounting standards and a certificate to that effect by the company's auditor has been filed with the Tribunal.

Debentures (Section 71)

- A company may issue debentures convertible or non-convertible. A company issuing debentures to more than 500 persons for subscription is required to appoint a Debenture Trustee.
 - A company issuing debentures should execute debenture trust deed not later than sixty days after the allotment of debentures.
 - No secured debentures can be issued with a redemption period beyond 10 years from the date of issue. However, a company engaged in setting up infrastructure projects can issue debentures which are redeemable not beyond thirty years from the date of issue.
 - A company (including manufacturing / infrastructure) issuing NCDs shall create Debenture Redemption Reserve (DRR) equivalent to 25% of the amount raised by the debenture issue before the debenture redemption commences.
 - No DRR is required for debentures issued by All India Financial Institutions and Banking Companies.
 - NBFCs registered under RBI Act shall create DRR of 25% for debentures issued through public issue. No DRR in case of privately placed debentures by them.
 - The company shall on or before 30th April each year invest or deposit a sum which is not less than 15% of the amount of its debentures maturing during the year ending 31st of March of the next year.
 - DRR shall not be utilised by the company except for the purpose of redemption of debentures.
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Chapter V

ACCEPTANCE OF DEPOSITS BY COMPANIES

- No company shall invite, accept or renew deposits from the public except eligible public companies in accordance with the provisions of the Act [Section 73(1)].
- Provisions of the Act for acceptance of deposits shall not apply to a banking company and a non-banking financial company [Section 73(1) proviso].

Acceptance of Deposits from members [Section 73(2)]

- A company (private and public) inviting deposits from its members shall:
 - (a) secure the approval of its members by a resolution passed at a meeting;
 - (b) comply with the provisions of the Companies (Acceptance of Deposits) Rules, 2014
 - (c) Issue a circular to its members showing:
 - (i) the financial position of the company;
 - (ii) credit rating obtained;
 - (iii) total number of depositors and amount due towards deposits in respect of any previous deposits accepted by the company.
 - (iv) other particulars, such as:
 - (a) type of deposit, whether secured or unsecured;
 - (b) objects of raising the deposit;
 - (c) extent of deposit insurance
- Various enhanced disclosures have been provided under the Companies (Acceptance of Deposits) Rules, 2014

Limit for acceptance of deposits from members

No company including a private company can accept deposits from its members in excess of 25% of the aggregate of its paid-up capital and free reserves.

Acceptance of deposits from public (Section 76)

- Eligible public companies (that is public companies having a networth of not less than Rs.100 crore or a turnover of not less than Rs.500 crore) and which has secured shareholders consent by passing a special resolution may accept deposits from the public by following the procedure as stated above for accepting deposits from its shareholders. It shall obtain rating from recognized credit rating agency every year during the tenure of deposits and inform such rating to the public.
- In case of secured deposits, the company should create charge on its assets within a period of thirty days of acceptance.

Limits for acceptance of deposits from public

- No eligible company can accept / renew:
 - (a) deposits from members exceeding 10% of its paid-up share capital and free reserves (outstanding at any point of time);
 - (b) deposits from public exceeding 25% of its paid-up share capital and free reserves (outstanding at any point of time).
- No government company can accept deposits in excess of 35% of its paid up share capital and free reserves (outstanding at any point of time)

Major conditions for acceptance of Deposits

- *Period* : Deposits not repayable in less than six months or more than thirty six months (may accept deposits repayable not earlier than three months upto 10% of paid up capital and free reserves of the company).
- *Rate of interest and brokerage* : Not exceeding a rate maximum permitted by RBI for acceptance of deposits by NBFC companies. The person authorised in writing by the company only can solicit deposits and be entitled to brokerage.
- *General* : In case of adverse change in credit rating, depositors will be given chance to withdraw deposits without any penalty.

Which are not exempted deposits? (Important Items)

- Application money or advance money received for subscription of securities, if securities are either not allotted within 60 days from the date of receipt of application money or refunded within 15 days from the completion of 60 days, such amount shall not be treated as exempt deposits.
- Amount received from a relative of a director is not an exempt deposit.

- Amount received from a member by a private company is not an exempt deposit.
- Any amount received as an advance for supply of goods or service unless they are appropriated against supply of goods and services within 365 days from the date of acceptance of such advance is not an exempt deposit.

Note: Any amount received by the company, whether in the form of instalments or otherwise from a person with promise or offer to give returns in cash or in kind on completion of a specified period with any additional contributions made by the company as part of such promise or offer shall be treated as a deposit. This explanation to clause (c) of sub-rule (1) of Rule 2 to the Companies (Acceptance of Deposits) Rules, 2014 has far reaching repercussions.

Deposits accepted before the Commencement of this Act

- Where a company has accepted deposits before April 1, 2014 and any amount or interest on such deposit remains unpaid on April 1, 2014, the company shall repay the same on or before March 31, 2015 or from the date on which such payments are due, whichever is earlier [Section 74(1)]. This condition shall not apply if the company complies with the requirements under the Companies Act, 2013 and the Rules and continues to repay the deposits and interest for the remaining period of such deposits. The company shall file by August 31, 2014 with the Registrar of Companies a statement of all deposits accepted by the company and sums remaining unpaid as on March 31, 2014 on such amount with interest thereon alongwith the arrangements made for such repayment.
 - In case of failure to make such repayment, if it is proved that the deposits had been accepted with intent to defraud the depositors or for a fraudulent purpose, every officer of the company who was responsible for accepting such deposits, shall be personally responsible without limitation of liability for all or any of the losses or damages that may have been incurred by the depositors. This is besides his liability under section 447, that is punishment for fraud (Section 75).
 - Further, class action suit, proceedings or other action may be taken by any person, group of persons or any association of persons, who had incurred loss as a result of the failure of the company to repay the deposits or part thereof or any interest thereon.
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Chapter VI

REGISTRATION OF CHARGES

- Every company creating or modifying a charge should register the charge with Registrar of Companies within 30 days.
 - If the company fails to register a charge, the charge holder may file the charge directly with Registrar of Companies.
 - Registrar of Companies may allow such registration to be made within 300 days of creation of charge on payment of additional fees.
 - Satisfaction of charge should be reported to Registrar of Companies within 30 days; similar to registration of charges Registrar of Companies may allow an additional period of 270 days on payment of additional fee.
 - Central government may allow further time beyond 300 days for filing of any charge for registration of charge or satisfaction of any charge.
 - The Register of Charges, instrument of charges etc. shall be open for inspection to any member or creditor of the company or any other person.
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Chapter VII

MANAGEMENT AND ADMINISTRATION

Register of Members etc. (Section 88)

- Every company shall keep and maintain (a) register of members and index thereof; (b) register of debentureholders and index thereof; and (c) register of any other security holders and index thereof.
- A company may, if so authorised by its articles, keep 'foreign register' containing the names and particulars of the members, debentureholders and other security holders or beneficial owners residing outside India.

Annual Return (Section 92)

- Every company shall prepare the annual return containing the following additional particulars as at the close of the financial year namely:
 - 1) its principal business activities;
 - 2) particulars of its holding, subsidiary and associate companies;
 - 3) its promoters, directors, key managerial personnel along with changes therein since the close of the last financial year;
 - 4) meetings of members or a class thereof, Board and its committees along with attendance details;
 - 5) remuneration of directors and key managerial personnel;
 - 6) penalty or punishment imposed on the company, its directors or officers and details of compounding of offences and appeals made against such penalty or punishment;
 - 7) details in respect of shares held by or on behalf of the Foreign Institutional Investors indicating their names, addresses, countries of incorporation, registration and percentage of shareholding held by them;
 - 8) Annual general meeting – various details;
 - 9) Turnover and networth of the company at the end of the financial year;

- 10) Shareholding of promoters with encumbrance details, if any;
- 11) Date-wise increase / decrease in the shareholding of (a) promoters; (b) directors and KMPs; (c) top ten shareholders (other than directors, promoters and holders of GDR/ADR);
- 12) Various other disclosures such as (a) particulars of forms / returns filed during the year; (b) particulars of inter-corporate loans, investments etc. (c) contracts or arrangements with related parties; (d) limits under section 180(1)(c) and section 186(2) of the Act; and (e) consolidation / sub-division of shares etc.

Signing of Annual Return

Annual return of every company except OPC and small company needs to be signed by a director and company secretary and where there is no company secretary it shall be signed by a practicing company secretary.

Certification of Annual Return

Annual return of a listed company and companies having a paid-up share capital of Rs. 10 crore or more and a turnover of Rs.50 crore or more shall be certified by a practicing company secretary stating that the annual return discloses the facts correctly and adequately and that the Company has complied with all the provisions of the Act.

Return for Change in Promoters' Stake (Section 93)

Every listed company shall file a return with the Registrar with respect to changes (increase or decrease of 2% or more) in the shareholding position of promoters and the top ten shareholders of such company in each case, within fifteen days of such change.

Annual General Meeting (Section 96)

- Every company other than OPC shall in each year hold a general meeting as its annual general meeting.
- Every annual general meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a National holiday. Therefore, annual general meeting can be held on a Sunday or a public holiday, which is not a National holiday.

Notice of General Meeting (Sections 101 and 102)

- A general meeting can be called by giving not less than clear twenty one days' notice either in writing or through electronic mode. The meeting can be called by giving a shorter notice with the consent in writing or by electronic mode, of not less than ninety five per cent of the members who are entitled to vote at such meeting.
- Notice of every meeting should be given to every director and auditors of the company.

- Nature of concern or interest, financial or otherwise of every director, manager and every other KMP and their relatives shall be given in the statement annexed to the notice.

Quorum for Meetings (Section 103)

- In case of a public company, the quorum for a general meeting shall be :
 - i) five members personally present if the number of members as on the date of the meeting is not more than one thousand;
 - ii) fifteen members personally present if the number of members as on the date of the meeting is more than one thousand but up to five thousand;
 - iii) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand.
- The Articles of a company may provide for a quorum of a larger number of members.
- In the case of a private company two members personally present shall be the quorum for a meeting.

Adjournment of Meeting (Section 103)

- In case of an adjourned meeting or of a change of day, time or place of meeting, the company shall give not less than three days' notice to the members either individually or by publishing an advertisement in the newspapers at the place where the registered office of the company is situated.

Chairman of meetings (Section 104)

- Articles of a company may provide that the Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company. If the Articles do not provide otherwise, the members personally present at the meeting shall elect one of themselves to be the Chairperson thereof.

Proxies (Section 105)

- A proxy shall not act on behalf of more than fifty members and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights.
- A member of a company registered with charitable objects cannot appoint any other person as his proxy unless such other person is also a member of such company.

Voting through electronic means (Section 108)

- Central Government has under Rule 20 of the Companies (Management and Administration) Rules, 2014 prescribed the procedure for e-voting by every listed company / a company having

not less than 1000 shareholders (effective 1st January 2015 this is mandatory).

- Notice of the meeting to be sent by (a) registered post or speed post or (b) through e-mail or (c) by courier.
- Notice to be placed on company's website, if any and website of the agency providing e-voting platform.
- E-voting to remain open for not less than one day and not more than three days; such voting period to be completed three days prior to the date of the general meeting.
- 'Record date' to be fixed for entitling shareholder to vote during e-voting period.
- Shareholders cannot change his vote subsequently once it is cast.
- Board of directors to appoint a scrutinizer to scrutinize e-voting process.
- Advertisement in newspapers has to be given five days before commencement of e-voting in a vernacular and English daily.
- Scrutinizer to unblock the votes after e-voting period in presence of two witnesses and to forward his report to Chairman not exceeding three working days from the conclusion of e-voting period.
- Chairman who presided over the general meeting to declare the combined voting results (that is results of e-Voting and results of voting taken place on poll at the meeting) based on scrutinizer's report and the resolutions set out in the notice shall be deemed to be passed as per the scrutinizer's report on the date of the meeting of the members.
- Results declared alongwith scrutinizer's report to be placed on company's website and e-voting service providing agency's website.

Demand for Poll (Section 109)

Poll can be demanded by members or proxy holding not less than 1/10th of the total voting power or holding shares on which not less than Rs.5 lakh is paid up.

Postal Ballot (Section 110)

A company, both listed and unlisted, other than OPCs and companies having members upto 200, shall transact such items of business as are set out under Rule 22 of the Companies (Management and Administration) Rules, 2014 or may transact any items of business, other than ordinary business and any business in respect of which directors or auditors have a right to be heard at any meeting by means of postal ballot. The resolution

passed by means of postal ballot shall be deemed to have been duly passed at a general meeting convened in that behalf.

Use of Electronic Means

- The Act recognises the service of documents, including notices for meetings (Board, general meeting, etc.); maintenance of records, registers and documents and inspection of records, registers and documents in electronic form and voting through electronic means.
- The Act also provides for participation in meetings through electronic mode and voting on resolutions through electronic means. Every listed company and a company having 1000 or more shareholders should provide facility for e-Voting.

Resolution requiring Special Notice (Section 115)

Where, by any provisions contained in the Act or in the Articles of Association of a company, special notice is required, notice of the intention to move such resolution shall be given to the company by member(s) holding not less than one percent of total voting power or holding shares on which an aggregate sum of not less than five lakh rupees has been paid up on the date of the notice.

Resolution and Agreements to be Filed (Section 117)

This section corresponds to section 192 of the Companies Act, 1956, which requires special resolutions and certain other resolutions passed by the shareholders should be filed with the Registrar of Companies. The 2013 Act additionally requires filing of all resolutions passed by the Board of Directors under section 179(3).

Minutes of General Meeting / Board Meeting (Section 118)

Every company shall observe secretarial standards with respect to General and Board meetings specified by the Institute of Company Secretaries of India and approved by the Central Government.

Report on Annual General Meeting (Section 121)

Every listed public company shall prepare and file with the Registrar of Companies, a report on each annual general meeting confirming that the meeting was convened, held and conducted as per the provisions of the Act and the rules made thereunder.

Chapter VIII

DECLARATION AND PAYMENT OF DIVIDEND

- Dividend can be declared out of profits after providing for depreciation. Depreciation as per Schedule-II to the Act is to be provided on the assets over its useful life [Section 123(1)].
- It is not mandatory to transfer certain percentage of profits to reserves account if a company declares dividend beyond a particular percentage.
- In the event of inadequate profits or absence of profits, a company may declare dividend out of its accumulated profits earned during the previous years and transferred to reserves, in accordance with the Companies (Declaration and Payment of Dividend) Rules, 2014 [Section 123(1) second proviso]. In particular, no company shall declare dividend unless carried over previous losses and depreciation not provided in previous years are set off against profit of the company for the current year.
- Dividend shall be declared or paid only out of free reserves of a company [Section 123(1) third proviso].
- No dividend can be declared if there is default in connection with acceptance / repayment of deposits and such default continues.
- The Board of directors of a company may declare interim dividend during any financial year out of the surplus in the Profit and Loss Account as well as profits of the financial year in which such interim dividend is sought to be declared. In case, the company has incurred a loss in the current financial year up to the end of the quarter immediately preceding the date of the declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average of dividends declared by the company during the immediately preceding three financial years [Section 123(3)].
- The company shall within ninety days of making any transfer to the Unpaid dividend account, prepare a statement containing names, their last known addresses and the unpaid dividend to be paid to each person and place it on the web-site of the company and also on any other web-site approved by the Central Government for this purpose [Section 124(2)].

- Monies transferred to the Unpaid Dividend Account remaining unclaimed or unpaid for a period of seven years from the date of such transfer, shall be transferred to the Investor Education and Protection Fund (IEPF) [Section 124(5)].
 - All shares in respect of which unpaid or unclaimed dividend has been transferred to IEPF shall also be transferred by the company in the name of IEPF. Any claimant of shares transferred to IEPF shall be entitled to claim the transfer of shares from IEPF in accordance with such procedure and on submission of such documents as may be prescribed [Section 124(6)].
 - The persons whose monies were transferred to IEPF shall be entitled to get refund out of the Fund on a claim made to the Fund [Section 125(3)].
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Chapter IX

ACCOUNTS OF COMPANIES

Books of Account etc. to be kept by Company (Section 128)

- Books of account and other relevant papers and financial statement may be kept in electronic mode.
- Any director may inspect books of account at the registered office during business hours; copies of any financial information maintained outside the country shall also be produced for inspection.
- The inspection in respect of any subsidiary of the company shall be done only by the person authorised by a resolution of the Board of directors.

Financial Statement (Section 129)

- The financial statement of a company shall give a true and fair view of the state of affairs of the company or companies, comply with the accounting standards notified under section 133 of the Act and shall be in the form specified in Schedule III to the Act. The items contained in the financial statements shall be in accordance with the accounting standards. Financial statements shall include any notes or documents annexed or attached thereto, giving information required to be given by the Act and allowed by the Act to be given in the form of such notes or documents [Section 129(1)].
- The financial statements for every year shall be laid before the annual general meeting of the company by the Board of Directors [Section 129(2)].
- Where a company has one or more subsidiaries, it shall prepare a consolidated financial statement of the company and of all the subsidiaries in the same form and manner as that of the holding company, which shall also be laid before the annual general meeting [Section 129(3)]. The company shall also attach alongwith its financial statement, a separate statement containing the salient features of the financial statement of its subsidiaries.
- Board of directors and shareholders shall approve consolidated financial statements (CFS) as well. CFS is necessary at each level of holding company and subsidiary company.

