

IMPORTANT PROVISIONS OF COMPANIES ACT, 2013



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TYPES OF COMPANIES

Private Company [u/s 2(68)]

“**Private company**” means a company having a minimum paid-up share capital of **one lakh rupees** or such higher paid-up share capital as may be prescribed, and which by its articles,—

- (i) restricts the right to transfer its shares;
- (ii) except in case of One Person Company, limits the number of **its members to 200**;
- (iii) prohibits any invitation to the public to subscribe for any **securities** of the company;

Public Company [u/s 2(71)]

“Public company” means a company which—

- (a) is not a private company;
- (b) has a minimum paid-up share capital of 5 Lakh rupees or such higher paid-up capital, as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles ;

One Person Company [u/s 2(62)]

“One Person Company” means a company which has only one person as a member;

Small Company [u/s 2(85)]

“**Small company**” means a company, other than a public company,—

- (i) paid-up share capital of which does **not exceed 50 lakh** rupees or such higher amount as may be prescribed which shall not be more than 50 crore rupees; **or**
- (ii) turnover of which as per its last profit and loss account does not **exceed 2 crore rupees** or such higher amount as may be prescribed which shall not be more than 20 crore rupees:

Provided that nothing in this clause shall apply to—

(A) a holding company or a subsidiary company;

(B) a company registered under section 8; or

(C) a company or body corporate governed by any special Act;

Foreign Company [u/s 2(42)]

“**Foreign company**” means any company or body corporate incorporated outside India which—

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

**OTHER TYPE
OF
COMPANIES**

Associate Company [u/s 2(6)]

“**Associate company**”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation.—*For the purposes of this clause, “significant influence” means control of **at least twenty per cent.** of total share capital, or of business decisions under an agreement;*

Subsidiary Company [u/s 2(87)]

“**Subsidiary Company**” or “**Subsidiary**”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) **controls the composition of the Board of Directors**; or
- (ii) 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:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression “company” includes any body corporate;
- (d) “layer” in relation to a holding company means its subsidiary or subsidiaries;

Holding Company[u/s 2(46)]

“Holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies;

Commencement of Business [u/s 11]

A company having a share capital shall not commence any business or exercise any borrowing powers unless a declaration is filed by a director in such form and verified in such manner as may be prescribed, with the Registrar that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him and the paid-up share capital of the company is not less than 5 lakh rupees in case of a public company and not less than 1 lakh rupees in case of **A Private Company** on the date of making of this declaration;

Now the Commencement of Business is applicable to Private Company also in addition to Public Company



LETTER HEAD AS PER COMPANIES ACT,2013

NAME OF THE COMPANY
CORPORATE IDENTIFICATION NUMBER (CIN) OF COMPANY
REGISTERED OFFICE ADDRESS OF THE COMPANY:

TELEPHONE NUMBER:
EMAIL ID:

FAX NUMBER:

WEBSITE OF THE COMPANY:

The above Company information should be present in all its business letters, billheads, letter papers and in all its notices and other official publications.

Note:

Where a company has changed its name or names during the last two years, it shall paint or affix or print, as the case may be, along with its name, the former name or names so changed during the last two years.

PRIVATE PLACEMENT



KEY ASPECTS OF PRIVATE PLACEMENT

- A Company may make an offer or invitation to subscribe to securities through issue of a private placement offer letter in Form **PAS-4**
- A company shall not make a private placement of its securities unless a **Special Resolution** for each of the Offers or Invitations is passed by the company.
- In case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes a previous **special resolution only once in a year for all the offers or invitation** for such debentures during the year.
- Such offer or invitation shall be made to **not more than two hundred persons** in the aggregate in a financial year.
- Offer or invitation made to QIBs , or employees of the company under a scheme of employees stock option shall not be considered while calculating the limit of two hundred persons.



KEY ASPECTS OF PRIVATE PLACEMENT

(...Contd)

- The value of such offer or invitation per person shall be with **an investment size of not less than twenty thousand rupees** of face value of the securities.
- The payment to be made for subscription to securities shall be made from the bank account of the person subscribing to such securities.
- The company shall maintain a complete record of private placement offers in Form **PAS-5**
- A copy of such record along with the private placement offer letter in Form **PAS-4** shall be filed with the Registrar and where the company is listed , with **SEBI within a period of thirty days of circulation** of the private placement offer letter.
- A return of allotment of securities under section 42 shall be filed with the Registrar within thirty days of allotment in Form **PAS-3**



IMPACT ON PRIVATE LIMITED

- In the old Act, the power to issue shares under private placement in case of Private Limited Company was in the hands of Board of Directors of the Company.
- In New Act, Shareholders approval is required in case of Private Limited Company.

SHARE CAPITAL

ISSUE AND REDEMPTION OF PREFERENCE SHARES.

