

# Year-End Compliances under Companies Act, 2013


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# Session Agenda

- Why year-end compliance review matters
- Compliance calendar overview
- Key risk areas under Companies Act
- SBO, Deposits & Section 186 traps
- MCA adjudication trends
- Practical tips for PCS

## Why Year-End Compliance Matters

- Financial year closing triggers statutory checks
  - Threshold based compliances activate
  - Registers and documentation must be updated
  - Governance readiness for next financial year
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## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
1.	Small Company	Section 2(85) of the Companies Act, 2013.	Private Company whose: <ul style="list-style-type: none"> <li>• Paid up capital shall <b>not exceed Rs. 10 Crore.</b></li> <li>• Turnover shall <b>not exceed Rs. Rs. 100 Crore.</b></li> </ul>
2.	Acceptance of deposits from public by a certain companies	Section 76 of Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014	Public Company whose: <ul style="list-style-type: none"> <li>• Net worth is <b>not less than Rs. 100 Crore.</b></li> <li>• Turnover is <b>not less than Rs. 500 Crore.</b></li> </ul>
3.	Certification of Annual Return by a Company Secretary	Section 92 of Companies Act, 2013 read with Rule 11(2) of Chapter VII – Companies (Management and Administration) Rules, 2014	<ol style="list-style-type: none"> <li>1. All listed companies, or</li> <li>2. Any other company having               <ul style="list-style-type: none"> <li>• A <b>paid-up share capital of Rs. 10 crore</b> or more or</li> <li>• A <b>turnover of Rs.50 crore</b> or more.</li> </ul> </li> </ol>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
4.	<p>Formal Annual Evaluation of the Company.</p> <p>A statement shall be included in the Board Report indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.</p>	Section 134(3)(p) of the Companies Act, 2013 read with Rule 8(4) of the Companies (Accounts) Rules, 2014	<ol style="list-style-type: none"> <li>1. All listed companies, or</li> <li>2. Every other public company having a                             <ul style="list-style-type: none"> <li>• <b>Paid-up share capital of Rs. 25 crore or more</b> calculated at the end of the preceding financial year</li> </ul> </li> </ol>
5.	Corporate Social Responsibility	Section 135 of the Companies Act, 2013	<p>Every company having a:</p> <ul style="list-style-type: none"> <li>• <b>Net worth of Rs.500 crore</b> or more, or</li> <li>• <b>Turnover of Rs.1000 crore</b> or more, or</li> <li>• <b>A net profit of Rs.5 crore</b> or more, during the immediately preceding financial year.</li> </ul>
6.	Corporate Social Responsibility Committee	Section 135 of Companies Act, 2013	When the <b>amount to be spent by a company on CSR exceeds 50 lakh</b> rupees a Company shall form a CSR Committee