- The company shall disclose in its financial statements, the deviation, if any, from the accounting standards, the reasons for such deviation and the financial effects, if any, arising out of such deviation [Section 129(5)].
- Financial statement shall be signed on behalf of the Board by:
 - (a) Chairperson alone if authorised by the Board; or
 - (b) Two directors out of which one to be managing director and CEO if he is a director; and
 - (c) CFO and company secretary wherever they are appointed.

In case of OPC, the financial statement may be signed only by one director.

Depreciation – (Schedule II)

- Depreciation should be provided on an asset depending upon its useful life and no separate rate of depreciation is prescribed in the Act.
- The tenure of useful life of the respective assets has been prescribed in Schedule-II to the Act.

Reopening of Accounts on Court's or Tribunal's Orders (Section 130)

- A company shall not reopen its books of account and not recast its financial statements, unless an order in this regard is made by a court of competent jurisdiction or Tribunal to the effect that :
 - (i) the relevant earlier accounts were prepared in a fraudulent manner; or
 - (ii) the affairs of the company were mis-managed during the relevant period, casting a doubt on the reliability of financial statements.
- The Court or the Tribunal shall give notice to the central government, the income tax authorities, SEBI or any other statutory regulatory authority and shall take into consideration the representation if any made by such regulatory authorities before passing any order.
- The revised or re-cast accounts shall be final.

Voluntary Revision of Financial Statements or Board's Report (Section 131)

- If it appears to the directors of a company that the company's financial statement or the Board's report, are not in compliance with the provisions of the Act, they may prepare revised financial statement or a revised report in respect of any of the three preceding financial years after obtaining approval of the Tribunal.

Such revised financial statement or report shall not be prepared or filed more than once in a financial year.

- The Tribunal shall give notice to the central government and income tax authorities and consider representations, if any, made by them.
- The detailed reasons for the revision of the financial statement or report shall also be disclosed in the Board's report in the relevant financial year in respect of which such revision is made.

National Financial Reporting Authority (NFRA)(Section 132)

NFRA, constituted by the Central Government, shall make recommendations to the Central Government on accounting and auditing standards. It shall monitor and enforce quality of service of chartered accountants. It shall have powers of quasi-judicial for adjudication of such professionals for misconduct. No other institute or body can initiate or continue proceedings in such matters of misconduct in which NFRA has initiated investigation.

Accounting Standards [Section 2(2) read with Section 133]

The Central Government may prescribe the accounting standards or any addendum thereto, as recommended by the Institute of Chartered Accountants of India, in consultation with and after examination of the recommendations made by NFRA.

Board's Report etc. (Section 134)

The Board of directors in its report shall include:

- i) extract of the annual return;
- ii) number of meetings held of the Board;
- iii) director's Responsibility Statement;
- iv) a statement on declaration given by independent directors;
- v) company's policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;
- vi) explanation or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report and by the Company Secretary in the secretarial audit report;
- vii) particulars of loans made, guarantees given or investments in securities by the company;
- viii) particulars of contracts or arrangements with related parties in a prescribed form alongwith the justification for entering into such contract or arrangement;

- ix) the state of the company's affairs;
- x) the amounts, if any, proposed to be carried to any reserves in such balance sheet;
- xi) the amount, if any, recommended to be paid by way of dividend;
- xii) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relates and the date of the report;
- xiii) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as prescribed;
- xiv) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;
- xv) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;
- xvi) in case of a listed company and every other public companies having a paid-up share capital of Rs.25 crore shall include in Board's report, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its own performance and that of its committees and individual directors;
- xvii) composition of CSR committee. If the company fails to spend the amount designated for the CSR activities, the reasons for not spending the amount (Section 135);
- xviii) disclosure as to re-appointment of an independent director for a second term of 5 years [Section 149(10)];
- xix) in case of listed companies, the ratio of the remuneration of each director to the median employees' remuneration [Section 197(12)];
- xx) detailed reasons for revision, if any, of the financial statement or Board's report [Section 131(1) third proviso];
- xxi) details of establishment of vigil mechanism for directors and employees [Section 177(10)];
- xxii) a separate section wherein a report on the performance and financial position of each of the subsidiaries, associate and joint venture companies;
- xxiii) resignation of directors [Section 168(1)];
- xxiv) any remuneration or commission received from any holding company or subsidiary by a MD/WTD [Section 197(14)];

- xxv) the composition of an audit committee and where the Board had not accepted any recommendations of the audit committee, the same shall be disclosed with reasons therefor;
- xxvi) financial summary highlights;
- xxvii) change in the nature of business, if any;
- xxviii) details of directors or KMPs who were appointed or have resigned during the year;
- xxix) names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year;
- xxx) details relating to deposits covered under Chapter-V of the Act;
- xxxi) details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

Directors' Responsibility Statement [Section 134(3)(c) and (5)]

- The Directors' Responsibility Statement included in the Board's report shall state that:
 - a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
 - b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
 - c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting the fraud and other irregularities;
 - d) the directors had prepared the annual accounts on a going concern basis;
 - e) *the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal controls are adequate and were operating effectively; and
 - f) *the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

* Items added in the Companies Act, 2013.

Corporate Social Responsibility (Section 135)

- Every company having networth of Rs. 500 crore or more or turnover of Rs.1000 crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility (CSR) Committee consisting of three or more directors, out of which at least one shall be an independent director. An unlisted public company or a private company which is not required to appoint an independent director under the provisions of the Act, shall have its CSR Committee without such director. The CSR Committee shall formulate and recommend to the Board a corporate social responsibility policy and the expenditure to be incurred on such activities.
- The Board of such a company shall ensure that the company spends in every financial year at least 2% of average net profits of a company made during three immediately preceding financial years in pursuance of its CSR policy. If a company fails to spend such amount, the Board shall specify reasons for not spending the amount in its report. The Board's report shall also disclose the composition of the CSR Committee and the CSR Policy. The CSR policy shall also be placed on the website of the company.
- The company shall give preference to local areas where it operates, for spending the amount earmarked for CSR activities.

Internal Audit (Section 138)

- Following class of companies should appoint an internal auditor or a firm of internal auditors:
 - (a) every listed company;
 - (b) every unlisted public company having paid-up capital of Rs. 50 crore or more;
 - (c) every unlisted public company having turnover of Rs. 200 crore or more or outstanding borrowings from banks, public financial institutions exceeding Rs.100 crore or outstanding deposits of Rs. 25 crore or more; and
 - (d) every private company having turnover of Rs.200 crore or more or outstanding loans and borrowings from banks or public financial institutions exceeding Rs.100 crore or more.
 - The internal auditor may or may not be an employee of the company.
 - The companies covered under any of the prescribed criteria shall comply with the requirement of this section by September 30, 2014.
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Chapter X

AUDIT AND AUDITORS

Appointment of Auditors – Financial Audit

- An auditor appointed by a company at the first annual general meeting shall hold office from the conclusion of that meeting till the conclusion of the sixth annual general meeting. The company shall place the matter relating to such appointment for ratification by members at every annual general meeting [Section 139(1)].
- No listed company or (a) unlisted public company with paid-up capital of Rs.10 crore or more; (b) all private companies with paid up capital of Rs.20 crore or more; and (c) all companies having public borrowings from financial institutions, banks or public deposits of Rs.50 crore or more (excluding one person company and small company) shall appoint or reappoint an individual as auditor for more than one term of five consecutive years or an audit firm as auditors for more than two terms of five consecutive years. The said individual or audit firm shall be eligible for reappointment as auditor in the same company after a lapse of five years from the completion of such term. The period for which he or it has been holding office as auditor prior to April 1, 2014 shall be taken into account in calculating the period of five consecutive years or ten consecutive years, as the case may be [Section 139(2)].
- Every company shall comply with the said requirements within three years from April 1, 2014 [Section 139(2) second proviso].
- The incoming auditor or audit firm shall not be eligible if such auditor or audit firm is associated with the outgoing auditor or audit firm under the same net work of audit firms.
- The members of the company may resolve that (a) in the audit firm appointed by it, the auditing partner and his team shall be rotated every year; and (b) the audit shall be conducted by more than one auditor [Section 139(3)].
- Where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company.
- Audit committee should recommend appointment of auditors including casual vacancy.

Resignation / Removal of Auditors

- Auditor resigning from a company should file within 30 days a statement in prescribed form with the company and Registrar of Companies stating reasons and facts for resigning [Section 140(2)].
- A company should pass a special resolution with prior approval of the Central Government for removing its auditors before expiry of his term [Section 140(1)].
- Tribunal may *suo moto* on reference by central government / application by any person concerned direct the company to change auditors, if the auditor has acted fraudulently.

Auditors' Report (Section 143)

- Auditors' report shall state certain additional matters to the shareholders, namely:
 - (a) whether he has sought and obtained all information and explanations for the purpose of audit and if not details thereof and effect thereof on financial statements;
 - (b) the observations / comments of the auditors on financial transactions or matters which have adverse effect on the functioning of the company;
 - (c) whether the company has adequate internal financial controls system in place and the operating effectiveness of such control;
 - (d) whether the company has disclosed the impact, if any, of pending litigations;
 - (e) whether the company has made provisions, as required under any law or accounting standards for material foreseeable losses, if any, on long term contracts including derivative contracts;
 - (f) whether there has been any delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.
- Unqualified auditors' report need not be read out at the annual general meeting.

Reporting of Frauds by Auditors

In case, the auditor including the cost auditor and secretarial auditor, in the course of performance of his duties, has sufficient 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 report the matter to the central government immediately. The auditor shall forward his report to the Board or the audit committee, as the case may be seeking its comments / explanation.

Auditors not to Render certain Services (Section 144)

- Following services shall not be rendered to the company, its holding company or subsidiary company by the auditors, namely:
 - (a) Accounting and book keeping services;
 - (b) Internal audit;
 - (c) Design and implementation of any financial information system;
 - (d) Actuarial services;
 - (e) Investment advisor / investment banking services;
 - (f) Rendering of outsourced financial services;
 - (g) Management services.

Cost Audit (Section 148)

The Board of directors of a company can appoint cost auditors wherever conduct of cost audit is mandatory. The remuneration of cost auditors shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders.

Chapter XI

APPOINTMENT AND QUALIFICATIONS OF DIRECTOR

Board of Directors

- Minimum two directors in a private company, three directors in a public company and one director in a OPC are required.
- A company can have a maximum of 15 directors. It may appoint more than 15 directors after passing a special resolution [Section 149(1)(b) and first proviso].
- Every listed company and other public companies having a paid up share capital of Rs.10 crore or more or public company having a turnover of Rs.100 crore or more or public companies having outstanding loans or borrowings exceeding Rs.50 crore to have at least 1/3rd of the total number of directors and not less than two directors as independent directors by March 31, 2015 [Section 149(4) read with Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014]. Any intermittent vacancy of an independent director should be filled up at the next Board meeting or three months from the date of such vacancy, whichever is later.
- Every listed company and every other public company having a paid up share capital of Rs.100 crore or more or turnover of Rs.300 crore or more shall appoint, by March 31, 2015, at least one woman director who need not be an independent director. Companies incorporated under the Act and required to appoint a woman director shall appoint at least one woman director within six months from the date of its incorporation [Section 149(1) read with Rule 3 of the Companies (Appointment and Qualifications of Director) Rules, 2014]. Any intermittent vacancy of a woman director shall be filled up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Note: A listed public company, whose shares are listed on a stock exchange should appoint requisite number of independent directors and woman director by September 30, 2014 as per clause 49 of the Listing Agreement with Stock Exchanges.

- All companies including private companies, effective April 1, 2014,

must have at least one director who has stayed in India for a minimum period of 182 days during the previous calendar year. Therefore, on a proportionate basis, the number of days for which the director(s) would need to be resident in India, during calendar year 2014 should exceed 136 days. Newly incorporated companies after 1st April 2014 should have the resident director from the date of incorporation for complying with the new requirements.

Independent Director

- Independent director has been defined exhaustively under Section 149(6). Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year give a declaration that he meets with the criteria for independence as provided in the section [Section 149(7)].
- An independent director shall not be entitled to any remuneration other than sitting fee, reimbursement of expenses for participating in the Board and other meetings and profit related commission as may be approved by the members [Section 149(9)].
- An independent director shall hold office for a term upto 5 consecutive years on the Board but shall be eligible for reappointment for another 5 years on passing a special resolution by the company [Section 149(10)].
- No independent director shall hold office for more than two consecutive terms but shall be eligible for appointment after expiration of three years on ceasing to be an independent director. The independent director shall not, during the said three years be appointed in or associated with the company in any other capacity [Section 149(11)].
- Any tenure of an independent director as on April 1, 2014, shall not be counted as a term for the purposes of this requirement [Section 149(11) explanation].
- Independent director is not liable to retire by rotation. He should be excluded while computing directors retiring by rotation in every annual general meeting.
- Nominee director appointed by any financial institution or pursuant to any agreement or appointed by the government to represent its shareholding shall not be deemed to be an independent director [Section 149(7) explanation].
- The independent directors shall abide by the code set out in accordance with Schedule-IV to the Act.
- The appointment of independent directors under the Act would need to be formalized through a letter of appointment.

- As per clause 49 of the listing agreement, a person who has already served as an independent director for five years or more in a company as on 1st October 2014, he shall be eligible for appointment on completion of his present term, for one more term upto five years only.

Appointment of Director by Small Shareholders (Section 151)

- A listed company may have one director elected by small shareholders (that is shareholders holding shares of nominal value of not more than Rs. 20,000).
- A listed company may opt to have a director representing small shareholders *suo moto*. The small shareholder director is not liable to retire by rotation, cannot hold office for more than three consecutive years, shall meet with the criteria of independence under section 149(6) of the Act and shall not hold position as small shareholder director in more than two companies at the same time.

Additional / Alternate Director / Director in Casual Vacancy

- Board cannot appoint a person as additional director who fails to get elected in a general meeting [Section 161(1)]. Additional director appointed by the Board shall hold office upto the date of the next annual general meeting.
- Alternate director for a director cannot act as alternate director for another director [Section 161(2)].
- Alternate director for an independent director should be qualified for appointment as an independent director [Section 161(2) proviso].
- In the case of a public company, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled by the board at a meeting of the Board of directors.

Number of Directorship (Section 165)

- No person shall hold office as a director including any alternate directorship in more than 20 companies (including private companies and section 8 companies) at the same time and he shall not be appointed as director in more than ten public companies. Directorship in companies incorporated outside India to be excluded from the above limit [Section 165(1)]. As per clause 49 of the Listing Agreement, a person shall not serve as an independent director in more than seven listed companies. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than three listed companies.

- The members may by a special resolution specify any lesser number of companies beyond which a director of the company shall not act as director [Section 165(2)].
- No person shall act as director in more than the specified number of companies after March 31, 2015 and shall intimate each of the companies and Registrar having jurisdiction in respect of each such company about his resignation as a director in the companies [Section 165(3)].
- Resignation of a director for compliance with the limits stipulated in the Act, is effective immediately on despatch of letter of resignation.

Duties of Directors (Section 166)

- The Act provides for various duties of directors, namely:
 - (a) A director of a company shall act in accordance with the company's articles.
 - (b) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole and in the best interests of the company, its employees, the shareholders, the community and the environment.
 - (c) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgement.
 - (d) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts or possibly may conflict, with the interest of the company.
 - (e) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or his relatives, partners or associates.
 - (f) A director of a company shall not assign his office and any assignment so made shall be void.

Resignation of Director (Section 168)

- The Board of directors shall take note of the resignation of a director and intimate the Registrar and report in the Board's report and also post the information on its website, if any.
- The director resigning shall also forward a copy of his resignation along with detailed reasons for the resignation to the Registrar.
- The resignation of a director shall take effect from the date on which the notice is received by the company or the date if any specified by the director in the notice, whichever is later.

Removal of Director (Section 169)

Special notice shall be required of any resolution to remove a director or appoint somebody in place of a director so removed. Special notice to remove a director shall be given by members having not less than 1% of the total voting power or holding shares on which an aggregate sum of not less than Rs. 5 lakhs has been paid up on the date of the notice.

Register to be kept open at Annual General Meeting

Register of directors and key managerial personnel and their shareholding maintained under section 170 and register of contracts or arrangements in which directors are interested maintained under section 189 shall be kept open for inspection at annual general meeting of the company and shall be made accessible to any person attending the meeting.