- The issue of preference shares has been authorized by passing a **Special Resolution In The General Meeting** of the company 
- A company may redeem its preference shares only on the terms on which they were issued or as varied after due approval of preference shareholders under section 48 of the Act.
- The preference shares may be redeemed:-
 - (a) at a fixed time or on the happening of a particular event;
 - (b) any time at the company's option; or
 - (c) any time at the shareholder's option.

ISSUE AND REDEMPTION OF PREFERENCE SHARES

(...Contd)

- A company engaged in the setting up and dealing with of infrastructural projects may issue preference shares for a **period exceeding twenty years but not exceeding 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.



TIME LIMIT FOR ALLOTMENT

FOREIGN EXCHANGE MANAGEMENT ACT, 1999 (FEMA)

According to FEMA Act, 1999 allotment of shares must be done within 180 days from the date of receipt of money.

COMPANIES ACT, 2013

According to Companies Act, 2013 allotment of shares must be done within 60 days from the date of receipt of money.



NOTICE OF ALTERATION OF SHARE CAPITAL

- The notice of alteration, increase or redemption of Share Capital shall be filed by the company with the Registrar in **Form No. SH.7** along with the fee.

DEBENTURES

- An issue of secured debentures may be made, provided the **date of its redemption shall not exceed ten years** from the date of issue.

- A company engaged in the setting up of **infrastructure projects may issue** secured debentures **for a period exceeding ten years but not exceeding thirty years.**



- The company shall appoint a debenture trustee before the issue of prospectus or letter of offer for subscription of its debentures and not later than **sixty days** after the allotment of the debentures.



- Any holder of securities of a company may, at any time, **nominate, in Form No. SH.13**, any person as his nominee in whom the securities shall vest in the event of his death.

- In case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes a previous **special resolution only once in a year for all the offers or invitation** for such debentures during the year.



**DELIVERY OF SHARE CERTIFICATE
&
LODGMENT OF TRANSFER**

- Company should register transfer of securities only if duly stamped, dated and executed transfer instrument **is delivered to the Company within 60 days** from the date of execution.[Section 56]

- **Transfer of partly paid up share:** Where an application is made by the transferor alone and relates to partly paid shares, the transfer shall not be registered, unless the company gives the notice of the application, in such manner as may be prescribed, to the transferee and the transferee gives no objection to the transfer within **two weeks** from the receipt of notice.

- Where the securities are dealt with in a depository, the company shall intimate the details of allotment of securities to depository immediately on allotment of such securities.



IMPACT

- Validity on Instrument of Transfer in case of Listed Companies is reduced from **One year to Sixty days.**

TIME LIMIT FOR DELIVERY OF SHARE CERTIFICATES / DEBENTURE CERTIFICATES



Particulars	Time Limit	Calculation of time limit
In case of subscribers to the memorandum.	Within a period of two months.	From the date of incorporation.
In case of allotment of shares.	Within a period of two months.	From the date of allotment.
In the case of transfer or transmission of securities.	Within a period of one month.	From the date of receipt by the company of the instrument of transfer or of the intimation of Transmission.
In the case of any allotment of debenture.	Within a period of six months.	From the date of allotment of debenture.

ACCEPTANCE OF DEPOSITS

DEFINITION

- **Eligible Co** - “eligible company” means a public company as referred to in subsection (1) of section 76, having a net worth of not less than **one hundred crore rupees** or a **turnover of not less than five hundred crore rupees** and which has obtained the prior consent of the company in general meeting by **means of a special resolution** and also filed the said resolution with the Registrar of Companies before making any invitation to the Public for acceptance of deposits.
- **Non Eligible Company** – other than Eligible Company which also includes Private Limited Company.



Conditions for Acceptance of Deposits/ Unsecured Loan by Every Company



Particulars	Limit
Acceptance & Invitation of Deposits from public	Eligible Co. - 25% of PC+FR
Acceptance Deposits from Member	Eligible Co. - 10% of PC + FR Non Eligible Co. - 25% of PC+FR
Acceptance Deposits from Directors / Company	No Limit for Eligible & Non Eligible Co.
Acceptance of Deposit (Short-term)	Eligible & Non Eligible Co. 10% of PC +FR

Note:

- 1) Non Eligible Company can not invite deposits from Public
- 2) Private Limited Company can not accept unsecured loan from its Member or relatives of Directors.
- 3) Amount accepted towards share application money shall be treated as deposit, if not refunded within 75 days. (60 days + 15 Days)