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
7	XBRL Applicability	Section 137 of the Companies Act, 2013 read with MCA General Circular No. 16/2012 dated: 06.07.2012	<p>The following class of companies shall file their financial statements and other documents under section 137 of the Act with the Registrar in e-form AOC-4 XBRL as per Annexure-I:-</p> <p>(i) <b>Listed Companies</b> and their Indian subsidiaries;</p> <p>(ii) <b>Every company</b> having a</p> <ul style="list-style-type: none"> <li>• <b>Paid up capital of 5 crore</b> rupees or above;</li> <li>• <b>Turnover of 100 crore</b> rupees or above;</li> </ul> <p>(iii) All companies which are required to prepare their financial statements in accordance with Companies (Indian Accounting Standards) Rules, 2015</p>
8.	Appointment & Reappointment of Auditor	Section 139 of the Companies Act, 2013 read with Rule 5 of Chapter X – Companies (Audit and Auditors) Rules, 2014	<ol style="list-style-type: none"> <li>1. All <b>listed companies</b>, or</li> <li>2. Every <b>unlisted public company</b> having paid-up share capital of Rs.10 crore or more, or</li> <li>3. All <b>private limited companies</b> having paid-up share capital of Rs.50 crore or more, or</li> <li>4. <b>Every company which has borrowed from financial institutions, banks or public deposits</b> of Rs.50 crore or more.</li> </ol>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
9.	Women Director	Section 149 of the Companies Act, 2013 read with Rule 3 of Chapter XI – Companies (Appointment and Qualification of Directors) Rules, 2014	<ol style="list-style-type: none"> <li>1. <b>All listed</b> companies, or</li> <li>2. All other <b>public companies</b> having a <b>paid-up share capital</b> of <b>Rs.100 crore</b> or more, or</li> <li>3. All other <b>public companies</b> having a <b>turnover</b> of <b>Rs.300 crore</b> or more.</li> </ol>
10.	Independent Director	Section 149 of the Companies Act, 2013 read with Rule 4 of Chapter XI – Companies (Appointment and Qualification of Directors) Rules, 2014	<ol style="list-style-type: none"> <li>1. <b>Every listed</b> company, or</li> <li>2. All <b>public companies</b> having <b>paid-up share capital</b> of <b>Rs.10 crore</b> or more, or</li> <li>3. All <b>Public companies</b> having a <b>turnover</b> of <b>Rs.100 crore</b> or more, or</li> <li>4. All <b>public companies</b> which have, in aggregate, <b>outstanding loans, debentures and deposits, exceeding Rs.50 Crore.</b></li> </ol>
11.	Auditors Committee	Section 177 of the Companies Act, 2013 read with Rule 6 of Chapter XII – Companies (Meetings of Board and its Powers) Rules, 2014	<ol style="list-style-type: none"> <li>1. <b>Every listed company</b>, or</li> <li>2. Every <b>public company</b> having a paid-up share capital of <b>Rs.10 crore</b> or more, or</li> <li>3. Every <b>public company</b> having a <b>turnover</b> of <b>Rs.100 crore</b> or more, or</li> <li>4. Every <b>public company</b> having in <b>aggregate, outstanding loans</b> or borrowings or debentures or deposits <b>exceeding Rs.50 crore</b> or more.</li> </ol>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
12.	Internal Auditor	Section 138 of the Companies Act, 2013 read with Rule 13(1) of Chapter IX – Companies (Accounts) Rules, 2014	<p><b>1. Every listed company,</b></p> <p><b>2. Every unlisted public company having –</b></p> <ul style="list-style-type: none"> <li>• <b>Paid-up share capital of Rs.50 crore</b> or more, or</li> <li>• <b>Turnover of Rs.200 crore</b> or more, or</li> <li>• <b>Outstanding loans or borrowings</b> from banks or from PFI exceeding <b>Rs.100 crore</b> or more, or</li> <li>• <b>Outstanding deposits of Rs.25 crore</b> or more <u>at any point of time during the prior financial year,</u></li> </ul> <p><b>3. Every Private Company having –</b></p> <ul style="list-style-type: none"> <li>• <b>Turnover of Rs.200 crore</b> or more, or</li> <li>• <b>Outstanding loans or borrowings</b> from banks or from PFI exceeding <b>Rs.100 crore</b> or more.</li> </ul> <p><b>at any point of time during the preceding financial year.</b></p>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
13.	Vigil Mechanism	Section 177 of the Companies Act, 2013 read with Rule 7 of Chapter XII – Companies (Meetings of Board and its Powers) Rules, 2014	<ol style="list-style-type: none"> <li>1. Every listed company, or</li> <li>2. All companies accepting deposits from the general public, or</li> <li>3. All companies which have borrowed money from banks and public financial institutions above Rs.50 crore or more.</li> </ol>
14.	Nomination and Remuneration Committee	Section 177 of the Companies Act, 2013 read with Rule 6 of Chapter XII – Companies (Meetings of Board and its Powers) Rules, 2014	<ol style="list-style-type: none"> <li>1. Every <b>listed company</b>, or</li> <li>2. Every public company having a paid-up share capital of <b>Rs.10 crore</b> or more, or</li> <li>3. Every <b>public company</b> having a <b>turnover</b> of <b>Rs.100 crore</b> or more, or</li> <li>4. Every <b>public company</b> having in <b>aggregate, outstanding loans</b> or borrowings or debentures or deposits exceeding <b>Rs.50 crore</b> or more.</li> </ol>
15.	Stakeholders Relationship Committee	178 (5) of the Companies Act, 2013.	Every Company having more than 1000 security holders.