Chapter XII

MEETINGS OF BOARD AND ITS POWERS

Meetings of Board (Section 173)

- Minimum four board meetings shall be held every year, with a gap of not more than one hundred twenty days between two consecutive meetings [Section 173(1)].
- Participation in meetings through video conferencing or other audio visual means is permissible and such participation shall be counted for the purpose of quorum [Section 173(2)]. Approval of annual financial statements, board's report, approval of prospectus and approval of matters relating to amalgamation, merger, demerger, acquisition and takeover shall not be dealt with through video conferencing or other audio visual means.
- Notice of not less than seven days' to be given for each board meeting [Section 173(3)].
- Meeting may be called at shorter notice provided at least one independent director is present at the meeting [Section 173(3) proviso]. In case of absence of independent directors from such a meeting, decisions taken at such a meeting shall be circulated to the directors and shall be final only on ratification thereof by at least one independent director, if any.
- OPC, small company and a dormant company to hold at least one Board meeting in each half of calendar year with a gap of not less than ninety days between the two meetings [Section 173(5)].

Quorum for meetings of Board (Section 174)

- The quorum for a meeting of the Board of directors of a company shall be one-third of its total strength or two directors, whichever is higher and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purpose of quorum for meetings of the Board. Following matters shall not be dealt with in any meeting held through Video Conferencing or other audio visual means:
 - (a) the approval of the annual financial statements (b) the approval of the Board's report (c) the approval of the Prospectus (d) the Audit Committee meetings for consideration of accounts and (e) the

approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.

Resolution by Circulation (Section 175)

- Where not less than one-third of the Board requires that any resolution proposed to be passed by circulation should be decided at a meeting, the Chairman shall put the resolution to be decided at a meeting of the Board. The resolution by circulation should be noted at a subsequent meeting of the Board or the committee thereof and made part of the minutes of such meeting.

Audit Committee (Section 177)

- The Board of directors of every listed company and every other public company having paid-up capital of Rs. 10 crore or more, or turnover of Rs.100 crore or more or having in aggregate outstanding loans or borrowings or debentures or deposits exceeding Rs. 50 crore or more shall constitute an audit committee.
- The audit committee shall consist of a minimum of three directors with independent directors forming majority. The audit committee of a company shall be constituted by March 31, 2015.
- Every audit committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include:
 - (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
 - (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - (iii) Examination of the financial statement and the auditors' report thereon;
 - (iv) Approval or any subsequent modification of transactions of the company with related parties;
 - (v) Scrutiny of inter-corporate loans and investments;
 - (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
 - (vii) Evaluation of internal financial controls and risk management systems;
 - (viii) Monitoring the end use of funds raised through public offers and related matters.

Note : Public companies whose shares are listed should also adhere to the requirements set out under Clause 49 of the Listing Agreement.

Vigil Mechanism

- Every listed company and other companies which accept deposits from public, the companies which have borrowed monies from banks and public financial institutions in excess of Rs.50 crore

shall establish a vigil mechanism for directors and employees to report genuine concerns.

- Details of such mechanism should be disclosed on company's website and Board's report.
- The vigil mechanism to provide for adequate safeguards against victimisation of persons who use such mechanism and for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases [Section 177(9) and (10)].

Nomination and Remuneration Committee (Section 178)

- Every listed company and every public company having a paid up share capital of Rs.10 crore or more, turnover of Rs.100 crore or more or having in aggregate outstanding loans or borrowings or debentures or deposits exceeding Rs.50 crore or more, to constitute Nomination and Remuneration Committee comprising three or more non-executive directors out of which not less than one-half should be independent directors.
- Terms of reference and duties of the said Committee include:
 - (a) To identify persons who are qualified to become directors or who may be appointed in senior management, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
 - (b) to formulate the criteria for determining qualifications, positive attributes and independence of a director;
 - (c) to recommend to the board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

Stakeholders' Relationship Committee [Section 178]

A company having more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship committee and the chairperson of the said committee shall be a non-executive director. The Stakeholder Relationship committee shall consider and resolve the grievances of security holders of the company.

Powers of the Board (Section 179)

- The Board shall exercise the following powers by means of resolutions passed only at its meetings:
 - (a) To make calls on shareholders in respect of money unpaid on their shares
 - (b) To authorise buy-back of securities.
 - (c) To issue securities including debentures, whether in India or outside India
 - (d) To borrow monies*
 - (e) To invest the funds of the company*

- (f) To grant loans or give guarantee or provide security in respect of loans*
- (g) To approve financial statement and Board's report
- (h) To diversify the business of the Company
- (i) To approve amalgamation, merger or reconstruction
- (j) To takeover a company or acquire a controlling or substantial stake in another company
- (k) To make political contributions
- (l) To appoint or remove KMP
- (m) To take note of appointments or removals of any one below KMP
- (n) To appoint Internal Auditors and Secretarial Auditors
- (o) To adopt Common Seal
- (p) To take note of the disclosure of Directors' interest and shareholding
- (q) To buy, sell investments held by the company (other than trade investments) constituting 5% or more of the paid-up share capital and free reserves of the investee company
- (r) To invite or accept or renew public deposits and related matters
- (s) To review or change the terms and conditions of public deposits
- (t) To approve quarterly, half-yearly and annual financial statements of financial results
- (u) To fill casual vacancy in the Board [Section 161(4)]
- (v) To enter into contract(s) with related parties (Section 188)
- (w) To appoint MD / WTD / Manager (Section 203)

* *Board may delegate to any committee of directors, managing director, manager or any other principal officer of the company.*

Restrictions on Powers of Board (Section (180))

The Board of directors of a company shall exercise the following powers only with the consent of the members by a special resolution, namely:

- (a) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company;
- (b) to invest otherwise in trust securities the amount of compensation received by a company as a result of merger or amalgamation.
- (c) to borrow money in excess of its paid-up share capital and free reserves;
- (d) to remit or give time for repayment of any debt due from a director.

Note: The expressions 'undertaking' and 'substantially the whole of the undertaking' have been defined in section 180 of the Act.

Loans to Directors etc. (Section 185)

- No company shall, directly or indirectly, advance any loan to any of its directors (except MD / WTD) or to any person in whom the director is interested. The members of the company should approve by passing a special resolution for giving any loan to MD / WTD and it is part of his service conditions.
- Loan transactions between private companies which have a common director or where a director of one company is a member of the other are not permitted.
- Providing loans in the ordinary course of business of the company is allowed and interest on the loan should not be less than the bank rate.
- The Rules under the Act permit the following:
 - (a) A holding company may give loan or guarantee or provide security in connection with a loan to its wholly owned subsidiary company.
 - (b) A holding company may give guarantee or provide security in respect of loan made by any bank or financial institution to its subsidiary where loans so obtained are exclusively utilized by the subsidiary for its principal business activities.

Loans and Investment by Company (Section 186)

- A company can, unless otherwise prescribed, make investment through not more than two layers of investment companies.
- No company shall directly or indirectly give any loan to any person or body corporate, give any guarantee or provide security in connection with a loan to any other body corporate or person and acquire securities of any body corporate in excess of 60% of its paid-up share capital, free reserves and securities premium or 100% of its free reserves and securities premium whichever is more. Proposals in excess of the aforesaid limits require prior approval of shareholders by passing a special resolution except in case of loan / guarantee / security by a company to its wholly owned subsidiary or a joint venture company and acquisition of securities by a holding company of its wholly owned subsidiary. Proposals within the aforesaid limits can be sanctioned by the Board of directors with the consent of all directors present at the meeting.
- The company to disclose in the financial statements full particulars of loans given, investment made or guarantee given or security

provided and the purpose for which the loan / guarantee / security to be utilised by the recipient.

- Rate of interest on the loans shall not be lower than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan.
- Separate carve-outs are provided for exempting the companies (a) for the purpose of giving loans/guarantees/securities and (b) for the purpose of investment in securities.

Investments of company to be held in its own name (Section 187)

- All investments made or held by a company in any property, security or other asset shall be made and held by it in its own name; provided that the company may hold any shares in its subsidiary company in the name of any nominees, if it is necessary to do so, to ensure that the number of members of the subsidiary company is not reduced below the statutory limit.
- Nothing in this section shall be deemed to prevent a company from holding investments in the name of a depository when such investments are in the form of securities held by the company as a beneficial owner. In such cases, the company shall maintain a register containing such particulars as prescribed.

Related Party Transactions (Section 188)

- Related party transactions are to be approved by a resolution passed at a meeting of the Board.
- Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- Except with the prior approval of the company by a special resolution:
 - (i) a company having a paid-up share capital of ten crore rupees or more shall not enter into a contract or arrangement with any related party; or
 - (ii) a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into:
 - (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below:
 - (i) sale, purchase or supply of any goods or materials directly or through appointment of agents, exceeding twenty five percent of the annual turnover as

mentioned in clause (a) and clause (e) respectively of sub-section(1) of section 188;

- (ii) selling or otherwise disposing of, or buying property of any kind directly or through appointment of agents exceeding ten percent, of net worth as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property of any kind exceeding ten percent of the net worth or exceeding ten percent of turnover as mentioned in clause (c) of sub-section (1) of section 188;
 - (iv) availing or tendering of any service directly or through appointment of agents exceeding ten percent of the net worth as mentioned in clause (d) and clause (e) of sub-section (1) of section 188.
- (b) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or
- (c) remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.
- Member who is a related party cannot to vote on such special resolution.
 - In case of related party transactions between a holding company and its wholly owned subsidiary, the special resolution would be required to be passed by the shareholders of the holding company.
 - However, the aforesaid provisions shall not apply to transactions entered into by a company in its ordinary course of business other than transactions which are not on arm's length basis.

Note:

- (1) A listed company whose shares are listed on a stock exchange should comply with the conditions stipulated under clause 49 of the Listing Agreement.
- (2) MCA has clarified that transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 1956 / Companies Act, 2013, will not attract the requirements of section 188 of the 2013 Act.

- (3) Contracts entered into by companies, after making necessary compliances under section 297 of the Companies Act, 1956 which already came into effect before commencement of section 188 of the 2013 Act, will not require fresh approval under section 188 till the expiry of the original term of such contracts if there is no modification in such contracts on or after April 1, 2014.

Contract of employment with managing and whole-time directors (Section 190)

- Every company shall keep at its registered office, a copy of the contract of service with its managing / whole-time director or a written memorandum setting out its terms.
- The copies of the contract or the memorandum shall be open to inspection by any member of the company.

Restriction on Non-cash Transactions involving Directors (Section 192)

Non-cash transactions or arrangement involving directors of the company or its holding, subsidiary or associate company will require prior approval of the company in general meeting – value of assets to be calculated by registered valuer.

Prohibition on Forward Dealings (Section 194)

- No director or key managerial personnel can do forward dealings in securities of the company, its holding, subsidiary or associate company.
- If the director or KMP contravenes this stipulation, he shall be punishable with imprisonment upto 2 years or fine upto five lakh rupees or with both.
- If a director or KMP acquires any securities in contravention of this section, he shall be liable to surrender the securities to the company; in case securities are in demat form, the company should inform the Depository not to record such acquisition and the securities will continue to remain in the names of the transferors.

Prohibition of Insider Trading of Securities (Section 195)

- No person including any director or key managerial personnel of a company shall enter into insider trading.
 - If any person contravenes the provisions, the person concerned shall be punishable with imprisonment extending to five years or fine up to Rs. 25 crore or three times the amount of profit made out of insider trading, whichever is higher or with both.
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Chapter XIII

APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

Appointment of Managing Director, Whole-time Director or Manager (Section 196)

- Appointment or re-appointment of managing director (MD) or whole-time director (WTD) or manager shall be for a term not exceeding five years at a time [Section 196(2)]. The re-appointment cannot be earlier than one year before expiry of the present term.
- A person below twenty-one years of age cannot be appointed as a managerial personnel. The appointment or continuation as managerial personnel of a person above seventy years of age shall require approval of the company by a special resolution [Section 196(3)].
- Appointment and remuneration payable to MD / WTD / Manager requires Board of directors' approval at a meeting and approval of shareholders by passing an ordinary resolution (unless the articles provide for a special resolution) at the next general meeting.
- Section 197 of the Act read with schedule V provides the terms and conditions of appointment and remuneration of managerial personnel
- Central Government approval will be required if the company is having inadequate or no profits and the appointment and remuneration payable are at variance with the conditions specified in Schedule V of the Act [Section 196(4)].

Managerial Remuneration (Section 197)

- Total remuneration payable by a public company to its directors including MD / WTD / Manager in any financial year not to exceed 11% of its net profits. The remuneration to directors in excess of 11% can be paid with the approval of central government.
- Sitting fee payable to a director shall not exceed rupees one lakh per meeting of the Board or committee thereof [Section 197(5) read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]. Sitting fee payable to independent directors and woman director shall not be less than the sitting fee payable to other directors.

- Independent director shall not be entitled to any stock option and may receive remuneration only by way of commission on net profits of the company or fees for attending meetings of the Board or committee thereof [Section 197(7)].
- Premium paid for any insurance taken by a company to indemnify key managerial personnel against any liability in relation to the company, shall not be treated as part of the remuneration payable to such personnel, so long as such person is not proved guilty [Section 197(13)].
- A managing director or whole-time director who is receiving commission from a company, may receive remuneration or commission from any holding company or subsidiary company of such company subject to disclosure in Board's report [Section 197(14)].
- The company to recover from past and present MD / WTD / Manager or CEO excess remuneration paid (including stock option), if any, consequent to re-statement of financial statements due to fraud or non-compliance with any requirement under the Act.

Appointment of Key Managerial Personnel (Section 203)

- Every listed company and every other public company having a paid up share capital of Rs. 10 crore or more shall have a whole-time:
 - i) managing director or chief executive officer or manager and in their absence, a whole-time director;
 - ii) *company secretary; and
 - iii) chief financial officer
- Unless the articles of a company provide otherwise, an individual shall not be the chairperson as well as the managing director or chief executive officer of the company at the same time. This requirement shall not apply to a company which is not carrying on multiple business. The condition that an individual shall not be appointed or reappointed as the chairperson of the company as well as the managing director or chief executive of the company, at the same time shall not apply to public companies having paid up share capital of rupees one hundred crore or more and annual turnover of rupees one thousand crore or more which are engaged in multiple businesses and have appointed chief executive officer (who need not be a member of the Board) for each such business.
- A whole-time key managerial personnel shall not hold office in

* Public company having a paid-up share capital of five crore rupees or more shall have a whole time Company Secretary.

more than one company except in its subsidiary company at the same time. However, a whole-time key managerial personnel can be a director simplicitor of any company with the permission of the Board [Section 203(3)].

- A whole-time key managerial personnel holding office in more than one company at the same time on April 1, 2014, shall on or before September 30, 2014, choose one company, in which he wishes to continue to hold the office of key managerial personnel. However, managing director/manager of a company may be appointed as managing director of not more than one other company with the unanimous board approval of the company appointing him as managing director as also consent of the Board of the company in which he is already a managing director [Section 203(3)].
- Any vacancy in the office of a whole-time key managerial personnel shall be filled by the Board at a meeting of the Board within six months from the date of such vacancy [Section 203(4)].

Secretarial Audit (Section 204)

- Every listed company and every public company having a paid up share capital of Rs. 50 crore or more or every public company having a turnover of Rs. 250 crore or more shall annex with Board's report, secretarial audit report given by a company secretary in practice.
- The Board of directors, in its report, shall explain in full any qualification or observation or other remarks made in the secretarial audit report.

Functions of the Company Secretary (Section 205)

The Act provides functions of company secretary namely:

- to report to the Board about compliance with the provisions of the Act, Rules made thereunder and other laws applicable to the company.
- to comply with applicable secretarial standards.
- to provide to the directors of the company, collectively and individually, such guidance as they may require, with regard to their duties, responsibilities and powers.
- to facilitate the convening of meetings and attend Board, committee and general meetings and maintain the minutes of these meetings.
- to obtain approvals from the Board, general meetings, the government and such other authorities as required under the provisions of the Act.

- to represent before various regulators and other authorities under the Act in connection with discharge of various functions under the Act.
 - to assist the Board in the conduct of the affairs of the company.

 - to assist and advise the Board in ensuring good corporate governance and in complying with the corporate governance requirements and best practices;
 - to discharge such other duties as have been specified under the Act or Rules.
 - such other duties as may be assigned by the Board from time to time.
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Chapter XIV

INSPECTION, INQUIRY AND INVESTIGATION

Inspection (Section 206)

- The Central Government may direct Registrar of Companies to carry out inquiry upon representation received that the business of a company is carried on for unlawful / fraudulent purpose.
- The Central Government may by an order authorise any statutory authority to carry out inspection of books of account of a company.

Search and Seizure (Section 209)

- Registrar or inspector after obtaining an order from Special Court may search and seize the books and papers of a company or those relating to the KMPs or any director or auditor or company secretary in practice.

Investigation (Section 210)

- The Central Government may order an investigation into the affairs of a company in public interest.

Serious Fraud Investigation Office (SFIO)

- The Central Government shall establish SFIO office to investigate frauds relating to a company [Section 211(1)]. It may order an investigation by SFIO on request from any department of the Central Government / State Government [Section 212(1)].
- No other investigating agency of the Central Government or State Government shall proceed with investigation for any offence under the Companies Act, where any case has been assigned by Central Government to SFIO for investigation [Section 212(2)].
- SFIO and any investigating agency, state government, police or income tax authority shall share the information or documents available amongst themselves [Section 212(17)].