**REGISTRATION, MODIFICATION
&
SATISFACTION OF CHARGES**



Particulars	Form No	Time Limit	Remarks
Creation/Modification of Charge	CHG-1	Within a period of thirty days from the date of creation or modification of charge	Normal Fee
Creation/Modification of Charge after statutory time limit	CHG-1	If Not filed within 30days as mentioned above but filed within period of 300days from the date of creation/modification	Additional Fee will be levied subject to application for condonation of delay to Registrar.
Debentures Charge	CHG-9	Within a period of thirty days from the date of creation or modification of such charge	Normal Fee
Creation/Modification of Debentures Charge after statutory time limit	CHG-9	If Not filed within 30days as mentioned above but filed within period of 300days from the date of creation/ modification	Additional Fee will be levied subject to application for condonation of delay to registrar.
Application for Condonation of delay to Registrar	CHG-10	-	Supported by a declaration that such belated filing shall not adversely affect rights of any other intervening creditors of the company.
Certificate of Registration of Charge issued by ROC	CHG-2	When a charge is registered with Registrar	-
Certificate of Registration of modification of charge	CHG-3	When the particulars of modification of charge is registered	-

Particulars	Form no	Time Limit	Remarks
Satisfaction of Charge.	CHG-4	Within a period of thirty days from the date of the payment or satisfaction in full	Normal Fee.
Certificate of registration of satisfaction of charge issued by ROC.	CHG-5	When the particulars of satisfaction is registered by ROC.	-
Register of Charges to be maintained by Company.	CHG-7	Forthwith after the creation, modification or satisfaction of charge, as the case may be	The register of charges shall be preserved permanently and the instrument creating a charge or modification thereon shall be preserved for a period of eight years from the date of satisfaction of charge by the company
Condonation of delay and rectification of register of charges to the Central Government	CHG-8	Where the instrument creating or modifying a charge is not filed within a period of three hundred days from the date of its creation/or modification and where the satisfaction of the charge is not filed within thirty days from the date of satisfaction.	
Order of Central Govt to be filed with Registrar .	INC-28	After order passed by Central Govt	Fee as per the conditions stipulated in the said order

ANNUAL RETURN

- Every company shall prepare its annual return in **Form No. MGT.7**
- The annual return, filed by a listed company or a company having paid-up share capital of **ten crore rupees or more or turnover of fifty crore** rupees or more, shall be certified by a Company Secretary in practice and the certificate shall be in **Form No. MGT.8.** 
- The extract of the annual return to be attached with the Board's Report shall be in **Form No. MGT.9.** 
- **Every listed company** shall file with the Registrar, a return in **Form No. MGT.10** along with the fee with respect to changes relating to either increase or decrease of two percent, or more in the shareholding position of promoters and top ten shareholders of the company in each case, either value or volume of the shares, within fifteen days of such change.
- The appointment of proxy shall be in the **Form No. MGT.11**

MEETINGS

MEETINGS OF BOARD

Particulars	Other than OPC	OPC and Small Company
First Meeting of Board	Within 30 days from date of Incorporation	Within 30 days from date of Incorporation
Subsequent Meetings of Board	4 meetings in every year and not more than 120 days shall intervene between two consecutive Board Meeting	2 Meetings in every year and the gap between the two meetings is not less than ninety days.
Length of Notice for Board Meeting	Not less than 7 days in writing to every Directors. (Allow Shorter Notice)	Not less than 7 days in writing to every Directors. (Allow Shorter Notice)
Quorum for Meetings of Board	1/3 of its total strength or two directors (whichever is higher)	Exemption to OPC if , there is One director.



MEETINGS OF BOARD THROUGH VIDEO CONFERENCING

A red circular icon with a white border and a white center, containing the word "Attention" in white text.

Attention

The meeting of the Board of Directors is now permitted through video conference or other audio visual means **except in following matters:**

- (i) the approval of the annual financial statements;
- (ii) the approval of the Board's report;
- (iii) the approval of the prospectus;
- (iv) the Audit Committee Meetings for consideration of accounts; and
- (v) the approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.

ANNUAL GENERAL MEETING

Particulars	Other than OPC *
First AGM	Within 9 months from the date of closing of financial year
Subsequent AGM	Within 6 months from date of closing of financial year.
Gap between Subsequent AGM	Not more than 15 months shall elapse between the date of one annual general meeting and that of the next
Time, Day and Place 	During business hours, i.e. between 9 a.m. and 6 p.m. on any day that is not a National Holiday and held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate.
Length of Notice for General Meeting	Not less than clear 21 days in writing or through Electronic Mode

*** Exemption from holding AGM to One Person Company (u/s 96)**



QUORUM FOR GENERAL MEETINGS

Types of Company	Quorum for General Meetings	Total Members of the Company
Public Company	Minimum 5 members	Less than 1000
Public Company	Minimum 15 Members	More than 1000 but up to 5000
Public Company	Minimum 30 Members	Exceeds 5000
Private Company	Minimum 2 Members	NA
One Person Company	Exempted	Exempted

EXPLANATORY STATEMENTS

- **Ordinary Business:**
 - ❖ In the case of an annual general meeting, all business to be transacted thereat shall be deemed special, other than—
 - the consideration of financial statements and the reports of the Board of Directors and auditors.
 - the declaration of any dividend.
 - the appointment of directors in place of those retiring.
 - the appointments of and the fixing of Remuneration of the Auditors.
 - ❖ In the case of any other meeting, all business shall to be deemed special.