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
16.	Key Managerial Personnel	Section 203 of Companies Act, 2013 read with Rule 8 of Chapter XIII – Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	<ol style="list-style-type: none"> <li>1. Every <b>listed company</b>, or</li> <li>2. All <b>other public companies</b> having a <b>paid-up share capital of Rs.10 crore</b> or more.</li> </ol>
17.	Whole-time Company Secretary	Section 203 of Companies Act, 2013 read with Rule 8A of Chapter XIII – Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	<ol style="list-style-type: none"> <li>1. Every <b>listed company</b>, or</li> <li>2. All <b>other public companies</b> having a <b>paid-up share capital Rs.10 crore</b> or more, or</li> <li>3. All <b>other private companies</b> having a <b>paid-up share capital of Rs.10 crore</b> rupees or more.</li> </ol>
18.	Secretarial Audit	Section 204 of Companies Act, 2013 read with Rule 9 of Chapter XIII – Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	<ol style="list-style-type: none"> <li>1. Every <b>listed company</b>,</li> <li>2. Every Public Company having a paid-up share capital of 50 crore rupees or more; or</li> <li>3. Every Public Company having a turnover of 250 crore rupees or more; or</li> <li>4. Every Company having outstanding loans or borrowings from banks or public financial institutions of 100 crore rupees or more.</li> </ol>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
19.	Cost Audit	The Section 148 of The Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014 and Cost and Works Accountants Act, 1959.	<p>Every company specified in <b>regulated Sector</b> as given under Annexure A, shall get its cost records audited if</p> <ul style="list-style-type: none"> <li>• the overall <b>annual turnover of the company from all its products and services</b> during the immediately preceding financial year is <b>Rs. 50 crore</b> or more and</li> <li>• the aggregate <b>turnover of the individual product or products or services</b> for which cost records are required to be maintain is <b>Rs. 25 crore</b> or more.</li> </ul> <p><b>Non-regulated Sector</b> as given under Annexure A shall get its cost records audited if</p> <ul style="list-style-type: none"> <li>• the overall <b>annual turnover of the company from all its products and services</b> during the immediately preceding financial year is <b>Rs. 100 crore</b> or more and</li> <li>• the aggregate <b>turnover of the individual product or products or service</b> or services for which cost records are required to be maintain is <b>Rs. 35 crore</b> or more.</li> </ul>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
20.	CARO	Section 143 of the Companies Act, 2013 read with Companies (Auditor's Report) Order, 2020	<p>It shall be <b>applicable to every company</b> including a foreign company as defined in Sec. 2(42) of the Companies Act, 2013, <b>except:</b></p> <ol style="list-style-type: none"> <li>I. a <b>banking</b> company;</li> <li>II. an <b>insurance</b> company;</li> <li>III. a company licensed to operate <b>under Section 8</b> of the Companies Act;</li> <li>IV. a <b>One-Person Company</b> as defined in Sec. 2(62) of the Companies Act and a <b>Small Company</b> as defined in Sec. 2(85) of the Companies Act; and</li> <li>V. a <b>private limited company</b>, not being a subsidiary or holding of a public company, <ul style="list-style-type: none"> <li>• having a <b>Paid-up capital &amp; Reserves &amp; Surplus not more than ₹1 Crore</b> as on the balance sheet date, and</li> <li>• which does <b>not have total borrowings exceeding ₹1 Crore</b> from any bank or financial institution at any point of time during the financial year, and</li> <li>• which does <b>not have a total revenue</b> as disclosed in Schedule III to the Companies Act, 2013 (including revenue from discontinuing operations) <b>exceeding ₹10 Crore</b> during the financial year as per the financial statements.</li> </ul> </li> </ol>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
21.	Loan and investment by company.	Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Amendment Rules, 2019.	<p><b>If any company intends</b>, directly or indirectly to invest in or to provide a loan or to give a guarantee or to provide a security, the approval of shareholders has to be obtained vide a special resolution if investment or loan shall be made or guarantee shall be given or security shall be provided exceed the limits as specified below</p> <ul style="list-style-type: none"> <li>• 60% of its paid-up share capital, free reserves and securities premium account or</li> <li>• 100% of its free reserves and securities premium account,</li> </ul> <p><b>whichever is more.</b></p>