Protection of Employees during Investigation (Section 218)

- If any company proposes to punish any employee or discharge any employee or change the terms of employment to the disadvantage of any employee during the course of investigation, it shall obtain approval of the Tribunal of the action proposed.

Freezing of assets of the Company on Inquiry and Investigation (Section 221)

- The Tribunal may by order freeze the removal or transfer or disposal of funds, assets and properties of the company if it is required in the interest of the company, shareholders, creditors or in public interest; stringent punishment is provided in the Act if the company or any officer of the company defaults in compliance with this requirement.

General

- If fraud has taken place in a company, the Central Government may seek order of Tribunal for disgorgement of assets, property or cash and for holding such directors, KMPs, Officers personally liable without any limitation [Section 224(5)]
 - Investigation initiated shall not be stopped or suspended even where winding up is approved by shareholders or any proceeding for winding up is pending before Tribunal (Section 226)
 - If during the course of inspection or investigation, the person providing explanation or making statement or an officer or employee of a company or other body corporate who is also under investigation:
 - (a) destroys, falsifies, hampers, conceals documents relating to properties, assets and affairs of the company
 - (b) makes false entry in any document concerning the company
 - (c) provides explanation which is false (Section 229)such person shall be liable for action under Section 447.
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Chapter XV

COMPROMISES, ARRANGEMENTS AND AMALGAMATION

Compromise or arrangements with creditors and members (Section 230)

- Application for compromise or arrangement between company and its creditors and company and its members shall be made to the Tribunal [Section 230(1)].
- Scheme for corporate debt restructuring would require consent of not less than seventy-five per cent of the secured creditors in value [Section 230(2)(c)].
- A statement disclosing the details of the compromise or arrangement, a copy of the Valuation report by registered valuers and such other matters, as may be prescribed shall be sent to all members or creditors along with the notice calling meeting of members or creditors [Section 230(3)].
- The notice and other documents shall also be placed on the website of the company and in case of a listed company, these documents shall also be sent to SEBI and stock exchange for placing on their website [Section 230(3) proviso].
- Notice to provide that members / creditors may vote at the meeting or through postal ballot to be received within one month from the date of receipt of such notice for adoption of the compromise or arrangement [Section 230(4)].
- Any objection to a compromise or arrangement shall be made only by persons holding not less than ten per cent of the shareholding or having outstanding debt amounting to not less than five per cent of the total outstanding debt as per the latest audited financial statement [Section 230(4) proviso].
- Notice shall also be sent to other regulatory authorities such as Central Government, the income-tax authorities, Reserve Bank of India, Securities Exchange Board of India, Registrar of Companies, Stock exchanges, Competition Commission of India requiring them to make representations, if any, within thirty days from the date of receipt of such notice failing which, it shall be presumed that they have no representation to make on the proposals [Section 230(5)].

- Where a scheme is sought to be approved at a meeting, it shall require approval of majority of persons representing three-fourths in value of creditors or members, as the case may be [Section 230(6)].
- No compromise or arrangement shall be sanctioned by the Tribunal unless a certificate by the company's auditor has been filed with the Tribunal to the effect that the accounting treatment, if any, proposed in the Scheme is in conformity with the accounting standards [Section 230(7) proviso].
- Tribunal may dispense with calling of a meeting of creditors where such creditors having at least 90% value, agree and confirm, by way of affidavit, to the scheme of compromise or arrangement.
- Any compromise or arrangement may include takeover offer and in the case of listed companies, takeover offer shall be as per Regulations framed by SEBI [Section 230(11)].

Merger and Amalgamation of Companies (Section 232)

- Provisions of section 230 shall apply, mutatis mutandis where an application is made to the Tribunal in connection with a scheme involving merger or amalgamation of any two or more companies.
- The transferee company shall not, as a result of the compromise or arrangement, hold any shares in its own name or in the name of any trust whether on its behalf or on behalf of any of its subsidiary or associate companies and any such shares shall be cancelled or extinguished. In other words no treasury shares are permitted [Section 232(3) proviso].
- Where the transferor company is a listed company and the transferee company is an unlisted company, the transferee company shall remain an unlisted company until it becomes a listed company. The shareholders who opt out may be paid as per valuation specified by SEBI under any regulation framed by it [Section 232(3)(h)].
- Every company shall until the completion of the scheme, file a statement in such form and within such time as may be prescribed with the Registrar every year duly certified by a Chartered Accountant or a Cost Accountant or a Company Secretary in Practice indicating whether the scheme is being complied with in accordance with the orders of the Tribunal or not.

Merger or Amalgamation of certain Companies (Section 233)

- Separate provisions have been prescribed in the Act for merger of two or more small companies or merger of wholly owned subsidiaries with holding companies or such other companies as may be prescribed. In these cases, the Central Government shall approve the merger instead of the Tribunal if there is no objections to the scheme of merger.

- If the Central Government is of the opinion that the scheme is not in public interest or in the interest of creditors, it may file an application before the Tribunal within a period of 60 days of the receipt of the scheme, stating its objections and requesting that the Tribunal may consider the scheme under section 232.

Merger or amalgamation of company with foreign company (Section 234)

- The Act permits cross border mergers subject to adherence to the rules framed for this purpose (Section 234).

Purchase of minority shareholding (Section 236)

- New provisions enacted for purchase of minority shareholding (Section 236).

Liability of officers for offences committed prior to merger (Section 240)

- Liability in respect of offences committed under the Act by the officers who are in default of the transferor company prior to its merger, amalgamation or acquisition shall continue after such merger or amalgamation or acquisition (Section 240).
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Chapter XVI

PREVENTION OF OPPRESSION AND MISMANAGEMENT

Class Action (Section 245)

- Prescribed number of members or depositors or any class of them may file an application before the Tribunal on behalf of the members or depositors, if they are of the opinion that the management or conduct of affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members or depositors.
- Members or depositors can seek all or any of the following orders, viz.
 - a) To restrain the company from committing an act which is *ultra vires* the articles or memorandum of the company.
 - b) To restrain the company from committing breach of any provision of the company's memorandum or articles.
 - c) To declare a resolution altering the memorandum or articles of the company as void if the resolution was passed by suppression of material facts or obtained by mis-statement to the members or depositors.
 - d) To restrain the company and its directors from acting on such resolution.
 - e) To restrain the company from doing an act which is contrary to the provisions of this Act or any other law for the time being in force.
 - f) To restrain the company from taking action contrary to any resolution passed by the members.
 - g) To claim damages or compensation or demand any other suitable action from or against :
 - (i) The company or its directors for any fraudulent, unlawful or wrongful act or omission or conduct or any likely act or omission or conduct on its or their part;
 - (ii) The auditor including audit firm of the company for any improper or misleading statement of particulars made in

his audit report or for any fraudulent, unlawful or wrongful act or conduct;

(iii) Any expert or advisor or consultant or any other person for any incorrect or misleading statement made to the company or for any fraudulent, unlawful or wrongful act or conduct or any likely act or conduct on his part

h) To seek any other remedy as the Tribunal may deem fit.

Who can file Class Action Suits ? [Section 245(3) read with Draft Rule 16.1)

— Members

— Company having share capital – Not less than 100 numbers or members not less than 10% of the total number of members, whichever is less or any members holding not less than 10% of the issued capital.

— Company without share capital - Not less than one fifth of the total number of members

— Deposit Holders

— Not less than 100 depositors or not less than 10% of the total number of depositors whichever is less or any depositors holding not less than 10% of the total value of the outstanding deposits of the company.

In respect of application admitted by the Tribunal:

— Public notice shall be given to all members and deposit holders

— All similar application in any jurisdiction should be consolidated into a single application and Lead Applicant will be incharge of the proceedings

— Two class action applications for the same cause of action shall not be allowed [Section 245(5)].

Public notice shall be served on admission of the application by the Tribunal.

Lead applicant shall be in charge of the proceedings if similar application is made by members / depositors in different jurisdiction [Section 245(5),(6)].

Order passed by the Tribunal is binding on:

a) The company and all its members and depositors

b) Auditor

c) Expert

d) Consultant

- e) Advisor
- f) Any other person associated with the company [Section 245(6)]

If the Application filed before Tribunal is found to be frivolous or vexatious, Tribunal can reject and order applicants to pay cost not exceeding Rs. 1 lakh [Section 245(8)].

A class action suit may be filed by any person, group of persons or association of persons who have been affected by any misleading statement or inclusion or omission of any matter in the prospectus.

Chapter XVII

REGISTERED VALUERS

- If valuation is required to be made, under the provisions of the Act, in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets or networth of a company or liabilities, it should be made by a registered valuer appointed by the Audit Committee or in its absence by the Board of directors of the company [Section 247(1)].
 - The valuer shall not undertake valuation of any assets in which he has direct or indirect interest or becomes so interested at any time during or after the valuation of the assets [Section 247(2)(d)].
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Chapter XVIII

REMOVAL OF NAMES OF COMPANIES FROM THE REGISTER OF COMPANIES

Power of Registrar to Remove the Names of the Company (Section 248):

- The Registrar of Companies shall send a notice to the company and all its directors of his intention to remove the name of the company if:
 - a) a company has failed to commence business within one year of its incorporation;
 - b) the subscribers to the memorandum have not paid subscription amount and have not filed a declaration under the Act;
 - c) a company is not carrying on any business or operation in the two preceding financial years.
- A company may file an application with the Registrar for removal of its name if it passes a special resolution to that effect after extinguishing all its liabilities.
- In the case of a company regulated under Special Act, approval of the concerned regulatory body will be required.
- The Registrar may, after adhering to the due processes, strike off the company's name from the register of companies.

Restrictions for Removal of Name (Section 249)

- A company cannot make application for removal of its name where the company, within the previous three months:
 - a) has changed its name or shifted its registered office from one state to another;
 - b) has disposed off property or rights held by it for gain;
 - c) has made an application to Tribunal for sanctioning of a compromise or arrangement;
 - d) is being wound up – whether voluntarily or by the Tribunal.

Fraudulent Application for Removal of Name (Section 251)

- Fraudulent application made by the company for removal of its name:
 - a) with intention to deceive creditors or other persons;
 - b) with the object of evading liabilities of the company will be punishable for fraud under Section 447.
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Chapter XIX

REVIVAL AND REHABILITATION OF SICK COMPANIES

Determination of Sickness (Section 253)

- Secured creditors representing 50% or more in value terms can file an application to the Tribunal for declaring a company as a sick company if the company has failed to pay the debt within 30 days of service of the notice of demand or to secure or compound it to the reasonable satisfaction of the creditors [Section 253(1)].
- The applicant mentioned above may at any stage of the proceedings thereafter apply for the stay of proceedings for winding up of the company or for execution against any property and assets of the company or for the appointment of a receiver [Section 253(2)].
- The company may also file an application with the Tribunal for declaring it as a sick company [Section 253(4)].
- After filing application before Tribunal, the company should not dispose of its assets or properties except in the normal course of business [Section 253(6)(a)].
- Board of directors should not take any steps which are likely to prejudice the interest of creditors [Section 253(6)(6)].

Application for Revival and Rehabilitation (Section 254)

- Any secured creditor of a sick company may make an application to the Tribunal for revival and rehabilitation of a sick company.
- The reference to Tribunal shall abate and no reference can be made to Tribunal if secured creditors representing 75% in value have taken measures to recover their secured debt under Section 13 of the SARFAESI Act.
- Where the financial assets of the sick company has been acquired by any securitization company or reconstruction company under the SARFAESI Act, no such application shall be made without the consent of such securitization or reconstruction company.

Appointment of Interim Administrator (Section 256)

- The Tribunal may appoint an interim administrator to convene a meeting of the creditors to ascertain whether it is possible to revive and rehabilitate the sick company.

- If no draft Scheme for revival and rehabilitation of the company has been filed by the sick company, the Tribunal may direct the interim administrator to takeover the management of the company to protect and preserve the assets of the sick company
- The interim administrator shall appoint a committee of creditors and direct any promoter, director or KMP of the Company to attend meetings of creditors (Section 257).

Order of Tribunal (Section 258)

- If the Tribunal is satisfied that it is not possible to revive and rehabilitate such company, it can order that the proceedings for the winding up of the company be initiated.
- If Tribunal is satisfied that the company may be revived and rehabilitated, it can appoint the interim administrator as the company administrator and cause the administrator to prepare a Scheme of Revival and Rehabilitation.

Sanction of the Revival and Rehabilitation Scheme (Section 262)

- The Scheme prepared by the company administrator will be placed before the creditors for their approval and if the Scheme is approved it shall be submitted to the Tribunal.
- If the Scheme relates to amalgamation of the sick company with any other company, such Scheme should be approved by members of both the companies by passing a Special resolution.
- The Tribunal may make modifications in the Scheme in the light of suggestions and objections received from sick company, company administrator, transferee company, shareholders, creditors or employees of such companies.
- The sanction accorded by the Tribunal shall be conclusive.

Implementation of Scheme (Section 264)

- Tribunal may authorise the company administrator to implement the sanctioned Scheme and require him to submit periodic reports on implementation.
- If the Scheme is difficult to implement, the company administrator or company or secured creditors or transferee company (in case of amalgamation) may make an application to the Tribunal for modification of the Scheme or declare that the Scheme has failed and the company be wound up.

Rehabilitation and Insolvency Fund (Section 269)

- A fund called the 'Rehabilitation and Insolvency Fund' shall be formed by the Central Government for the purposes of rehabilitation, revival and liquidation of sick companies.

- A company which has contributed any amount to the Fund can withdraw the funds contributed by it (after making an application to the Tribunal) for making payment to workmen, protecting the assets of the company or meeting costs during the proceedings.
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Chapter XXVIII

SPECIAL COURTS

Establishment of Special Courts

- The Central Government, may for the purpose of providing speedy trial of offences under the Act, establish as many special courts as may be necessary (Section 435).
- All offences under the Act shall be triable only by the special courts. The special courts would have the liberty to try summary proceedings for offences punishable with imprisonment for a term not exceeding three years. In case of conviction under a summary trial, sentence of imprisonment can be for maximum one year (Section 436).
- The provisions of the Code of Criminal Procedure, 1973 shall apply to the proceedings before the special courts. Special courts shall be deemed to be a court of session and the person conducting a prosecution before the special court shall be deemed to be a public prosecutor (Section 438).
- Every offence under this Act (except the offences involving investigation by SFIO) shall be deemed to be non-cognizable within the meaning of the said code [Section 439(1)].
- No Court shall take cognizance of an offence alleged to have been committed by any company or any officer thereof except on a complaint of the Registrar, a shareholder of a company or any person authorised by the Central Government [Section 439(2)].
- In the case of offences relating to issue and transfer of securities, non-payment of dividend, cognizance of such offences can be taken by the Court on the complaint by a person authorised by SEBI [Section 439(2) proviso].

Transitional Provision (Section 440)

- In respect of an offence under this Act, which is triable by a special court shall until a special court is established, be tried by a court of sessions exercising the jurisdiction over the area.

Compounding of certain Offences (Section 441)

- Any offence punishable under the Act with fine only is compoundable either before or after institution of any prosecution by the Tribunal.

- An offence is compoundable by the Regional Director where the maximum amount of fine which may be imposed does not exceed Rupees 5 lakh. The specified sum should not exceed the maximum amount of fine which may be imposed for the offence.
- In the case of an offence punishable with imprisonment or fine or with both, compounding may be permitted by the special court. However, an offence punishable with imprisonment only or with imprisonment and fine is not compoundable, as they are serious offences.

Mediation and Conciliation Panel (Section 442)

- A 'mediation and conciliation panel' consisting of such number of experts having such qualifications as may be prescribed, shall be maintained by Central Government for mediation between parties during the pendency of any proceedings before the Central Government or the Tribunal or the Appellate Tribunal under the Act.
 - The Mediation and Conciliation Panel shall dispose of the matter referred to it within a period of three months from the date of such reference and forward its recommendations to the Central Government or the Tribunal or the Appellate Tribunal, as the case may be.
 - Any party aggrieved by the recommendations of the Mediation and Conciliation Panel may file objections to the Central Government or the Tribunal or the Appellate Tribunal.
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Chapter XXIX

MISCELLANEOUS

Punishment for Fraud (Section 447)

- Section 447 states that any person who is found guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud but which may extend to three times the amount involved in the fraud.
- The section further states that where the fraud in question involves public interest the term of imprisonment shall not be less than three years.
- The expressions 'fraud', 'wrongful gain' and 'wrongful loss' have been comprehensively defined under section 447 of the Act.

Punishment for False Statement (Section 448)

Section 448 states that if in any return, report, certificate, financial statement, prospectus, statement or other document required by the Act or rules made thereunder, any person makes a statement:

- (a) which is false in any material particulars, knowing it to be false; or
- (b) which omits any material fact, knowing to be material.

he shall be liable under section 447.