POSTAL BALLOT

One Person Company and other companies having members up to two hundred are not required to transact any business through postal ballot.

The following items of business shall be transacted only by means of voting through a postal ballot.

- Alteration of the 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;
- 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;
- 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;
- Change in objects for which a company has raised money from public through prospectus and still has any unutilized amount out of the money so raised under sub-section (8) of section 13;
- Issue of shares with differential rights as to voting or dividend or otherwise under sub-clause (ii) of clause (a) of section 43;

The following items of business shall be transacted only by means of voting through a postal ballot. (.....Contd)

- Variation in the rights attached to a class of shares or debentures or other securities as specified under section 48;
- Buy-back of shares by a company under sub-section (1) of section 68;
- Election of a director under section 151 of the Act;
- 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;
- Giving loans or extending guarantee or providing security in excess of the limit specified under sub-section (3) of section 186:

AUDITORS

STATUTORY AUDITOR

- The auditor appointed in the annual general meeting shall hold office from the conclusion of that meeting till the conclusion of the sixth annual general meeting, with the meeting wherein such appointment has been made being counted as the first meeting. Provided that such appointment shall be subject to ratification in every annual general meeting till the sixth such meeting by way of passing of an ordinary resolution.
- The notice to Registrar about appointment of auditor shall be filed in Form **ADT-1** within **15 DAYS** of the meeting in which the auditor is appointed.
- If the appointment is not ratified by the members of the company, the Board of Directors shall appoint another individual or firm as its auditor or auditors after following the procedure laid down in this behalf under the Act.

COMPANIES TO WHICH RULES RELATING TO MANNER AND APPOINTMENT OF AUDITORS IS APPLICABLE

1. Listed company ;
2. Unlisted public companies having paid up share capital of rupees **ten crores** or more;

3. Private limited companies having paid up share capital of rupees **twenty crores** or more;

4. Companies having paid up share capital less than the threshold limit mentioned in (2) and (3) above, but having public borrowings from Financial institutions, banks or public deposits of rupees **fifty crores** or more.


 **The above companies & classes of companies shall exclude one person companies and small companies**



TENURE OF AUDITOR

The Companies to which rules relating to appointment of auditors is applicable should not appoint or reappoint :

- (a) an individual as auditor for **more than one term of five consecutive years**; and*
- (b) an audit firm as auditor for **more than two terms of five consecutive years**:*

Provided that—

- (i) an individual auditor who has completed his term under aforesaid point (a) shall not be eligible for re-appointment as auditor in the same company for five years from the completion of his term;
 - (ii) an audit firm which has completed its term under clause (b), shall not be eligible for re-appointment as auditor in the same company for five years from the completion of such term
- **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 network of audit firms. The term “same network” includes the firms operating or functioning, hitherto or in future, under the same brand name, trade name or common control.**
 - **If a partner, who is in charge of an audit firm and also certifies the financial statements of the company, retires from the said firm and joins another firm of chartered accountants, such other firm shall also be ineligible to be appointed for a period of five years.**

- Every company , existing on or before the commencement of this Act which is required to comply with provisions relating to appointment of auditors, shall comply with the requirements within three years from the date of commencement of this Act.
- The notice to Registrar about appointment of auditor shall be filed in Form **ADT-1** within fifteen days of the meeting in which the auditor is appointed.
- **Removal of the auditor before expiry of his term.-** The application to the Central Government for removal of auditor shall be made in Form **ADT-2** accompanied with fees within thirty days of the resolution passed by the Board. The company shall hold the general meeting within sixty days of receipt of approval of the Central Government for passing the special resolution.
- **Resignation of auditor:** When an auditor has resigned from the company, he shall file a statement in Form **ADT-3** with the company and the Registrar within a period of thirty days from the date of resignation

ILLUSTRATION EXPLAINING ROTATION IN CASE OF INDIVIDUAL AUDITOR

Number of consecutive years for which an individual auditor has been functioning as auditor in the same company [in the first AGM held after the commencement of provisions of section [I]	Maximum number of consecutive years for which he may be appointed in the same company (including transitional period) [II]	Aggregate period which the auditor would complete in the same company in view of column I and II [III]
5 years (or more than 5 years)	3 years	8 years or more
4 years	3 years	7 years
3 years	3 years	6 years
2 years	3 years	5 years
1 year	4 years	5 years

Explanation: If a individual as a auditor has been functioning for more than 5 consecutive years ,then Maximum number of consecutive years for which he may be appointed in the same company will be 3 years. i.e $5+3= 8$ years will be the Aggregate period which the auditor would complete in the same company.