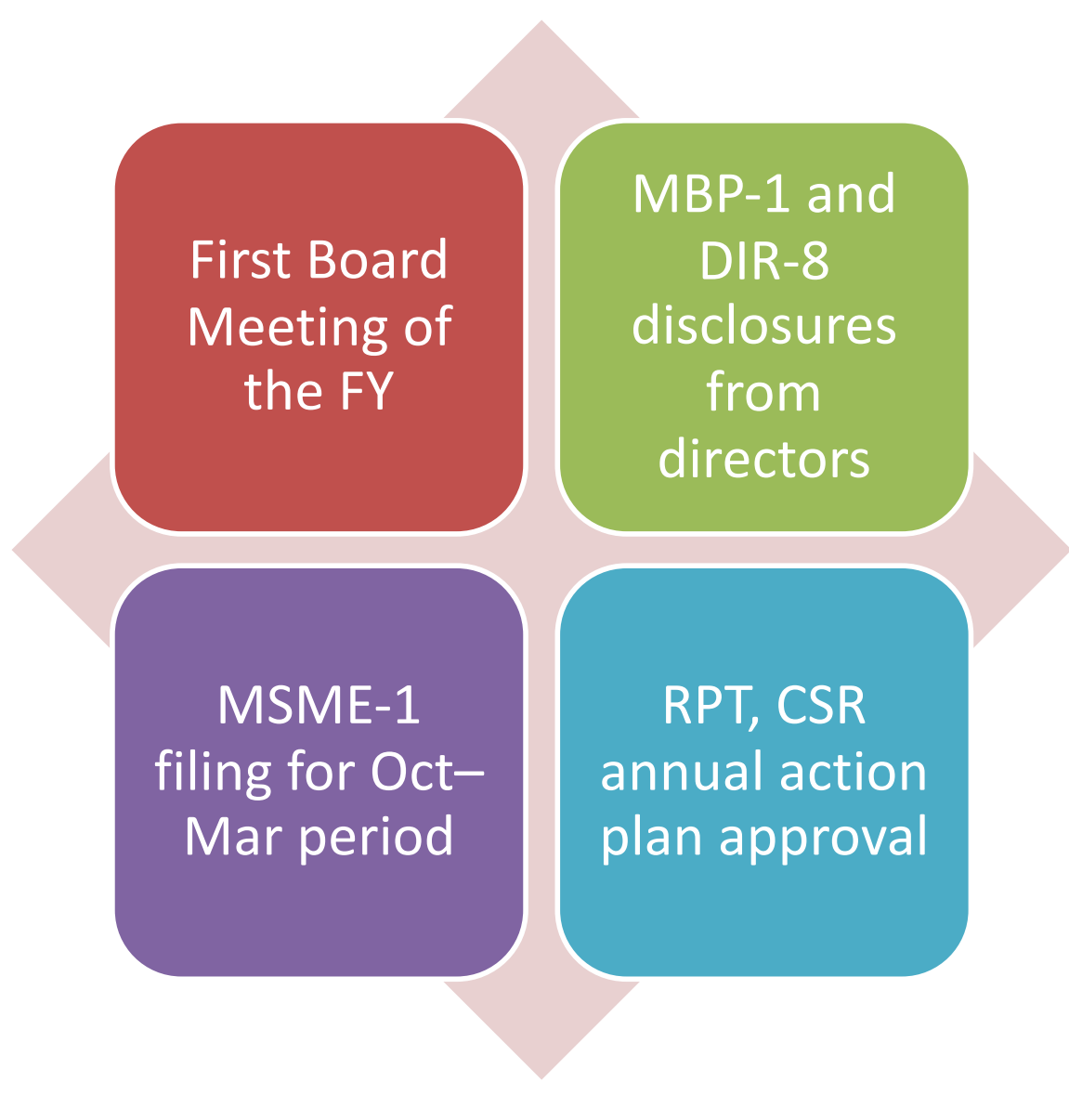
## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
22.	Managerial Remuneration	Section 197 of the Companies Act, 2013 read with Part II of the Schedule V	<p>The total <b>managerial remuneration payable by a public company, to its Directors, including managing director and whole-time director, and its manager</b> in respect of any financial year <b>shall not exceed 11% of the net profits</b> of that company for that financial year computed in the manner laid down in section 198</p> <ol style="list-style-type: none"> <li>1. the <b>remuneration payable to any one MD; or WTD or manager shall not exceed 5% of the net profits</b> of the company and if there is <b>more than one</b> such <b>director</b> remuneration <b>shall not exceed 10% of the net profits</b> to all such Directors and manager taken together;</li> <li>2. the <b>remuneration payable to Directors</b> who are neither MD nor WTD <b>shall not exceed,—</b> <ul style="list-style-type: none"> <li>• <b>1% of the net profits</b> of the company, if there is a MD or WTD or manager;</li> <li>• <b>3% of the net profits</b> in any other case.</li> </ul> </li> </ol> <p>Provided that the company in general meeting may, authorise the payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V:</p>

## Thresholds under Companies 2013

Sr. No.	Provision	Section Under Companies Act, 2013.	Threshold Limit Prescribed
23.	Restrictions on Powers of the Board.	Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013	<p>The Board of Directors of a company shall exercise the following powers only with the consent of the company by a special resolution, namely:—</p> <ol style="list-style-type: none"> <li>1. To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the company <ul style="list-style-type: none"> <li>• <b>“undertaking”</b>: undertaking in which the <b>investment of the company exceeds 20% of its net worth</b> as per the audited balance sheet of the preceding financial year or an <b>undertaking which generates 20% of the total income</b> of the company during the previous financial year;</li> <li>• <b>“substantially the whole of the undertaking”</b> in any financial year shall mean <b>20% or more of the value of the undertaking</b> as per the audited balance sheet of the preceding financial year;</li> </ul> </li> <li>2. To borrow money, where the <b>money to be borrowed (+) money already borrowed by the company</b> will exceed aggregate of its paid-up share capital and free reserves and securities premium, apart from temporary loans (means loans repayable on demand or within 6 months from the date of the loan) obtained from the company’s bankers in the ordinary course of business:</li> </ol>