Punishment for False Evidence (Section 449)

As per the provisions of section 449, if any person intentionally gives false evidence:

- (a) upon any examination on oath or solemn affirmation authorised under the Act; or
- (b) in any affidavit, deposition or solemn affirmation, in or about the winding up of any company or otherwise in or about any matter arising under the Act.

he shall be punishable with imprisonment for a term which shall not be less than three years which may extend to seven years and with fine which may extend to ten lakh rupees.

Punishment in case of Repeated Default (Section 451)

Section 451 provides that if an offence punishable either with fine or imprisonment is repeated within a period of three years, the company and the officer thereof who is in default shall be punishable with imprisonment as provided and twice the amount of fine for such default, for the second and subsequent occasions.

Adjudication of Penalties (Section 454)

- The Central Government may, by an order published in the official gazette, appoint as many officers of the Central Government, not below the rank of Registrar, as adjudicating officers for adjudicating penalty under this Act.
 - The adjudicating officer may by an order impose the penalty on the company and the officer who is in default stating the non-compliance.
 - Any person aggrieved by the order made by adjudicating officer may appeal to the Regional Director who may pass necessary orders, which shall be final.
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Annexure I

**STATUTORY REGISTERS TO BE MAINTAINED UNDER
THE COMPANIES ACT 2013**

1. Register of Members under section 88 in Form No. MGT – 1
2. Register of Foreign members/ security holders under section 88 (optional)
3. Register of Debenture holders / other security holders under section 88 in Form No. MGT – 2
4. Register of renewed and Duplicate Share Certificates in Form No SH 2
5. Register of Sweat Equity Shares under section 54 in Form No. SH - 3
6. Register of Employees' Stock Option under section 62 in Form No. SH - 6
7. Register of Shares or other Securities Bought Back under section 68 in Form No.SH-10
8. Register of Deposits under section 73 and 76 - Rule – 14 of CAD Rules 2014
9. Register of Charges under Section 85 in Form No. CHG-7
10. Register of Directors and KMP, under section 196 / 203 - Rule 17 of CAQD Rules 2014
11. Register of loans/guarantee/security and acquisition by the company under Section 186 in Form No. MBP-2
12. Register of investments not held in its own name by the company under section 187 in Form No.MBP-3
13. Register of Contracts with related party and contracts and bodies etc in which directors are interested under Section 189 in Form No. MBP-4
14. Register of Directors' Attendance (Board meeting, Committee meeting if the Articles so provide)
15. Register of Shareholders' Attendance (Annual General Meeting/ General Meeting of members if the Articles so provide)

16. Minutes Books – 1. Members; 2. Creditors; 3. Board of Directors;
4. Committees of Board of Directors
 17. Books of Accounts /financial Statements under section 128
 18. Register of destruction of Records / Documents under Companies
(Preservation and Disposals of Records) Rules 1966
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Annexure II

MATTERS REQUIRING MEMBERS' APPROVAL THROUGH ORDINARY RESOLUTION

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
1.	4(5)	Change of name pursuant to direction by Registrar of Companies
2.	16(1)	Rectification of name of the company which resembles the name of another existing company
3.	20	Fee payable for delivery of document by a company through a particular mode as per request of a member
4.	43	Issue of shares with differential voting rights
5.	61(1)	Company altering memorandum of association (a) to increase its authorised capital; (b) to consolidate and divide all or any of its share capital; (c) to convert all or any of its fully paid up shares into stock and re-convert such stock; (d) sub-divide its shares and (e) cancel shares.
6.	63(2)	Issue of fully paid up bonus shares
7.	65	Unlimited company to provide for reserve share capital on conversion into limited company
8.	73(2)	To invite, accept deposits from members
9.	102(2)	To transact following items of ordinary business at AGM: (a) Consideration of financial statements (including consolidated financial statement, if applicable) and the reports of the Board of Directors and Auditors; (b) The declaration of any dividend; (c) The appointment of directors in place of those retiring;

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
		(d) The appointment of and fixing of the remuneration of the auditors.
10.	139(1)	Appointment of auditors (including ratification in every AGM and to fix his remuneration
11.	139(6)	Failure to appoint first auditors by the Board of a company (other than a government company)
12.	139(7)	Appointment of first auditor of a government company, in case Board and comptroller of audit general of India fail to appoint an auditor
13.	139(8)	Any casual vacancy in the office of an auditor of a company (other than government company) caused by the resignation of the auditor
14.	140(4)	To appoint as auditor a person other than retiring auditor
15.	143(8)	To appoint branch auditor
16.	148	To fix the remuneration of cost auditor
17.	151	Appointment of directors elected by small shareholders
18.	152(2)	Appointment of directors in general meeting
19.	161(a)	Appointment of additional directors appointed by board of directors
20.	161(b)	To authorise the Board to appoint a person as an alternate director in case articles do not provide
21.	169(a)	Removal of directors before expiry of his term
22.	169(b)	To appoint a person in place of director removed
23.	179(4)	To impose restrictions and conditions on the exercise by the Board of any of the powers specified in section 179
24.	181	Contribution to Charitable funds in excess of 5% of the average net profits in the preceding three years by a company

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
25.	187(3)	To impose reasonable restrictions on inspection by any member or debenture holder of register of investments not held in its own name (alternatively articles can impose restrictions)
26.	191(1)	Payment to director for loss of office etc.in certain cases
27.	192(1)	Restriction on non-cash transactions involving directors
28.	196(4)	Appointment of managing director, whole-time director or manager
29.	197(1)	Remuneration to directors in excess of 5% or 10% or 11% (as the case may be)
30.	197(4)	Remuneration to directors for services rendered by him in any other capacity
31.	197(11)	Provision for increase in managerial remuneration
32.	304	Circumstances in which a company may be wound up voluntarily
33.	310(1)	To appoint a company liquidator and recommend fee to be paid to him
34.	315	Appointment of committees to supervise voluntary liquidation
35.	318	Liquidator to call a general meeting for laying the final winding up accounts before it and pass a resolution for company's winding up

Annexure III

MATTERS REQUIRING MEMBERS' APPROVAL THROUGH SPECIAL RESOLUTION

A. Requirements under the Act

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
1.	5(3) & (4)	Alteration of the Articles to incorporate provisions of entrenchment in the Articles of Association
2.	12(5)	Alteration of the provisions of the Memorandum of Association with respect to: (a) Change of registered office outside local limits; (b) Change in object clause
3.	13(1) & (4)	To change place of registered office from one state to another by alterations of memorandum
4.	13(2)	To change the name of the company
5.	13(8)	To change objects by the company which has raised money from public through prospectus
6.	14(1)	To alter the articles of association
7.	14(1)	Conversion of a public company into a private company
8.	27(1)	To vary the terms of a contract referred to in the prospectus or objects for which the prospectus was issued
9.	41	To issue Global Depository Receipts
10.	48(1) & (2)	Variation of shareholders' rights
11.	54(1)	Issue of sweat equity shares

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
12.	55(3)	Issue of further redeemable preference shares to redeem previously issued shares
13.	62(1)(b)	Further issue of shares by way of ESOP
14.	62(1)(c)	Issue of further shares to non-members
15.	62(3)	To issue debentures or loans with conversion option
16.	66(1)	Reduction of share capital
17.	67(3)(b)	Providing financial assistance for purchase of securities of the company under a scheme
18.	68(2)(b)	Powers of company to purchase its own securities
19.	71	Issue of convertible debentures
20.	71(7)	Liability of debenture trustee subject to exemptions
21.	76	Acceptance of deposits from public by eligible companies
22.	94(1)	Place of keeping registers and returns at any place other than registered office
23.	139(9)(c)	Appointment of some other auditor as auditor in place of a retiring auditor
24.	140(1)	Removal of auditor before expiry of his term
25.	149(1)(b)	Increase in maximum number of directors beyond 15 directors
26.	149(10)	Appointment of an independent director for the second term of five years
27.	165(2)	Members may specify the number of companies beyond which a director of a company shall not act as a director
28.	180(1)	Restriction on powers of Board

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
29.	185(1)	Loan to Directors
30.	186(2) & 186(3)	To make loan and investment by company beyond threshold limits
31.	188(1) & 188(3)	To approve related party transactions
32.	196(3)	Appointment of managing director / whole-time director / manager where he is more than 70 years
33.	197(4)	Remuneration to directors of a company if the articles of association so require
34.	210(1)	Investigation into affairs of the company
35.	212(1)	Investigation into affairs of company by SFIO office
36.	226	Voluntary winding up of company etc. not to stop investigation proceedings
37.	230	Power to compromise or make arrangements with creditors and members
38.	248(2)	Application by company to ROC for removal of the name of the company from the register of companies on specified grounds
39.	262(2)	Sanction of scheme of revival and rehabilitation
40.	264	Modification of the scheme of revival and rehabilitation or winding up of the company (secured creditors to approve by three-fourth in value)
41.	271(1)	Circumstances in which a company may be wound up by Tribunal
42.	304	Circumstances in which company may be wound up voluntarily
43.	311	Power to remove and fill vacancy of company

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
44.	314(3)	Powers and duties of company liquidator in voluntary winding up
45.	319	Power of company liquidator to accept shares etc. as consideration for sale of property of company
46.	321	Arrangement when binding on company and creditors
47.	343	Company liquidator to exercise certain powers subject to sanction
48.	347(1)	To dispose the books and papers of the company and those of Company Liquidator in case of voluntary winding up
49.	371(3)	Table F in Schedule I shall not apply unless adopted by special resolution
50.	406	Acquire another company by purchase of securities or control the composition of the Board of any other company by a nidhi company
51.	Schedule-V Part-II of Section-II	Limit of yearly remuneration to managerial personnel if proposed to be doubled

B. Requirement under the Rules

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
1.	The Companies (Incorporation) Rules, 2014	
(a)	Rule No. 7(1)	Conversion of a private company into one person company
(b)	Rule No. 21(1)	Conversion of a company registered under section 8 into a company of any other kind
(c)	Rule No.22(10)	Company of any other kind consequent to conversion of section 8 companies to pass a special resolution for amending its memorandum of association and articles of association as required under the Act

<i>S.No.</i>	<i>Section</i>	<i>Matter</i>
2.	The Companies (Management and Administration) Rules, 2014	
(a)	Rule No.5(2)	Maintenance of register of members etc. at any other place (other than registered office) within the city, town, or village in which the registered office is situated or any other place in India in which more than one tenth of the total members reside
3.	The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	
(a)	Rule No. 6 & 7	Application to central government for payment of managerial remuneration for a period not exceeding three years
4.	Companies (Miscellaneous) Rules, 2014	
(a)	Rule No.3	Shareholders' approval for obtaining status of dormant company

Annexure IV

MATTERS REQUIRING MEMBERS' APPROVAL THROUGH POSTAL BALLOT

<i>S.No.</i>	<i>Matter</i>
1.	Alteration of objects clause of the memorandum and in the case of the company in existence immediately before the commencement of the Act, alteration of the main objects of the memorandum
2.	Alteration of articles of association in relation to insertion or removal of provisions, which under sub-section (68) of section 2, are required to be included in the articles of a company in order to constitute it a private company
3.	Change in place of registered office outside the local limits of any city, town or village as specified in sub-section (5) of section 12
4.	Change in objects for which a company has raised money from public through prospects and still has any unutilized amount out of the money so raised under sub-section (8) of section 13
5.	Issue of shares with differential rights as to voting or dividend or otherwise under sub-clause (ii) of clause (a) of section 43
6.	Variation in the rights attached to a class of shares or debentures or other securities as specified under section 48
7.	Buy-back of shares by a company under sub-section (1) of section 68
8.	Election of a director under section 151 of the Act
9.	Sale of the whole or substantially the whole of an undertaking of a company as specified under sub-clause (a) of sub-section (1) of section 180

<i>S.No.</i>	<i>Matter</i>
10.	Giving loans or extending guarantee or providing security in excess of the limits specified under sub-section (3) of section 186
11.	Variation in terms of contracts referred to in the prospectus or objects for which prospectus was issued under Rule 7 of the Companies (Prospectus and Allotment of Securities) Rules, 2014

Annexure V

LIST OF ITEMS REQUIRED TO BE PLACED ON COMPANY'S WEBSITE UNDER THE COMPANIES ACT, 2013 AND LISTING AGREEMENT

<i>S.No.</i>	<i>Section No.</i>	<i>Matter</i>
1.	Section 13(8)	Details of the notice in respect of a special resolution for change of objects in the memorandum by a company which has raised money from the public and still has unutilized money so raised indicating the justification
2.	Section 124(2)	Statement containing the names, their last known addresses and the unpaid dividend to be paid to each person
3.	Section 135(1)	Corporate Social Responsibility Policy
4.	Section 136(1)	Financial statements including consolidated financial statements, if any, and all other documents required to be attached thereto
5.	Section 136(1)	Separate audited accounts in respect of each subsidiary on the holding company's website
6.	Section 177(10)	Details of establishment of vigil mechanism for directors and employees
7.	Section 230(3)	A notice calling a meeting of all members or creditors and debentureholders of the company accompanied by a statement disclosing the details of compromise or arrangement, a copy the valuation report, if any
8.	Schedule IV	Code of independent directors

<i>S.No.</i>	<i>Section No.</i>	<i>Matter</i>
9.	Schedule IV	The terms and conditions of the appointment of independent directors
10.	Revised clause 49 VII(c) of Listing Agreement	Policy of the company on material related party transactions and dealing with related party transactions
11.	Revised clause 49(2)(E)(1) of Listing Agreement	Code of conduct for all Board members and senior management of the company
12.	Clause 55 of the Listing Agreement	Business responsibility policies by listed companies – optional for website display.

Annexure VI
LIST OF LAWS FOR COMPLIANCE

<i>S.No.</i>	<i>Laws Covered</i>
1	Applicable Municipal / Panchayat Laws
2	Apprentices Act, 1961
3	Arms Act, 1959
4	Atomic Energy Act, 1962
5	Batteries (Management & Handling) Rules, 2001
6	Benami Transaction (Prohibition) Act, 1988
7	Bio-Medical Waste (Management & Handling) Rules, 1998
8	Bombay Industrial Relations Act, 1946
9	Bombay Labour Welfare Fund Act, 1953
10	Bombay Lift Act, 1939
11	Bombay Tenancy and Agriculture Lands Act, 1949
12	Central Motor Vehicles Rules, 1989
13	Central Sales Tax Act, 1956
14	Cenvat Credit Rules, 2004
15	Chapter V of Finance Act, 1994 and the Service Tax Rules 1944
16	Child Labour (Prohibition & Regulation) Act, 1986
17	Collection of Statistics Act, 1953

<i>S.No.</i>	<i>Laws Covered</i>
18	Companies Act, 2013
19	Competition Act, 2002
20	Contract labour (Regulation and Abolition) Act,1970
21	Customs Act,1962
22	Dangerous Machines (Regulation) Act, 1936
23	Depositories Act,1996
24	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
25	Employees' State Insurance Act,1948
26	Employers' Liability Act,1938
27	Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
28	Environment (Protection) Act, 1986
29	Equal Remuneration Act,1976
30	Essential Commodities Act, 1955
31	Expenditure Tax Act,1987
32	Explosive Substances Act, 1908
33	Explosives Act, 1884
34	Factories Act,1948
35	Foreign Exchange Management Act,1999
36	Foreign Trade (Development and Regulation) Act,1992
37	Gas Cylinder Rules, 1981
38	Gujarat Labour Welfare Fund Act, 1953

<i>S.No.</i>	<i>Laws Covered</i>
39	Gujarat Lift & Escalators Act, 2000
40	Gujarat Maritime Board Act, 1981
41	Gujarat Physically Handicapped Person (Employment in Factories) Act, 1982
42	Hazardous Wastes (Management and Handling) Rules, 1989 & Amendment Rule 2003
43	Income Tax Act, 1961
44	Indian Boilers Act, 1923
45	Indian Contract Act, 1872
46	Indian Electricity Act, 1910
47	Indian Ports Act, 1908
48	Indian Stamp Act, 1899
49	Indian Wireless Telegraph Act, 1933
50	Industrial Disputes Act, 1947
51	Industrial Employment (Standing Orders) Act, 1946
52	Industries (Development & Regulation) Act, 1951
53	Information Technology Act, 2000
54	Insurance Act, 1938
55	Interest Tax Act, 1974
56	International Convention for Safety of Life at Sea, 1974
57	Interstate Migrant Workmen (Regulation of Employment & Condition of Service) Act, 1979
58	Land Acquisition Act, 1894
59	Limitation Act, 1963

<i>S.No.</i>	<i>Laws Covered</i>
60	Maharashtra Workmen's Minimum House Rent Allowance Act, 1983
61	Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
62	Maternity Benefits Act, 1961
63	Minimum Wages Act, 1948
64	Motor Vehicles Act, 1988
65	MS (Carriage of Cargo) Rules, 1995
66	MS (Fire Appliances) Rules, 1990
67	MS (Live Saving Appliances) Rules, 1991
68	MS (Load Line) Rules, 1979
69	MS (Management for Safe Operation of Ships) Rules, 1991
70	MS (Radio Direction Finders) Rules, 1968
71	Mumbai Lift Rules – 1958
72	Negotiable Instruments Act, 1881
73	Noise Pollution (Regulation and Control) Rules, 2000
74	Ozone Depleting Substances (Regulation and Control) Rules, 2000
75	Payment of Bonus Act, 1965
76	Payment of Gratuity Act, 1972
77	Payment of Wages Act, 1936
78	Personal Injuries (Compensation Insurance) Act, 1963
79	Petroleum Act, 1934
80	Prevention of Food Adulteration Act, 1954