ILLUSTRATION EXPLAINING ROTATION IN CASE OF AUDIT FIRM

Number of consecutive years for which an audit firm has been functioning as auditor in the same company [in the first AGM held after the commencement of provisions of section [I]	Maximum number of consecutive years for which the firm may be appointed in the same company (including transitional period) [II]	Aggregate period which the audit firm would complete in the same company in view of column I and II [III]
10 years (or more than 10 years)	3 years	13 years or more
9 years	3 years	12 years
8 years	3 years	11 years
7 years	3 years	10 years
6 year	4 years	10 years
5 year	5 years	10 years
4 year	6 years	10 years
3 year	7 years	10 years
2 year	8 years	10 years
1 year	9 years	10 years

Explanation: If an audit firm has been functioning for more than 10 consecutive years , then Maximum number of consecutive years for which he may be appointed in the same company will be 3 years. i.e $10+3= 13$ years will be the Aggregate period which the auditor would complete in the same company.

COMPANIES REQUIRED TO APPOINT INTERNAL AUDITOR



- Every listed company and following class of companies crossing the threshold limit as mentioned:

Class of Companies	Paid up capital limit ; or	Turnover Limit; or	Outstanding loans or borrowings from banks or public financial institutions
Unlisted Public Company	Fifty crore rupees or more	Two hundred crore rupees or more	One hundred crore rupees or more
Private company	Not Applicable	Two hundred crore rupees or more	One hundred crore rupees or more

An existing company covered under any of the above criteria shall comply with the requirements of section 138 and this rule within six months of commencement of such section.

**APPOINTMENT, QUALIFICATION
&
RESIGNATION OF DIRECTORS**



COMPULSORY RESIDENT DIRECTOR

Resident Director- Every company shall have **atleast one director** who has stayed in India for a total period of **not less than 182 days** in the previous calendar year. This rule must be complied by every Company **within 1 year** from the date of notification.

SMALL SHAREHOLDERS' DIRECTOR

- A listed company, may upon notice of **not less than 1000 small shareholders or 1/10 of the total number of such shareholders**, whichever is lower, have a small shareholders' director elected by the small shareholders.
- The small shareholders intending to propose a person as a candidate for the post of small shareholders' director shall leave a notice of their intention with the company **at least fourteen days** before the meeting with the name and details of the persons who is proposed to be appointed.
- Such director shall be considered **as an independent director** subject to , his being eligible under sub-section (6) of section 149 and his giving a declaration of his independence in accordance with sub-section (7) of section 149 of the Act.
- No person shall hold the position of small shareholders' director in **more than two companies at the same time**. Provided that the second company in which he has been appointed shall not be in a business which is competing or is in conflict with the business of the first company.
- A small shareholders' director shall not, for a **period of three years** from the date on which he ceases to hold office as a small shareholders' director in a company, be appointed in or be associated with such company in any other capacity, either directly or indirectly.
- A person shall not be appointed as small shareholders' director of a company, if the person is not eligible for appointment in terms of section 164.



Appointment of Class of Director	Applicability to Listed Co.	Applicability to Public Company 
Atleast one Woman Director 	YES	YES. Having paid-up capital 100Cr or more; or turnover of 300crore rupees or more
Appointment of independent directors 	YES. Listed companies shall have atleast one-third of total number of directors as independent director.	YES.- Atleast two independent directors. Having paid up share capital of 10 Crore or more; or having turnover of 100 crore or more; or which have, in aggregate, outstanding loans, debentures and deposits, exceeding 50 crore.
Small Shareholders Directors	YES But upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower.	NO

NUMBER OF DIRECTORS

No. of Directors	One Person Company	Private	Public
Minimum	1	2	3
Maximum	15	15	15

Company may appoint **more than fifteen directors after passing a special resolution.**



NUMBER OF DIRECTORSHIP

- No person, after the commencement of this Act, **shall hold office as a director**, including any alternate directorship, **in more than twenty companies** at the same time. Provided that the **maximum number of public companies** in which a person can be appointed as a director **shall not exceed ten**. Directorship in private companies that are either holding or subsidiary company of a public company shall also be included for calculating the above limits.
- Any person holding office as director in companies more than the limits as specified above, *immediately before the commencement of this Act*, shall, **within a period of one year** from such commencement comply with the prescribed limits.