**Key  
Compliance  
Calendar  
(Apr–Jun)**



# Key Compliance Calendar (Jul–Sep)



BOARD MEETING  
DURING THE  
QUARTER



FLA RETURN  
PREPARATION



DIR-3 KYC OF  
DIRECTORS



AGM PREPARATION

## Key Compliance Calendar (Oct–Dec)

Filing of financial  
statements –  
AOC-4

Filing of annual  
return – MGT-7 /  
MGT-7A

MSME-1 filing  
for Apr–Sep  
period

ADT-1 filing

# Key Compliance Calendar (Jan–Mar)



BOARD MEETING  
DURING THE  
QUARTER



REVIEW CSR  
SPENDING AND  
DISCLOSURES



PREPARE YEAR-END  
COMPLIANCE  
CHECKLIST



ENSURE STATUTORY  
REGISTERS ARE  
UPDATED

# Year-End Risk Areas – Companies Act

Deposits and loans classification

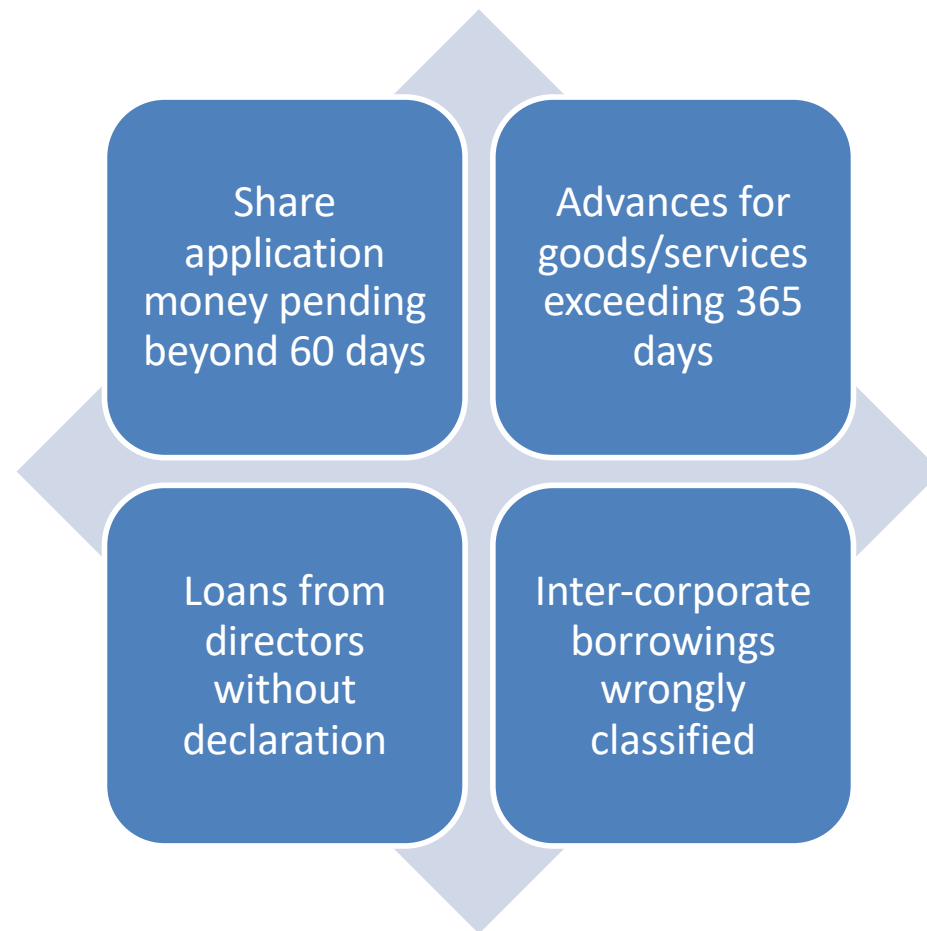
Related Party Transactions (Sec 188)

Loans, Guarantees & Investments (Sec 186)

Share capital changes

Beneficial ownership identification

# Deposit Compliance Traps



# Section 185 – Loans to Directors

Direct loans to directors prohibited

Exceptions for group structures

Board approval and documentation critical

Indirect lending risks

# Section 186 – Loans, Guarantees & Investments



Monitor limits based on capital and reserves



Corporate guarantees often overlooked



Maintain MBP-2 register



Board / shareholder approval where required

# Related Party Transactions – Practical Review



Identify related parties under Section 2(76)