<i>S.No.</i>	<i>Laws Covered</i>
81	Prevention of Money Laundering Act, 2002
82	Profession Tax Act
83	Public Liability Insurance Act,1991
84	Punjab Labour Welfare Fund Act, 1965
85	Registration Act, 1908
86	Regulations of Coastal Regulatory Zone Authority
87	Rules, Regulations made under Insurance Laws
88	Sale of Goods Act, 1930
89	SEBI (Prohibition of Insider Trading) Regulation,1992
90	Securities and Exchange Board of India Act,1992
91	Securities Contracts (Regulation) Act,1956
92	Sick Industrial Copanies (Special Provisions) Act, 1985
93	Standard of Weights & Measures Act, 1976
94	Standard of Weights and Measures (Enforcement)Act, 1985
95	State Sales Tax/VAT Acts
96	State Shop and Establishment Acts
97	Static Mobile Pressure Vessels (Unfired) Rules, 1981
98	The Air (Prevention and Control of Pollution) Act, 1981
99	The Bombay Electricity Duty Act, 1958
100	The Bombay Prohibition Act, 1949
101	The Bombay Public Trusts Act, 1952
102	The Bombay Stamp Act, 1958

<i>S.No.</i>	<i>Laws Covered</i>
103	The Building and Other Construction Workers(Regulation of Employment of Service) Act
104	The Central Excise Act,1944
105	The Central Excise Tariff Act,1985
106	The Chemical Accidents (Emergency Planning, preparedness & Response) Rules, 1996
107	The Electricity (Gujarat Amendment) Act, 1976
108	The Electricity Act, 2003
109	The Indian Telegraph Act, 1885
110	The Maharashtra Recognition of Trade Unions & Prevention of Unfair Labour Practices Act, 1971
111	The Marine Insurance Act,1963
112	The Poisons Act, 1919
113	Trade Union Act,1926
114	Transfer of Property Act, 1882
115	UP Trade Tax Act, 1948
116	Urban Land (Ceiling & Regulation) Act, 1976
117	US Securities laws pursuant to Rule 12g-3(2)(b) of Securities & Exchange Act,1934
118	Water (Prevention and Control of Pollution) Act, 1974
119	Water (Prevention and Control of Pollution) Cess Act, 1977
120	Wealth Tax Act,1957
121	Weekly Holidays Act,1942
122	Workmen's' Compensation Act,1923

Annexure VII
SPECIMEN FORMAT OF COMPLIANCE CERTIFICATE

Board of Directors

XYZ Limited

Dear Sirs,

Quarterly Certificate – Compliance with Various Applicable Laws

I have received Compliance Certificates from all the concerned units/ department heads, who are responsible for ensuring compliance with laws applicable to their respective areas of business and affairs of the Company, certifying that our Company has complied with all the relevant provisions and requirements of various laws, enactments and the rules, regulations, guidelines, orders, circulars, clarifications framed / issued thereunder in so far as they are applicable to our Company.

I have examined and considered the certificates and certify that for the period January 1, 2014 to March 31, 2014, our Company has in the conduct of business:

- 1) complied with all the applicable laws, enactments, orders, rules, regulations and other statutory requirements of the Central, State and other statutory and local authorities concerning the business and affairs of the Company as per Annexure;
- 2) paid all applicable statutory dues on due dates;
- 3) maintained proper registers, records, documents and books and filed proper returns, forms and statements and furnished necessary particulars to the relevant authorities; and
- 4) not done or committed any act or entered into any transactions in violation of any statutory provisions.

Dated this ____ day of _____, 2014

Sd/-

Place: _____

Company Secretary

Encl.: As above.

Annexure VIII

COMMITTEES

<i>CSR Committee (Section 135)</i>	<i>Audit Committee (Section 177)</i>	<i>Nomination and Remuneration Committee (Section 178)</i>	<i>Stakeholder Relationship Committee (Section 178)</i>
Applicability Every company (which may include a holding company or a subsidiary company) having: a) net worth of rupees five hundred crore or more, or; b) turnover of rupees one thousand crore or more or; c) a net profit of rupees five crore or more during any financial year. Foreign company having its branch office or project office in India.	Every listed company and the following classes of companies is required to constitute a Audit Committee of the Board- (i) all public companies with a paid up capital of ten crore rupees or more; (ii) all public companies having turnover of one hundred crore rupees or more; (iii) all public companies, having in aggregate, outstanding loans or borrowings or	Every listed company and the following classes of companies is required to constitute a Nomination and Remuneration Committee of the Board- (i) all public companies with a paid up capital of ten crore rupees or more; (ii) all public companies having turnover of one hundred crore rupees or more; (iii) all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.	A company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee.

<i>CSR Committee (Section 135)</i>	<i>Audit Committee (Section 177)</i>	<i>Nomination and Remuneration Committee (Section 178)</i>	<i>Stakeholder Relationship Committee (Section 178)</i>
	debentures or deposits exceeding fifty crore rupees or more.		
Composition			
<p>Three or more directors, out of which at least one director shall be an independent director.</p> <p>Further:</p> <ol style="list-style-type: none"> an unlisted public company or a private company which is not required to appoint an independent director, shall have its CSR Committee without such director. a private company having only two directors on its Board shall constitute its CSR Committee with two such directors. with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as 	<p>The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority. The majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement.</p> <p>In addition to this, the Revised Clause 49 of the listing agreement provides that audit committee of listed company shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors. All members of audit committee shall be financially literate and at least one member shall have accounting or related</p>	<p>The Committee so constituted by the Board shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.</p> <p>The chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but he shall not chair such Committee. In case of a listed company as per revised clause 49 Chairman of the committee shall be an independent director. The chairperson of the committees or, in his absence, any other member of the committee authorised by him in this behalf is required under the section to attend the general meetings of the company. In contrast to this, the revised clause 49 provides that the Chairman of the nomination and remuneration</p>	<p>Stakeholders Relationship Committee shall consist of a chairperson who shall be a non-executive director and such other members as may be decided by the Board. The chairperson of the committees or, in his absence, any other member of the committee authorised by him in this behalf is required under the section to attend the general meetings of the company.</p>

<i>CSR Committee (Section 135)</i>	<i>Audit Committee (Section 177)</i>	<i>Nomination and Remuneration Committee (Section 178)</i>	<i>Stakeholder Relationship Committee (Section 178)</i>
specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.	financial management expertise.	committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.	

Functions:

The Committee functions are as under:

- (a) formulating and recommending to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- (b) recommending the amount of expenditure to be incurred on the CSR activities.
- (c) monitoring the Corporate Social Responsibility Policy of the company from time to time.
- (d) Further the rules provide that the CSR Committee

The Committee functions are as under:

1. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
2. The Audit Committee shall have authority to investigate into any matter in relation to

The Committee functions are as under:

1. identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal. Further it has been attached with a wider responsibility of carrying out evaluation of every director's performance.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors,

The main function of the committee is to consider and resolve the grievances of security holders of the company.
On similar terms revised clause 49 of the listing agreement provide that a committee under the Chairmanship of a non-executive director and such other members as may be decided by the Board of the company shall be formed to specifically look into the redressal of grievances of shareholders, debenture holders and other security

<i>CSR Committee (Section 135)</i>	<i>Audit Committee (Section 177)</i>	<i>Nomination and Remuneration Committee (Section 178)</i>	<i>Stakeholder Relationship Committee (Section 178)</i>
shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.	<p>the items specified in terms of reference or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.</p> <p>3. The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.</p>	<p>key managerial personnel and other employees. While formulating the policy the committee shall consider the following:</p> <p>a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;</p> <p>b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</p> <p>c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.</p>	holders. The grievances of the security holders of the company may include complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, which shall be handled by this committee.

Annexure IX

CHAPTER-WISE HIGHLIGHTS WITH LIST OF E-FORMS AND PHYSICAL FORMS PRESCRIBED BY RULES MADE THEREUNDER

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
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Chapter I- Definitions (Sections 1-2)

Fully notified other than
2(23), 2(29)(iv), 2(67)(ix)

New Definitions added with respect to certain critical terms including the following:

1. Associate Company
2. Auditing Standards
3. Chief Executive Officer
4. Chief Financial Officer
5. Company Liquidator
6. Control
7. Financial Institution
8. Financial Statement

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	<ol style="list-style-type: none"> 9. Global Depository Receipts 10. Independent Director 11. Indian Depository Receipts 12. Key Managerial Personnel 13. One person company 14. Serious Fraud Investigation Office 15. Small Company 16. Related Party 17. Voting Right <p>Certain Definitions (as already defined under Companies Act, 1956) have been modified in Companies Act, 2013, with better harmony and scope, including the following:</p> <ol style="list-style-type: none"> 1. Expert 2. Books and Paper/Books of Accounts 3. Charge 4. Control 5. Deposit 6. Director 7. Expert 8. Free Reserves 9. Interested Director 10. Officer in Default 11. Subsidiary Company 		

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter II -Incorporation of the Company and Matters incidental thereto (Sections 3-22)			
Fully notified other than Section 7(7), Section 8(9) and second proviso to Section 14(1) and Section 14(2).	<p>Concept of One Person Company has been introduced and the OPC can be formed as private limited company.</p> <p>Numbers of permissible members in private company has been raised to 200.</p> <p>The Memorandum of Association shall state the mandatory objects.</p> <p>Articles of Association may contain provisions with respect to entrenchment.</p> <p>If a company has raised any Money from public through prospectus and if there is any unutilised amount out of the money so raised, it shall not change its objects unless a special resolution is passed and other requirements of advertisement and exit opportunity to dissenting shareholders etc. is complied with.</p> <p>A declaration in the form INC-8 by an advocate, a chartered accountant, cost accountant or company secretary in practice, who is engaged in the formation of the company, and by a person named in the articles as a director, manager or secretary of the company, that all the requirements of this Act and the rules made thereunder in respect of registration and matters precedent or incidental thereto have been complied with;</p>	<p>INC-1 - Application for reservation of name</p> <p>INC-2- Form for Incorporation and nomination (One Person Company)</p> <p>INC-3- Form for consent of nominee of One Person Company</p> <p>INC-4- Form for change in member/nominee of One Person Company</p> <p>INC-5- Form for intimation of exceeding threshold of One Person Company</p> <p>INC-6- Application for Conversion</p> <p>INC-7- Application for Incorporation of Company (Other than One Person Company)</p>	<p>INC 8- Declaration from the professional as to compliance</p> <p>INC 9 – Affidavit from subscribers</p> <p>INC 10- Form for verification of signature of subscribers by witness.</p> <p>INC 11 – Certificate of Incorporation</p> <p>INC 13- Memorandum of Association</p> <p>INC 14 & INC 15 – Declaration regarding section 8 Company</p> <p>INC 16 & 17- Licence under Section 8 Company</p> <p>INC 19 – Notice by applicant under Section 8</p> <p>INC 25- Certificate of incorporation pursuant to change of name</p> <p>INC 26 – Advertisement to be published in news paper for licence for existing companies</p>

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	All the Forms(physical/e-forms) start with the nomenclature -INC	INC-18- Application to Regional Director for conversion of section 8 company into any other kind of company INC-20 Intimation to Registrar of revocation or surrender of license issued under section 8 INC-21 Declaration prior to the commencement of business INC-22 Notice of situation or change of situation of registered office and verification INC-23- Application to Regional director for approval to shift the registered office from one state to another state or from jurisdiction of one registrar to another within the state INC-24- Application for approval of Central Government for change of name	

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
		INC-27- Conversion of public company into private company or private company into public company INC-28- Notice of order of the Court or other authority	

**Chapter III - Prospectus and Allotment of Securities
(Sections 23-42)**

Fully notified	<p>A public company may issue securities in any of the following manners:</p> <ul style="list-style-type: none"> • To public through prospectus • Through private placement • Through rights issue or a bonus issue. <p>For private companies, this section provides that it may issue securities through private placement, by way of rights issue or bonus issue.</p> <p>"Public offer" includes initial public offer or further public offer of securities to the public by a company, or an offer for sale of securities to the public by an existing shareholder, through issue of a prospectus.' Provides for offer of sale by existing shareholders to public.</p> <p>Issue of Global Depository Receipts by passing the special resolution and subject to such conditions as may be prescribed.</p>	PAS 2 – Information Memorandum PAS-3- Return of allotment	PAS 1- Advertisement giving the details of special resolution varying the terms of contract referred in the prospectus. PAS 4- Private placement offer letter PAS 5- Record of private placement offer
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<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	<p>"Private placement" means any offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) through issue of a private placement offer letter and which satisfies the conditions specified in this section.</p> <p>Any company making any offer or invitation of securities under private placement has to allot the securities within 60 days of receipt of application money.</p> <p>All the Forms(physical/e-forms) start with the nomenclature PAS.</p>		

**Chapter IV- Share Capital and Debentures
(Sections 43-72)**

Fully notified except Section 48, 55(3), proviso 2 clause b of sub-section 1 of Section 61, 62(4)-62(6) and Section 66, 71(9)-71(11)	<p>Company cannot issue shares at discount other than as sweat equity.</p> <p>Issue of Sweat equity shares to be authorized by special resolution at a general meeting.</p> <p>Company cannot issue irredeemable preference shares or redeemable preference shares with the redemption period beyond 20 years. Company engaged in the setting up and dealing of infra-structural projects may issue preference shares for a period exceeding twenty years but not exceeding</p>	<p>SH-7- Notice to Registrar for alteration of share capital</p> <p>SH-8- letter of offer</p> <p>SH-11 Return in respect of buy back of securities</p>	<p>SH 1 – Share Certificate</p> <p>SH2- Register of renewed or duplicate share certificates.</p> <p>SH3- Register of Sweat equity shares.</p> <p>SH 4- Securities transfer form</p> <p>SH 5- Notice for transfer of partly paid-up shares</p> <p>SH 6 – Register of Employee Stock Option</p>
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<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	<p>thirty years, subject to the redemption of a minimum ten percent of such preference shares per year from the twenty first year onwards or earlier, on proportionate basis, at the option of the preference shareholders.</p> <p>The conditions under which the preference shareholders can vote on every resolution placed before meeting of shareholders has been changed.</p> <p>If the variation of one class of shareholders affects the rights of any other class of shareholders the consent of $\frac{3}{4}$th of that class should also be obtained.</p> <p>Issue of shares on preferential basis, requires special resolution and valuation by registered valuer.</p> <p>An instrument of transfer of securities held in physical form shall be in Form No.SH.4 and every instrument of transfer with the date of its execution specified thereon shall be delivered to the company within sixty days from the date of such execution.</p> <p>When the company issues prospectus or makes an offer or invitation to the public or to its members exceeding five hundred for the subscription of its debentures, it is required to appoint a debenture trustee.</p> <p>All the Forms(physical/e-forms) start with the nomenclature SH.</p>		<p>SH 10 – Register of Securities bought back</p> <p>SH 12- Debenture Trust Deed</p> <p>SH 13- Nomination form</p> <p>SH 14- Cancellation or variation of nomination</p> <p>SH 15- Certificate of compliance in respect of buy back of securities.</p>

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter V- Acceptance of Deposits by Companies (Sections 73-76)			
Fully notified except Section 74(1) and Section 75	Prohibition of acceptance of deposits from persons other than members unless networth /turnover criteria are fulfilled. All the Forms(physical/e-forms) start with the nomenclature DPT.		DPT 1- Circular in the form of advertisement inviting deposits DPT 2- Deposit Trust deed DPT 3 – Return of Deposits DPT 4 – Statement regarding deposits existing on the commencement of the Act
Chapter VI- Registration of Charges (Sections 77-87)			
Fully notified	Every company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, to register the particulars of the charge signed by the company and the charge-holder together with the instruments, if any, creating such charge in Form No. CHG-1 (for other than Debentures) or Form No. CHG-9 (for debentures including rectification). The Charge has to be registered within 30 days of its creation. The Registrar can condone the delay upto 300 days of creation of charge.	CHG-1- Application for registration of creation, modification of charge (other than those related to debentures) including particulars of modification of charge by Asset Reconstruction Company in terms of Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002	CHG 2- Certificate of Registration of charge. CHG 3- Certificate of registration of Modification of Charge CHG 5- Memorandum of satisfaction of charge. CHG 7- Register of charges

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	All the Forms(physical/e-forms) start with the nomenclature CHG	CHG-4- Particulars for satisfaction of charge CHG-6- Notice of appointment or cessation of receiver or manager CHG-9- Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures	

**Chapter VII - Management and Administration
(Sections 88-122)**

Fully notified except Sections 97-99, Section 119(4)	Enhanced disclosures in the Annual Return Penalty prescribed for tampering minutes. Every listed company shall file a return in the prescribed form with the Registrar with respect to change in the number of shares held by promoters and top ten shareholders of such company, within 15 days of such change. The resolution requiring special notice has to be moved by such number of members holding not	MGT-6- Form of return to be filed with the Registrar MGT-14- Filing of Resolutions and agreements to the Registrar under section 117	MGT1- Register of Members MGT 2- Register of debenture holders/other security holders MGT 3- Notice regarding place of keeping the registers MGT 4- Declaration of beneficial interest (by registered owners)
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<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	<p>less than 1 % of total voting power or holding shares on which an aggregate sum of not less than one lakh rupees has been paid-up.</p> <p>Notice of General Meeting in electronic mode permitted.</p> <p>Secretarial Standards for Board and General Meeting introduced.</p> <p>Punishment for Company Secretary for certifying annual return not in conformity.</p> <p>All the Forms(physical/e-forms) start with the nomenclature MGT.</p>		<p>MGT 5- Declaration of beneficial interest by persons holding beneficial interest.</p> <p>MGT 6- Return to registrar regarding beneficial interest.</p> <p>MGT 7- Annual Return</p> <p>MGT 8- Certificate by Company Secretary in Practice</p> <p>MGT 9- Extract of Annual Return</p> <p>MGT 10 – Changes in the shareholding position of promoters and top ten shareholders.</p> <p>MGT 11- Proxy form</p> <p>MGT 12 –Polling paper</p> <p>MGT 13- Report of the Scrutinizer</p> <p>MGT 15- Form for filing the report on AGM.</p>
Chapter VIII - Declaration and Payment of Dividend (Sections 123-127)			
Fully notified except Section 124-125	No dividend can be declared in case of failure of repayment of deposits or interest thereof.		