Particulars	Form No.
Person who desires to get his name included in the data bank of independent directors shall make an application to “the agency”.	DIR-1.
Consent to act as director to the Company .	DIR-2.
Application for applying of Director Identification Number.	DIR-3.
Verification by the applicant for applying for of DIN.	DIR-4.
Cancellation or surrender or Deactivation of DIN.	DIR-5
Intimation of changes in particulars specified in DIN application.	DIR-6
Verification by the applicant for changes in particulars specified in DIN application.	DIR-7
Intimation by director to the Company regarding his disqualification.	DIR 8
On failure to file the financial statements or annual returns, or fails to repay any deposit, interest, dividend, or fails to redeem its debentures, as specified in sub-section (2) of section 164, the company shall immediately furnish to the Registrar the names and addresses of all the directors of the company.	DIR 9
Application for removal of disqualification of directors.	DIR 10
Intimation by Director regarding his resignation to ROC.	DIR 11
Intimation by Company regarding appointment of a director/ resignation to ROC & Return containing the particulars of directors and the key managerial personnel and changes therein.	DIR 12

COMMITTEES OF THE BOARD

SECTION 177 & 178

	AUDIT COMMITTEE	NOMINATION & REMUNERATION	STAKEHOLDERS RELATIONSHIP
Constitution of Committee	Minimum three directors with independent directors forming a majority.	Shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.	Shall consist of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.
Terms & Conditions of Constitution of Committee	Majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement.	The chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.	Chairperson of committee shall be a non-executive director .
Applicability 	All public companies with a paid up capital of ten crore rupees or more ; all public companies having turnover of one hundred crore rupees or more ; all public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more	All public companies with a paid up capital of ten crore rupees or more ; all public companies having turnover of one hundred crore rupees or more ; 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.

The chairperson of each of the committees constituted under this section or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the Company.

**RELATED PARTY
TRANSACTION
(RPT)**

DEFINITION OF RELATED PARTY (u/s 2(76))

“**Related party**”, with reference to a company, means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager is a member or director;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) 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;

(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

*Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions **given in a professional capacity**;*

(viii) any company which is—

(A) a holding, subsidiary or an associate company of such company;

or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(ix) such other person as may be prescribed;

Rule 1.3 Related Party- *For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.*

DEFINITION OF RELATIVE [u/s 2(77)]

“**Relative**”, with reference to any person, means any one who is related to another, if--

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed;



Rule 1.4-List of relatives [u/s 2(77)].- A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father: Provided that the term “Father” includes step-father.
- (2) Mother: Provided that the term “Mother” includes the step-mother.
- (3) Son: Provided that the term “Son” includes the step-son.
- (4) Son’s wife.
- (5) Daughter.
- (6) Daughter’s husband.
- (7) Brother: Provided that the term “Brother” includes the step-brother;
- (8) Sister: Provided that the term “Sister” includes the step-sister.

RPT [u/s 188]

1. Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and ***subject to such conditions as may be prescribed***, no company shall enter into any contract or arrangement with related party with respect to-
 - (a) sale, purchase or supply of any goods or materials;
 - (b) **selling or otherwise disposing of, or buying, property of any kind;**
 - (c) **leasing of property of any kind;**
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

*Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than **Rs. 10 crore**, or transactions not exceeding such sums, as may be prescribed in **Annexure-1**, shall be entered into except with the **prior approval of the Company by a special resolution:***



Annexure -1

Particulars	Clause u/s 188(1)	RPT Limit
sale, purchase or supply of any goods or materials directly or through appointment of agents	Clause (a) and (e)	25% of Annual Turnover
selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	Clause (b) and (e)	10% of net worth
leasing of property of any Kind	Clause (c)	10% of Turnover
availing or rendering of any services directly or through appointment of agents	Clause (d) and (e)	10% of net worth
appointment to any office or place of profit in the company, its subsidiary company or associate company	Clause (f)	At a Monthly remuneration exceeding ` 2.5 Lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Clause (g)	1% of the net worth

Contract or arrangement with a related party

A company shall enter into any contract or arrangement with a related party subject to the following conditions, namely:-

1. The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-
 - (a) the name of the related party and nature of relationship;
 - (b) the nature, duration of the contract and particulars of the contract or arrangement;
 - (c) the material terms of the contract or arrangement including the value, if any;
 - (d) any advance paid or received for the contract or arrangement, if any;
 - (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
 - (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
 - (g) any other information relevant or important for the Board to take a decision on the proposed transaction.
2. 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-

Register of contracts or arrangements in which directors are interested

1. Every company shall maintain one or more registers in **Form MBP 4**, and shall enter therein the particulars of-
 - (a) company or companies or bodies corporate, firms or other association of individuals, in which any director has any concern or interest, as mentioned under sub-section (1) of section 184:

Provided that the particulars of the company or companies or bodies corporate in which a director himself together with any other director holds two percent. or less of the paid-up share capital would not be required to be entered in the register;
 - (b) contracts or arrangements with a body corporate or firm or other entity as mentioned under sub-section (2) of section 184, in which any director is, directly or indirectly, concerned or interested; and
 - (c) contracts or arrangements with a related party with respect to transactions to which section 188 applies.