Check thresholds under Section 188



Ensure arm's length documentation



Maintain register of contracts

# SBO Compliance – Section 90

Identify natural person with  $\geq 10\%$  indirect holding

BEN-1 declaration from SBO

BEN-2 filing with ROC

Maintain register BEN-3

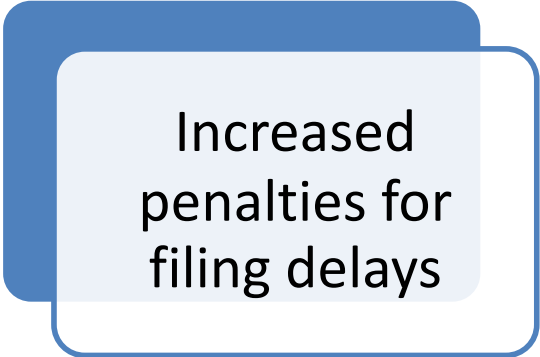


## Practical SBO Challenges

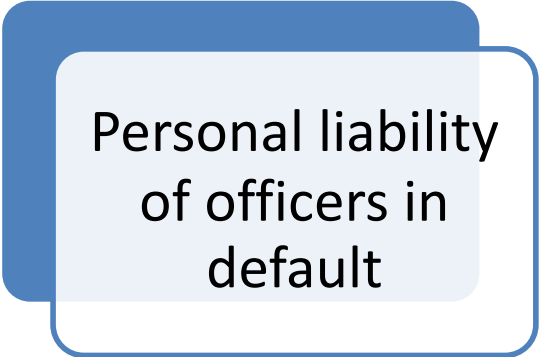
- Layered group structures
- Foreign holding companies
- Trust or partnership ownership
- Identifying control vs shareholding



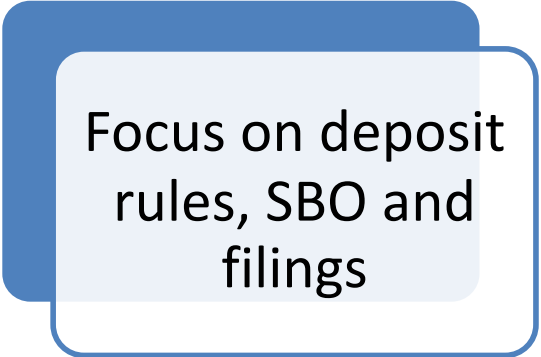
# MCA Adjudication Trends



Increased penalties for filing delays



Personal liability of officers in default



Focus on deposit rules, SBO and filings

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# Example Adjudication Cases

DPT-3 delay  
penalties

Late charge  
registration

Non-identification  
of SBO

Failure to  
maintain registers

# Practical Tips for PCS

**Maintain**

Maintain compliance tracker

**Use**

Use maker-checker system

**Maintain**

Maintain updated related party list

**Conduct**

Conduct periodic compliance reviews

# Key Takeaways



Begin compliance review before 31 March



Focus on high-risk areas



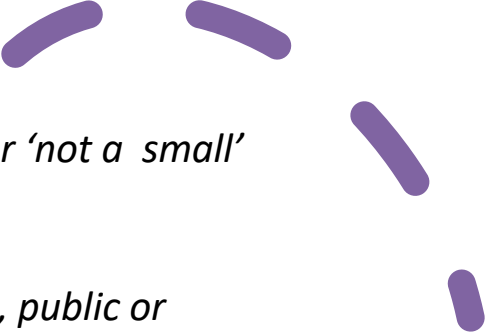
Documentation discipline is critical



Company Secretary ensures governance

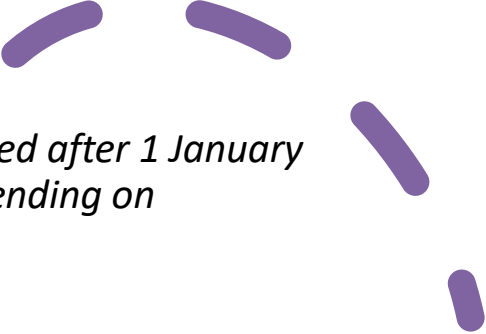


# Ensuring Compliance under Co Act

- 
- *Whether company is small or 'not a small' company?*
  - *Whether company is private, public or subsidiary of public company?*
  - *Whether company has any associate or subsidiary companies? Make a list and keep on updating ?*
  - *Declaration of Commencement of Business (Companies formed after Companies (Amendment) Act, 2019, (effective from 02nd November 2018) – Form 20A*

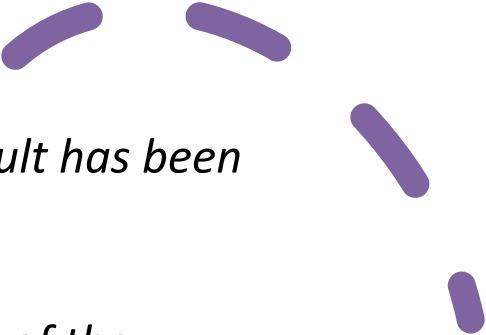


# Ensuring Compliance under Co Act

- 
- *If the company is incorporated after 1 January 2024? Can the first year be ending on 31.3.2024?*
  - *Whether financial year of the company ends on 31 March 2024?*
  - *Whether application has been made to NCLT for different financial year?*
  - *Check whether the company incorporated on or before the 31st December, 2017 has filed the particulars of the company and its registered office, in e-Form ACTIVE (Form 22 A)*