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter IX - Accounts of Companies (Sections 128-138)			
Fully notified except Section 130-132	<p>Maintenance of books of accounts in electronic mode permitted.</p> <p>Compulsory placing of accounts on company's website by listed companies.</p> <p>Voluntary revision of financial statements or Board's report.</p> <p>Re-opening of accounts on tribunal's order.</p> <p>Mandates preparation of consolidated financial statements for all companies which have one or more subsidiaries in addition to the standalone financial statements.</p> <p>Board's report has been made more informative with extensive additional disclosures like a statement on declaration of independence by the independent directors, related party transactions, policy on director's appointment and remuneration, ratio of remuneration to each director to the median employee's remuneration, policy developed and implemented by the company on corporate social responsibility.</p> <p>Mandates internal audit for prescribed class of companies.</p> <p>Prescribed companies to spend atleast 2% of the average net profits made during the 3 immediately preceding financial year.</p>		<p>AOC 1- Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures</p> <p>AOC 2- Related party disclosure</p> <p>AOC 3- Statement containing salient features of Balance Sheet and Profit and Loss Account</p> <p>AOC 4- Form for filing financial statement and other documents with the registrar.</p>

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter X - Audit and Auditors (Sections 139-148)			
Fully notified except second proviso to sub-section (4) and sub-section (5) of Section 140	Time bound annual appointment/re-appointment of auditors by CAG for Government Companies. Compulsory Rotation of Auditors Auditors not to render certain services Tribunal may direct the Company to change the auditors Indebtedness of relative of auditor, associate company are disqualifications to be appointed as auditor. Auditor to attend the Annual General Meetings. Cost Auditing Standards made mandatory.		ADT 1- Notice of appointment of Auditors ADT 2- Application for removal of auditors before the expiry of term. ADT 3- Notice of Resignation of Auditor ADT 4- Report to Central Government, suspecting offence involving fraud.
Chapter XI - Appointment and Qualifications of Directors (Sections 149-172)			
Fully notified except Section 169(4)	Compulsory appointment of women director for certain class of companies. Compulsory appointment of resident director. Listed companies to have at least 1/3rd of the total number of directors as independent directors. Maximum number of directors is 15. Limitation of liability of non-executive directors and independent directors. Declaration from director stating that he is not disqualified to be appointed as director. Duties of directors are directly spelt out.	DIR-3- Application for allotment of Director Identification Number DIR-6- Intimation of change in particulars of Director to be given to the Central Government DIR 11- Notice of Resignation of Director to the Registrar.	DIR 1- Application for inclusion in databank of independent directors DIR 2- Consent to act as director DIR 4- verification of applicant for application for DIN DIR 5- Application for surrender of DIN DIR 7- Verification of

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
		DIR 12- Particulars of Appointment of Directors, Key Managerial Personnel and Change amongst them	applicant for change in DIN particulars DIR 8- intimation by director about other directorships / previous disqualification if any etc. DIR 9- report by a company to registrar DIR 10 – Form of application for removal of disqualification.

**Chapter XII - Meetings of the Board and its Powers
(Sections 173-195)**

Fully notified	<p>Notice of Board Meeting in electronic mode.</p> <p>Participation of directors at the Board Meeting through video conferencing permitted.</p> <p>Every listed company and other class of companies to set up vigil mechanism for directors/employees to report genuine concerns.</p> <p>Setting up of nomination and remuneration committee for certain class of companies.</p> <p>Prohibition of loans to directors or giving guarantee or providing security in connection with loan taken by director of the company.</p> <p>The scope of related party transactions and the disclosure requirements thereof widened.</p> <p>Prohibition on forward dealings in securities of</p>	<p>MBP-1- Notice of interest by Director</p> <p>MBP 2- Register of loans etc.</p> <p>MBP 3- Register of investments not in own name</p> <p>MBP 4- Register of contracts with related party.</p>
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<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	<p>company by a Key managerial Personnel. Prohibition of insider trading of securities. Bar on investment through more than 2 layers of investment companies Requirement to disclose inter-corporate loans made by company, inter-corporate investments in its financial statement.</p>		
Chapter XIII - Appointment and Remuneration of Managerial Personnel (Sections 196-205)			
Fully notified	<p>Separation of officers of Chairman and MD/CEO. Appointment of Key Managerial Personnel for Certain class of companies. Ratio of remuneration of each director to the median employee's remuneration to be disclosed in the Board's report of every listed company. Mandatory Secretarial Audit for Certain class of companies. Functions of Company Secretary defined.</p>	<p>MR-1 Return of appointment of managing director or whole time director or manager MR-2 Form of application to the Central Government for approval of appointment or reappointment and remuneration or increase in remuneration or waiver for excess or over payment to managing director or whole time director or manager and commission or remuneration to directors</p>	<p>MR3- Secretarial Audit Report</p>

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
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**Chapter XIV - Inspection, Inquiry and Investigation
(Sections 206-229)**

Fully notified except Section 212(8) – Section 212(10), Section 213, 216(2), Section 218, Section 221-222, Section 224(2), 224(5) and Section 226-227	Investigation into the affairs of the Company by SFIO. Reciprocal arrangement with other countries for assistance in investigation of affairs of companies. Freezing of assets on an inquiry and investigation of a company. Investigation of foreign companies.		
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**Chapter XV - Compromises and Arrangements
(Sections 230-240)**

Yet to be notified	Compromise/arrangement to include takeover offers. Detailed disclosure by applicant through affidavit, to the tribunal, disclosing the material facts relating to the company. No sanction for compromise or arrangement if accounting treatment not compliant with accounting standards. Specific provisions for demergers. Cross border mergers facilitated. Fast track merger for small companies and between holding company and its wholly owned subsidiary introduced. Person / group of persons holding 90% or more		
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<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	equity shares by virtue of amalgamation etc. Can purchase the remaining equity shares of the company from minority shareholders. Valuation of shares / assets etc. required under 2013 Act to be performed by a Registered Valuer.		
Chapter XVI - Prevention of Oppression and Mismanagement (Sections 241-246)			
Yet to be notified	Class action by members/depositors by applying to tribunal.		
Chapter XVII - Registered Valuers (Section 247)			
Yet to be notified	Lays down the criteria for registration, rights of the valuer, approach and methods to be used by registered valuers and contents of the Valuation Report. Companies Act, 2013 — Occasions requiring valuation <ol style="list-style-type: none"> 1. Section 62- Valuation for Further Issue of Share Capital 2. Section 192(2) - Valuing Assets involved in Arrangement of Non-Cash transactions involving directors 3. Section 230(2)(c)(v)- Valuation of shares, property and assets of the company under Corporate Debt restructuring scheme. 	—	—

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	<ol style="list-style-type: none"> 4. Section 230(3) – Copy of valuation report to be accompanied with the notice of the meetings of shareholders or creditors. 5. Section 232(2)(d) – Circulation of report of the expert relating to valuation at the meeting of creditors/members. 6. Section 232(3)(h) – Exit opportunity to the shareholders of transferor company in case of transferor company being a listed company and the transferee company being an unlisted company. 7. Section 236(2) – Valuation of shares held by Minority shareholders. 8. Section 260(2)(c)- Valuation of shares/assets for company administrator. 9. Section 281(1) – Valuation of assets for submission of report by the liquidator. 10. Section 305(2)(d) – Valuation at the time of declaration fo solvency under voluntary winding up. 11. Section 319(3)(b) - The interest of dissenting member of transferor company who do not support the special resolution required by company liquidator. 		

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter XVIII - Removal of Names of Companies from Register of Companies (Sections 248-252)			
Yet to be notified	Removal of name by Registrar of Companies <i>suo motu</i> or on application by the company. Grounds on which the registrar may remove the names of companies has been specified. Appeal against the order of Registrar companies to tribunal. Application by ROC to tribunal against his own action of inadvertent removal of name.	--	--
Chapter XIX - Revival and Rehabilitation of Sick Companies (Sections 253-269)			
Yet to be notified	Sickness defined. Revival and rehabilitation is applicable to all sick companies. Time bound rehabilitation process.	--	--
Chapter XX - Winding up (Sections 270-365)			
Yet to be notified	Winding up process has become time bound. More grounds of winding up. Winding up may be by tribunal or voluntary winding up. Enhanced measures to protect the interest of creditors.	--	--

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter XXI - Companies authorized to register under this Act (Sections 366-378)			
Fully notified except Sections 372-373 and Section 375-378, proviso to Section 370	--	URC-1 Application by a company for registration under section 366	URC 2- Advertisement giving notice about registration under Part I of Chapter XXI
Chapter XXII - Companies Incorporated outside India (Sections 379-393)			
Fully notified except Section 391(1)	Service on foreign company by electronic mode. Applicability of winding up of provisions to closure of place of business of foreign company. Criminal liability for misstatement in prospectus	FC-1 Information to be filed by foreign company FC-2 Return of alteration in the documents filed for registration by foreign company FC-3 List of all principal places of business in India established by foreign company FC-4 Annual Return	FC 5- Nomination by IDR holder

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter XXIII - Government Companies (Sections 394-395)			
Fully notified	--	--	--
Chapter XXIV - Registration Offices and Fees (Sections 396-404)			
Fully notified except 399(2)	Inspection in electronic form	GNL-1 Form for filing an application with Registrar of Companies GNL-2 Form for submission of documents with Registrar of Companies GNL-3 Particulars of person(s) or director(s) or charged or specified for the purpose of section 2(60)	--
Chapter XXV - Companies to Furnish Information or Statistics (Sections 405)			
Fully notified	--	--	--

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter XXVI - Nidhis (Sections 406)			
Fully notified	---		NDH 1- Return of statutory compliances NDH 2- Application for extension of time NDH 3- Half yearly Return
Chapter XXVII - National Company Law Tribunal and Appellate Tribunal (Sections 407-434)			
Only Sections 407-414 have been notified. Other sections are yet to be notified.	---	--	--
Chapter XXVIII - Special Courts (Sections 435-446)			
Only Section 439 and Section 442-446 are notified. Other sections are yet to be notified.	Establishment of special courts for speedy trial of offences Composition of offences by special courts, regional director and tribunal. Offences to be non-cognizable with certain exceptions.	--	--

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
Chapter XXIX - Miscellaneous (Sections 447-470)			
Fully notified except Section 465-466	Punishment for fraud, false statement, false evidence, punishment where no specific penalty or punishment is provided, punishment for repeated default etc., Adjudication penalties.	ADJ Memorandum of Appeal MSC-1 Application to ROC for obtaining the status of dormant company MSC-3 Return of dormant companies MSC-4 Application for seeking status of active company	MSC 2- Certificate of status of a Dormant Company MSC 5- Certificate of Status of an Active Company
Schedule I-VII			
Notified	Schedule I- Memorandum and Articles of Association formats. Schedule II- Useful lives to compute depreciation. Schedule III- General instruction for preparation of balacesheet and statement of profit and loss of a company. Schedule IV- Code for independent Directors Schedule V- conditions to be fulfilled for the appointment of a managing or whole-time director or a manager without the approval of central government.	--	--

<i>Notification status</i>	<i>Highlights of the Act read with notified rules if any</i>	<i>List of important e-forms prescribed in the Rules</i>	<i>List of physical forms prescribed</i>
	<p>Schedule VI-Infrastructure projects/ infra-structural Facilities</p> <p>Schedule VII- Activities which may be included by companies in their corporate social responsibility policies.</p>		

Annexure X

NEW FORMS

<i>New form no.</i>	<i>Purpose of form</i>	<i>Old form</i>
INC-1	Application for reservation of name	1A
INC-2	OPC- Application for Incorporation	New form
INC-3	OPC- Nominee consent form	New form
INC-4	OPC- Change in Member/Nominee	New form
INC-5	OPC- Intimation of cessation	New form
INC-6	OPC- Application for Conversion	New form
INC-7	Incorporation of Co. (Other than OPC)	1
INC-18	Application to Regional director for conversion of section 8 co. into any other kind of co.	New form
INC-20	Intimation to Registrar of revocation/ surrender of license issued u/s 8	New form
INC.21	Application for commencement of business	19, 20
INC-22	Notice for situation or change of situation of registered office	18
INC-23	Application to Regional director for approval to shift the registered office from one state to another state or from jurisdiction of one registrar to another within the state	1AD, 24AAA
INC-24	Application for change of name	1B
INC-27	Conversion form Pvt. To public or vice-versa	1B, 62
INC-28	Notice of order of the Court or Tribunal or any other competent authority	21
PAS-3	Return of allotment	2

<i>New form no.</i>	<i>Purpose of form</i>	<i>Old form</i>
SH-7	Notice to Registrar for alteration of share capital	5
SH-8	letter of offer	New form
SH-11	Return in respect of buy back of securities	4C
CHG-1	Application for registration of creation or modification of charge (other than debentures)	8
CHG.4	Particulars of satisfaction of charge	17
CHG-6	Notice of appointment or cessation of receiver or manager	15
CHG-9	Application for registration of creation or modification of charge in case of debentures	10
MGT-14	Filing of Resolutions and agreements to the Registrar under section 117	23
DIR-3	Application for allotment of Director Identification Number	DIN1
DIR-11	Intimation of change in particulars of Director to be given to the Central Government	DIN4
DIR-12	Notice of resignation of a director to the Registrar	New form
DIR-8	Particulars of appointment of directors and the key managerial personnel and the changes among them	32, 32AD
MR-1	Return of appointment of managing director or whole time director or manager	25C
MR-2	Form of application to the Central Government for approval of appointment or reappointment and remuneration or increase in remuneration or waiver for excess or over payment to managing director or whole time director or manager and commission or remuneration to directors	25A
URC-1	Application by a company for registration under section 366	37, 39

<i>New form no.</i>	<i>Purpose of form</i>	<i>Old form</i>
FC-1	Information to be filed by foreign company	44
FC-2	Return of alteration in the documents filed for registration by foreign company	49, 52
FC-3	List of all principal places of business in India established by foreign company	52
FC-4	Annual Return	PTII
ADJ	Memorandum of Appeal	New form
MSC-1	Application to ROC for obtaining the status of dormant company	New form
MSC-3	Return of dormant companies	New form
MSC-4	Application for seeking status of active company	New form
GNL-1	Form for filing an application with Registrar of Companies	61
GNL-2	Form for submission of documents with Registrar of Companies	62
CG-1	Form for filing application or documents with Central Government	65
GNL-3	Particulars of person(s) or director(s) or changed or specified for the purpose of section 2(60)	1AA
MGT-6	Form of return to be filed with the Registrar	22B
RD-1	Form for filing application to Regional Director	24A
RD-2	Form for filing petitions to Central Government (Regional Director)	24AAA

Annexure XI

TITLE OF FORMS

II	INCORPORATION OF COMPANY AND MATTERS INCIDENTAL THERETO	INC
III	PROSPECTUS AND ALLOTMENT OF SECURITIES	PAS
IV	SHARE CAPITAL AND DEBENTURES	SH
V	ACCEPTANCE OF DEPOSIT BY COMPANIES	DPT
VI	CHARGES	CHG
VII	MANAGEMENT AND ADMINISTRATION	MGT
VIII	DECLARATION AND PAYMENT OF DIVIDEND	DIV
IX	ACCOUNTS OF COMPANIES	AOC
X	AUDIT AND AUDITORS	ADT
XI	APPOINTMENT AND QUALIFICATIONS OF DIRECTORS	DIR
XII	MEETINGS OF BOARD AND ITS POWERS	MBP
XIII	APPOINTMENT AND REMUNERATION OF PERSONNEL	MR
XXI	COMPANIES AUTHORISED TO REGISTER UNDER THIS ACT	URC
XXII	COMPANIES INCORPORATED OUTSIDE INDIA	FC
XXIV	REGISTRATION OFFICES AND FEES	GNL
XXVI	NIDHIS	NDH
XXVIII	SPECIAL COURT	-
XXIX	MEMORANDUM OF APPEAL	ADJ
XXIX	MISCELLANEOUS	MSC