2. The entries in the register shall be made at once, whenever there is a cause to make entry, in chronological order and shall be authenticated by the company secretary of the company or by any other person authorized by the Board for the purpose.
3. The register shall be kept at the registered office of the company and the register shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorized by the Board for the purpose.
4. The company shall provide extracts from such register to a member of the company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the company but not exceeding 10 rupees per page.

5. Every company shall keep one or more registers giving separately the particulars of all contracts or arrangements to which *sub-section (2) of section 184 or section 188* applies, in such manner and containing such particulars as may be prescribed and after entering the particulars, such register or registers shall be placed before the next meeting of the Board and signed by all the directors present at the meeting.
6. Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars specified in *sub-section (1) of section 184* relating to his concern or interest in the other associations which are required to be included in the register under that sub-section or such other information relating to himself as may be prescribed.
7. *Section 189(1)* shall not apply to any contract or arrangements-
 - (a) for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed ` . 5 lakh in the aggregate in any year; or
 - (b) by a banking company for the collection of bills in the ordinary course of its business.

DISCLOSURES BY A DIRECTOR (u/s 184)

Every 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 or whenever there is any change in the disclosures already made shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals, by giving a notice in writing in **Form MBP 1.**





LOAN TO DIRECTORS [u/s 185]

1. No company shall, directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person:

Provided that nothing contained in this sub-section shall apply to—

- (a) the giving of any loan to a managing or whole-time director—
 - (i) as a part of the conditions of service extended by the company to all its employees; or
 - (ii) pursuant to any scheme approved by the members by a special resolution; or
- (b) a company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and in respect of such loans an interest is charged at a rate not less than the bank rate declared by the Reserve Bank of India.

Explanation.—For the purposes of this section, the expression “**to any other person in whom director is interested**” means—

- (a) any director of the lending company, or of a company which is its holding company or any partner or relative of any such director;
- (b) any firm in which any such director or relative is a partner;
- (c) any private company of which any such director is a director or member;
- (d) any body corporate at a general meeting of which not less than 25% of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or
- (e) any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

Exemption:

1. Any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary company is exempted from the requirements under this section; and
2. Any guarantee given or security provided by a holding company in respect of loan made by any bank or financial institution to its subsidiary company is exempted from the requirements under this section:

*Provided that such loans are utilized by the subsidiary company for **its principle business activities**.*



EXEMPTION REMOVED FOR PVT LTD CO.

- Section 185 and Section 186 is also now applicable to Private Limited Company in addition to Public Limited Company
- Section 180 {Erstwhile Section 293(1) (a) and Section 293 (1) (d) } is now applicable to Private Limited Company.



Loan and Investment by Company^[u/s 186]

1. Without prejudice to the provisions contained in this Act, a company shall unless otherwise prescribed, make investment through **not more than two layers of investment companies:**



Provided that the provisions of this sub-section shall not affect,—

- (i) a company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country;
- (ii) a subsidiary company from having any investment subsidiary for the purposes of meeting the requirements under any law or under any rule or regulation framed under any law for the time being in force.

2. No company shall directly or indirectly —

(a) give any loan to any person or other body corporate;

(b) give any guarantee or provide security in connection with a loan to any body corporate or person; and

(c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate,
exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more.

3. Where the giving of any loan or guarantee or providing any security or the acquisition under *sub-section (2)* exceeds the limits specified in that sub-section, **prior approval by means of a special resolution passed** at a general meeting shall be necessary.

Exemption :



Where a loan or guarantee is given or where a security has been provided by a company to **its wholly owned subsidiary company or a joint venture company**, or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, the requirement of *sub-section (3) of section 186* shall not apply:

Provided that the company shall disclose the details of such loans or guarantee or security or acquisition in the financial statement as provided under sub-section (4) of section 186.

The Section 186 except sub section (1) is not applicable to Banking, Insurance, Housing Finance Co to the extent its Ordinary course of business and Company engaged in Business of Financing of Companies or Providing Infrastructure Facilities.

**APPOINTMENT AND
REMUNERATION
OF
MANAGERIAL PERSONNEL**

- A company shall **file a return of appointment** of a Managing Director, Whole Time Director or Manager, Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO) within sixty days of the appointment, with the Registrar in **Form No. MR.1**
- A company may pay such **sitting fee** to a director for attending meetings of the Board or committees which **shall not exceed one lakh rupees** per meeting of the Board or committee thereof. the sitting fee for Independent Directors and Women Directors shall not be less than the sitting fee payable to other directors.
- Every listed company and every other public company having a paid-up share capital of **ten crore rupees or more** shall have **whole-time key managerial personnel**.