# Ensuring Compliance under Co Act

- 
- *Whether officer in default has been identified?*
  - *Who are the promoters of the company for the year? Get declaration from the client/ promoters themselves.*
  - *Who are the related parties with reference to the company? Make a list and keep it updated.*
  - *Who are the KMPs of the company?*



## Ensuring Compliance under Co Act

- *Whether any alterations done to MOA and AOA of the company? Form MGT 14.*
- *Whether changes registered in each copy of MOA/ AOA?*
- *Whether any change in name of the company?*
- *Whether registered office of the company has been shifted?*



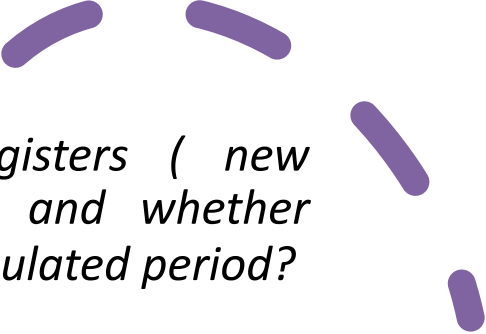
# Ensuring Compliance under Co Act



- *Whether Section 12(3) complied with? Name Board, e mail, CIN, website address, tel , fax. On LH and all official publications.*
- *IF OPC mention it specifically.*
- *If name changed , mention it specifically- for next two years.*
- *DIN and Address below the name of each Director*
- *Whether company has properly served documents on all those entitled to receive?*
- *Whether share certificates issued within stipulated period?*
- *Whether any beneficial interest created?*




# Ensuring Compliance under Co Act

- 
- *Whether statutory registers ( new Formats ) maintained and whether entries made within stipulated period?*
  - *Whether minutes books maintained?*
  - *Whether Secretarial Standards SS 1 and SS 2 are complied with?*
  - *Whether Section 60 regarding publication of authorized, subscribed and paid up capital complied with? Do not mention only Authorized Capital.*

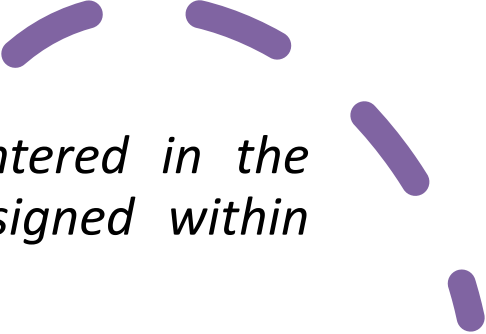


## Ensuring Compliance under Co Act

- 
- *Whether notice sent to all those entitled to receive it? Preference Shareholders, Auditors, during office hours- 9 to 6, not a national holiday,*
  - *Whether auditors were granted leave from attending AGM?*
  - *Whether consent for shorter notice obtained?*
  - *Whether representation letter from body corporate as shareholder obtained u/s 113?*

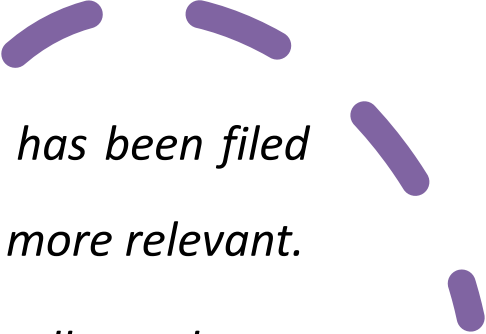


## Ensuring Compliance under Co Act

- 
- *Whether minutes entered in the minutes book and signed within stipulated period?*
  - *Whether any shareholder has requested inspection of minutes book?*
  - *Whether AGM / EGM held outside India? Can this be done ? Sec. 96 (2) Proviso - yes if Govt. approves. Sec. 100 is silent about EGM place.*



# Ensuring Compliance under Co Act

- 
- *Check whether MGT 14 has been filed in respect of :*
  - *Delay of 300 delay – No more relevant.*
  - *Special resolutions*
  - *Resolutions agreed to by all members*
  - *Board resolution / agreement relating to appointment / reappointment / renewal of appointment / variation in terms of appointment of MD*
  - *Resolutions agreed to by class of members*
  - *Resolutions passed u/s 180(1)(a) and (c)*
  - *Resolution for voluntary winding up*
  - *Resolutions u/s 179(3)*



## Ensuring Compliance under Co Act

- *Making calls on shares*
- *Buy back of shares*
- *Issue of securities, debentures*
- *Borrowing monies*
- *Invest funds of the company*
- *Grant loans, give guarantee, provide security*
- *Approval of annual accounts and directors' report*
- *Diversification*



## Ensuring Compliance under Co Act


- *Approving amalgamation, merger, reconstruction*
- *Take over, acquire controlling or substantial stake in another company*
- *Making political contributions*
- *Appoint or remove KMP*
- *Appoint internal auditors*
- *Appoint secretarial auditors*