Annexure XII

FORMS BEING CONVERTED INTO E-FORMS

Notice of appointment of auditor by the company	ADT-1
Application for removal of auditor(s) from his/their office before expiry of term	ADT-2
Notice of Resignation by the Auditor	ADT-3
Application to Central Government for extension of time for filing particulars of registration of creation / modification / satisfaction of charge OR for rectification of omission or misstatement of any particular in respect of creation/ modification/ satisfaction of charge	CHG-8
Application for surrender of Director Identification Number	DIR-5
Form of application for removal of disqualification of directors	DIR-10
Circular or circular in the form of advertisement inviting deposits	DPT-1
Return of deposits	DPT-3
Statement regarding deposits existing on the commencement of the Act	DPT-4
Application for grant of License under section 8	INC-12

Annexure XIII

LIST OF COMPOUNDABLE OFFENCES UNDER THE COMPANIES ACT, 2013

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
11(2)- Failure of company in complying with the requirements relating to commencement of business.	8(11)- default in complying with the requirements relating to formation of companies with charitable objects etc.	8(11)- Default in complying with the requirements relating to formation of companies with charitable objects etc.
16(3)- Default of company in complying with the directions issued under sub-section (1) relating to rectification of name of company	40(5)- Default of company in complying with the provisions of this section relation to securities to be dealt with in stock exchanges	26(9)- Contravention of provisions relating to issue of a prospectus
26(9)- Violations of provisions relating to issue of a prospectus	46(5)- Fraudulently issuing duplicate share certificates by a company	40(5)- default in complying with the provisions of this section relating to securities to be dealt with in stock exchanges
53(3)- contravention of provisions relating to issue of shares at discount	66(11)- Default in publishing the order of confirmation of the reduction of share capital by the Tribunal	48(5)- Failure in complying with the provisions regarding variation of shareholders' rights

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
56(6)- Failure of company to comply with the provision relating transfer and transmission of securities under sub-section (1) to (5)	67(5)- Default in complying with provisions relating to purchase by company or loans by company for purchase of its own shares	53(3)- Contravention of provisions relating to issue of shares at discount
59(5)- Default in complying with the orders made by Tribunal relating to rectification of register of members	74(3)- Failure to repay the deposit or part thereof or any interest thereon within the time prescribed or such further time as may be permitted by the Tribunal	59(5)- Failure in complying with the order of Tribunal relating to rectification of register of members
64(2)- Default in filing a notice related to alteration, increase or redemption of share capital along with the altered memorandum with the Registrar	117(2)- Failure in filing with the Registrar the copy of notice or agreement within stipulated time	68(11)- If a company makes any default in complying with the provisions of this section or any regulation made by the Securities and Exchange Board relating to buy back of securities
67(5)- Contravention of provisions relating to purchase by company or loans by company for purchase of its own shares	124(7)- Default in transfer of amount of accumulated profits to unpaid dividend account and violating other provisions of section 124	71(11)- default in complying with the order of Tribunal relating to redemption of debentures
68(11)- Failure in complying with the provisions of this section or any regulation made by the Securities and Exchange Board relating to buy back of securities	143(15)- Failure of auditor to intimate to Central Government regarding fraud against the company by officers or employees	74(3)- If a company fails to repay the deposit or part thereof or any interest thereon within the time specified or such further time as may be allowed by the Tribunal
86- Violation of any provision relating to Registration of Charges (Chapter VI)	185(2)- Contravention of the provisions of sub-section 1 relating to loans, guarantee or security	86- Contravention of any provision of Chapter VI relating to registration of Charges

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
88(5)-Failure to maintain register of members/ debenture-holders/ other security holders as may be prescribed	245(7)- Committing default in complying with the order of Tribunal under this section.	92(5)- Failure to file annual return before the expiry of the period specified under section 403 with additional fee
89(5)-Failure to file declaration not holding beneficial interest in any share	314(8)- Default in complying with the provisions of this Section except sub-section (5).	128(6)- Failure to keep proper books of account
89(7)-Failure to file return relating to beneficial interest in any share before the expiry of the time specified u/s 403(1)(i) proviso	316(2) -Failure to send quarterly report on winding up and call meeting by company liquidator	129(7)- Failure to keep proper financial statement
92(6)- If a company secretary in practice certifies the annual return not in conformity with the requirements of this section or the rules made there under		134(8)- Default in complying with the provisions regarding financial statement and Board's report
99-Default in holding a meeting of the company as u/s 96 /97 /98 or in complying with any directions made by the Tribunal		137(3)- Failure to file financial statements with the Registrar
102(5)- Default in complying with the provisions of this section relating to statement to be attached to the notice		147(1)- Failure of company to comply with the provisions of sections 139 to 146 with regard to auditors
105(3)- If default is made in complying with sub-section (2) pertaining to proxies		159- Contravention of the provisions u/s 152, 155 and 156

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
105(5)- If invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued		167(2)- Functioning as a director after vacation of office
121(3)-Failure to file Report on annual General meeting.		178(8)- Default in complying with the provisions u/s 177 & of this section relating to Committees like Nomination, Remuneration and Stakeholders Relationship committee
124(7)- Failure to transfer the amount of accumulated profits to unpaid dividend account and violating other provisions of section 124		184(4)- Failure to disclose director's interest and Participation in Board meeting by interested director
137(3)-Failure to file financial statements with the Registrar		185(2)- Contravention of the provisions of sub-section (1) relating to loans, guarantee or security
140(3)-Non-Compliance by auditor of sub-section (2) relating to filing of resignation information		187(4)- Contravention of the provisions of this section relating investment of company held in its name
147(1)-Failure of company to comply with provisions of sections 139 to 146 with regard to auditors		188(5)(i)- Contravention of this section relating to Related party transaction in case of listed Company

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
157(2)-Failure to furnish DIN to Registrar		194(2)- Forward dealing in Securities of the company by Key Managerial personnel or director
165(6)- Acting as a director of more than 20 companies		195(2)- Contravention of this section (195) relating to Insider trading of securities by Key Managerial personnel or director
166(7)- Default in complying with the provisions of this section relating to directors duties		221(2)- Any removal, transfer or disposal of funds, assets, or properties of the company in contravention of the order of the Tribunal under sub-section (1)
172- Contravention of the provisions of Chapter XI relating to appointment and qualifications of directors		222(2)- Securities in any company are issued or transferred or acted upon in contravention of an order of the Tribunal under sub-section (1)
178(8)- Default in complying with the provisions of section 177 & of this section relating to Committees like Nomination, Remuneration and Stakeholders Relationship Committee		232(8)- Contravention of the provisions by the transferor and transferee company in case of merger or amalgamation
188(5)(ii)- Related party transaction in case of other company		242(8)- Contravention of the order of Tribunal relating to alterations in memorandum or articles

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
186(13)- Contravention of the provisions of this section relating to loans and investment		243(2)- Acting as managing or other director or manager, whose agreement has been terminated or set aside
187(4)- Contravention of the provisions of this section relating to investment of company held in its name		274(4)- Failure to file statement of affairs
191(5)- Contravention of the provisions of this section relating to payment to director for loss of office in connection with transfer of property		284(2)- Failure to extend full cooperation to the company liquidator
197(15)- Contravention of the provisions of this section relating to managerial remuneration in case of absence or inadequacy of profits.		305(4)- Without reasonable grounds giving declaration of solvency in case of proposal to wind up voluntarily
203(5)- Contravention of the provisions of this section relating to appointment of Key Managerial personnel		306(5)- Default in calling the meeting of the creditors; to prepare a statement of the position of the company's affairs alongwith a list of creditors, estimated amount of claim and filing the resolution with Registrar
204(4)- Contravention of the provisions of this section relating to Secretarial Audit for bigger companies.		347(4)- contravention of any rule framed or an order made under sub-section (3)
206(7)- Failure to furnish any information during inspection or inquiry		348(7)- Wilful default by company liquidator

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
221(2)- Any removal, transfer or disposal of funds, assets, or properties of the company in violation of the order of the Tribunal under sub-section (1)		392- Contravention of the provisions of Chapter XXII by a foreign company
222(2)- Securities in any company are issued/ transferred/acted upon in violation of an order of the Tribunal under sub-section (1)		405(4)- Failure to furnish information or statistics etc. by the companies required by the Central Government
232(8)- Contravention of the provisions by the transfer and transferee company in case of merger or amalgamation		441(5)- Failure to comply with the order made by Tribunal or Regional Director in relation to Compounding of offences
238(3)-Failure to register the offer of Schemes involving transfer of shares.		454(8)- Failure to pay the penalty imposed by the adjudicating officer or Regional Director
242(8)- Contravention of the order of Tribunal relating to alterations in memorandum or articles		
247(3)(Proviso)- Contravention of the provisions of this section by the valuer		
249(2)- Filing of application in restricted cases for removal of name		
302(4)- default by official liquidator in forwarding a copy of the order of dissolution of company by tribunal within the period specified in sub-section (3)		

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
306(5)- Default in calling the meeting of the creditors; to prepare a statement of the position of the company's affairs along with a list of creditors, estimated amount of claim and filing the resolution with Registrar		
307(2)- Default in publication of resolution to wind up voluntarily		
312(2)- Failure to give notice of appointment of Company Liquidator to Registrar		
314(5)-Failure to prepare quarterly statement of accounts by company liquidator in voluntary winding up and file with the Registrar under sub-section (5).		
318(8)- Failure to comply with the provisions of this section relating to final meeting and dissolution of company		
342(6)- Failure or neglect to give assistance required under sub-section (5)		
344(2)- Failure to give statement that the company is in liquidation		
348(6)- Contravention of the provisions of information as to pending liquidation		

<i>Offences compoundable by Regional Director</i>	<i>Offences compoundable by the NCLT</i>	<i>Offences compoundable by Special Court</i>
356(2)- Failure to file certified copy of the order of Tribunal relating to dissolution of company void with the Registrar		
392- Contravention of the provisions of Chapter XXII by a foreign company		
405(4)- Failure to furnish information or statistics etc. by the companies required by the Central Government		
450- No specific penalty or punishment is provided in the Act		
451- Repeated default within 3 years		
452(1)- Punishment for wrongful withholding of property		
453- Improper use of the words "limited" and "private limited"		
454(8)- Failure to pay the penalty imposed by the adjudicating officer or Regional Director		
464(3)- Being a member of a company formed exceeding certain numbers		
469(3)- Contravention of the Rules framed by Central Government		

Annexure XIV

PENALTIES

<i>Section No</i>	<i>Particulars</i>	<i>Responsibility</i>	<i>Penalty on non-compliance</i>	<i>Persons liable</i>
7	Incorporation of Company	Ensure true and correct information is submitted and no material information is suppressed at the time of incorporation of company	a) Imprisonment - six months to ten years and b) Fine – 100% to 300% of the amount involved in the fraud	First directors, promoters, persons connected with incorporation
42	Contravention of provisions of private placement	Ensure compliance with the provisions relating to offer or acceptance of monies under private placement	Amount involved in the offer or invitation or two crore rupees, whichever is higher.	Company, its promoters and directors
100	Conduct of extraordinary general meeting	Ensure extraordinary general meeting is conducted as per the provisions on the request of the members	Reimbursement of reasonable expenses incurred in calling the meeting to the requisitionists	Directors who were in default in calling the meeting
102	Statement to be annexed to notice of general meeting.	Ensure appropriate disclosure in the statement annexed to notice of annual general meeting.	Fine - fifty thousand rupees or five times the amount of benefit derived whichever is more	Promoter, director, manager or other key managerial personnel

<i>Section No</i>	<i>Particulars</i>	<i>Responsibility</i>	<i>Penalty on non-compliance</i>	<i>Persons liable</i>
		In case any benefit accrues on account of non-disclosure or insufficient disclosure, compensate the company to the extent of benefit received		
127	Distribution of dividends	Ensure dividend/warrant in respect thereof is paid within 30 days from the date of declaration	Company – interest @18% per annum for the period of default Director: Imprisonment - upto two years; or Fine – upto one thousand per rupees per day of default; or with both imprisonment and fine	Company, every director of the company if he is knowingly a party to default
128	Books of accounts	Ensure the books of accounts and other relevant books, papers and financial statement, for every financial year for the company has been prepared and kept at its registered office	Imprisonment - upto one year; or Fine - fifty thousand rupees to five lakh rupees; or with both imprisonment and fine	MD, the WTD in charge of finance, the CFO or any other person responsible
129	Financial statement	Ensure provisions relating to preparation of financial statement has been complied with	Imprisonment - upto one year; or Fine - fifty thousand rupees to five lakh rupees; or with both imprisonment and fine	MD, the WTD in charge of finance, the CFO or such other responsible person
137	Copies of financials state-	Ensure financial statements along with the relevant attach-	Company - fine of one thousand rupees for every day of default but not	Company, MD and CFO, if any and if not, then any director

<i>Section No</i>	<i>Particulars</i>	<i>Responsibility</i>	<i>Penalty on non-compliance</i>	<i>Persons liable</i>
	ments to be filed with the registrar	ments has been filed with the registrar within the time specified under section 403	exceeding ten lakh rupees Persons: Imprisonment - upto six months; or Fine - one lakh rupees to five lakh rupees; or with both imprisonment and fine	responsible and in the absence of any such director, all such directors
152, 155 & 156	Appointment of directors	Ensure compliance with the provisions relating to appointment, retirement and furnishing of director identification number to the company etc	Imprisonment - upto six months; or Fine – upto fifty thousand rupees and fine of five hundred rupees for every day of continuing default	Any individual or director
165	Number of directorships	Ensure compliance with provisions relating to number of directorship in a company (max - 20, subject to directorship in the public company, including a company which is a subsidiary of a public company, shall not exceed 10)	Fine - five thousand rupees to twenty-five thousand rupees for every day of continuing default	Any person proposed to be appointed as director
166	Duties of directors	Act in accordance with the articles of association and according to provisions mentioned in section 166	Fine - one lakh rupees to five lakh rupees	Director
167	Vacation of office of the director	Vacate the office of director on account of disqualification as specified in subsection (1) section 167	Imprisonment - upto one year or Fine - one lakh rupees to five lakh rupees, or with both imprisonment and fine	Director

<i>Section No</i>	<i>Particulars</i>	<i>Responsibility</i>	<i>Penalty on non-compliance</i>	<i>Persons liable</i>
184	Disclosure of director's interest	Make appropriate disclosure of director's interest in other companies, firms, association of persons etc.	Imprisonment – upto one year; or Fine - fifty thousand rupees to one lakh rupees; or with both imprisonment and fine	Director
185	Loans to directors	Ensure compliance with section 185(1) relating to advancement of loan to director or providing guarantee/security to director	Company - Fine - five lakh rupees to twenty-five lakh rupees Director - imprisonment upto six months; or Fine - five lakh rupees to twenty-five lakh rupees; or with both imprisonment and fine	Company and director
189	Register of contracts in which directors are interested	Ensure maintenance of register of contracts and arrangements entered into with the interested directors and related parties	Fine - twenty-five thousand rupees	Director
191	Payment to director for loss of office	Ensure compliance with provisions relating to payment to directors for loss of office in connection with the transfer of undertaking, property or shares	Fine -twenty-five thousand rupees to one lakh rupees	Director
194	Forward dealing in securities by KMP	Not to engage in forward dealings in the securities of the company or in its holding, subsidiary or associate company	Imprisonment – upto two years; or Fine - one lakh rupees to five lakh rupees; or with both fine and imprisonment	Director or KMP

<i>Section No</i>	<i>Particulars</i>	<i>Responsibility</i>	<i>Penalty on non-compliance</i>	<i>Persons liable</i>
203	Appointment of KMP	Ensure compliance with provisions of section 203 for appointment of whole-time KMP	Company - one lakh rupees to five lakh rupees and Director - fine upto fifty thousand rupees and one thousand rupees for every day of continuing default	Company, every director and every KMP, who is in default
238	Dissenting share holders in a scheme of merger	Register the circular/scheme for acquisition of shares from dissenting shareholders in a scheme of merger	Fine - twenty-five thousand rupees to five lakh rupees.	Director in default
243	Oppression and mismanagement	Not to act as MD, director or manager of the company for a period of five years if the contract between the company and such managing director, director or manager, as the case may be, has been terminated or set aside	Imprisonment – up to six months; or Fine - may extend to five lakh rupees; or with both fine and imprisonment	Any person who knowingly acts as a MD or other director or manager of a company & every other director of the company who is knowingly a party