SECRETARIAL AUDIT REPORT

1. Every listed company and a company belonging to other class of companies i.e.-

 (a) every public company having a paid-up share capital of Rs. 50 crore or more; or

(b) every public company having a turnover of Rs.250 crore or more. 

2. The format of the Secretarial Audit Report shall be in Form No.**MR.3.**

**CORPORATE
SOCIAL
RESPONSIBILITY**

CORPORATE SOCIAL RESPONSIBILITY [u/s 135]



Every company who fulfilled the following Conditions shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Eligibility	Requirements
Net worth <i>or</i>	500 crore or more
Turnover <i>or</i>	1000 crore or more
Net Profit	5 crore or more

Every company who is eligible shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Area of CSR :

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water:
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts:
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects.

TABLE OF ROC FEES

As per New Companies Act, 2013

INCORPORATION OF COMPANY

Particulars	OPC & Small Co. (In Rs.)	Other than OPC & Small Co. (In Rs.)
Authorized Capital Up to Rs. 1,00,000/-	2000	5000
For every Rs. 10,000 of Authorized share capital or part of Rs. 10,000 after the first Rs. 10,00,000 and up to Rs. 50,00,000	200	NA
For every Rs. 10,000 of Authorized share capital or part of Rs. 10,000 after the first Rs. 1,00,000 up to Rs. 5,00,000	NA	400
For every Rs. 10,000 of Authorized share capital or part of Rs 10,000 after the first Rs. 5,00,000 up to Rs. 50,00,000	NA	300
For every Rs. 10,000 of Authorized share capital or part of Rs. 10,000 after the first Rs. 50,00,000 up to Rs. 1 Crore	NA	100
For every Rs. 10,000 of Authorized share capital or part of Rs. 10,000 after the first Rs. 1 crore.	NA	75

For submitting, filing, registering or recording any document by this Act required or Authorized to be submitted, filed, registered or recorded

Particulars	FEES (In Rs.)
In respect of a company having a Authorized share capital of up to Rs.1,00,000.	200
In respect of a company having a Authorized share capital of Rs. 1,00,000 or more but less than Rs.5,00,000.	300
In respect of a company having a Authorized share capital of Rs. 5,00,000 or more but less than Rs.25,00,000.	400
In respect of a company having a Authorized share capital of Rs. 25,00,000 or more but less than Rs.1 Crore.	500
In respect of a company having a Authorized share capital of Rs.1 Crore or more.	600

Additional Fees shall applicable for delay other than Increasing in Authorized Capital

Period of Delays	Form including Documents Charges
Up to 15 days (Sections 93, 39 and 157)	One time
More than 15 days and up to 30 days (Sections 93, 139 and 157) and up to 30 days in remaining forms.	02 times of normal filing fees
More than 30 days and up to 60 days	04 times of normal filing fees
More than 60 days and up to 90 days	06 times of normal filing fees
More than 90 days and up to 180 days	10 times of normal filing fees
More than 180 days and up to 270 days	12 times of normal filing fees

Additional Fees shall applicable for delay in Increasing in Authorized Capital

Period of Delays	Additional Fees
Delay up to 6 months	2.5% per months on the fees payable for increasing in Authorized share Capital
Delays beyond 6 months	3% per months on the fees payable for increasing in Authorized share Capital

Note: The above fee table shall also be applicable for delay in filing application with Registrar under sub-section (11) of section 233 of the Act.

Fees on Applications (including Appeal) made to Central Government under Section 459 (2) of the Companies Act, 2013 and Annual Fee payable by a dormant company under section 455(5) of the Companies Act, 2013.

Company having an authorized share capital	OPC and Small Co.	Other than OPCs and Small Co.
Authorized Share Capital up to Rs. 25,00,000/-	1000	2000
Authorized Share Capital more than Rs. 25,00,000/- and up to Rs. 50,00,000/-	2500	5000
Authorized Share Capital more than Rs. 50,00,000/- and up to Rs. 5,00,00,000/-	NA	10,000
Authorized Share Capital more than Rs. 5,00,00,000/- and up to Rs. 10 Crore	NA	15,000
Authorized Capital more than Rs. 10 Crore	NA	20,000

COMPILED BY



DHRUMIL M. SHAH
(COMPANY SECRETARY)



MOHNISH DANGE
(ASSOCIATE)

Worked with Universal
Chemicals & Industries Pvt. Ltd.
In Account and Finance



ABHAY PAL
(ASSOCIATE)



MUKUND SHINDE
(ADMIN MANAGER)



GAURAV JALGAONKAR
(ASSOCIATE)

Worked with Borkar & Muzumdar
Chartered Accountant Firm for 3 years

Thank You