## Corporate Social Responsibility

- *Check whether:*
  - *Company has reach thresh hold limits-Net worth (Rs.500 crores) / turnover (Rs.1000 crores) / profit (Rs.5 crores) during financial year?*
  - *CSR committee constituted?*
  - *At least one independent director on the committee- not for Pvt. Ltd?*
  - *Where only 2 directors, 2 constitute committee? – else at least 3*



## Corporate Social Responsibility

- *Check whether:*
    - *CSR Policy recommended by CSR Committee?*
    - *CSR expenditure made during the year? If not give reasons .*
    - *Average net profits calculated as per Section 198?*
    - *CSR Policy displayed on website of the company?*
- 

# Auditors

- *Check whether:*
- *Auditors are not disqualified u/s 141?*
- *First auditors appointed within 30 days of incorporation?*
- *Auditors appointed for 5 years – till conclusion of 6th AGM after commencement of Act?*
- *Written consent obtained from auditor before appointment ?*

# Auditors

- *Check whether:*
- *Certificate that appointment shall be in accordance with prescribed conditions obtained from auditor?*
- *Company has informed auditor of appointment?*
- *Company has filed notice of appointment with ROC?*

# Auditors

- *Check whether:*
- *Provisions of rotation of auditors applicable to the company?*
- *Auditors have resigned during the year and relevant compliances made?*
- *Special notice received from any shareholder regarding change in auditors?*

# Auditors

- *Check whether:*
- *Company has filed form for change in auditors?*
- *Remuneration of auditors has been fixed at AGM / EGM?*
- *Auditor is rendering any other service prohibited u/s 144 ?*

## Consolidation

- - *Rule 6 of Companies (Accounts) Rules, 2014*
- *Company does not have a subsidiary or subsidiaries but has one or more associate companies or JV or both – consolidation shall apply in respect of consolidation of financial statements in respect of associate companies or JV or both*
- *Company having subsidiary or subsidiaries incorporated outside India – in respect of consolidation of financial statement by the company having such subsidiary*

# DIRECTORS

Check whether:

- *All directors have DIN before appointment as director?*
- *Provisions of Independent directors, woman director applicable?*
- *Independent directors satisfy criteria of independence?*
- *Directors have filed declaration that they are not disqualified to become a director?*

# DIRECTORS

Check whether:

- Additional director's appointment is continued as director at AGM?
- Alternate director appointed.- return of original Director to the country?
- Any casual vacancy was created in the office of director- see sec 164-167?

# DIRECTORS contd....

Check whether:

- Any director has acquired any disqualification?
- Each director has attended at least one meeting in a period of 12 months ?  
Participation through Video Conference permitted.
- Any director is a director of a company which has not filed annual accounts or annual returns for any continuous 3 years or of a company which has failed to repay deposits or redeem debentures or pay interest thereon or pay dividend declared and such failure continues for one year or more ? See Sec.164-167

DIRECTORS  
contd....

Check whether:

- Resignation received from any director and / or form DIR-11 filed by director himself?
- Special Notice received from any shareholder for removal of director?

# BOARD MEETINGS

Check whether:

- 1<sup>st</sup> BM held within 30 days of incorporation?
- At least 4 BM held in the year?
- Gap between 2 BM not more than 120 days?
- Notice given to each director at least 7 days in advance?
- Notes to agenda circulated along with Notice ?
- Compliance with secretarial standard --SS 1?

# BOARD MEETINGS contd...

Check whether:

- Where directors participated by electronic means, rules followed. Mere Audio not recognized for quorum?
- Any resolution passed by circulation and ratified at next BM?
- Disinterested quorum at the beginning and throughout the meeting?
- Minutes circulated within stipulated days of meeting ?
- Minutes entered in minutes book within stipulated period?

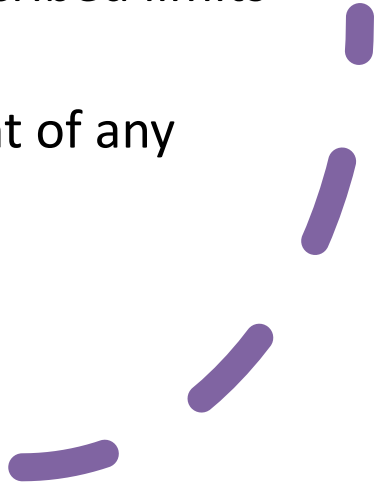
# Powers of Board

Confirm that following decisions are not taken by passing *circular resolution*:

- ✓ *Making calls on shares*
- ✓ *Buy back of shares*
- ✓ *Issuing securities, debentures*
- ✓ *Borrow monies*
- ✓ *Invest funds*
- ✓ *Grant loans, give guarantees, provide security*
- ✓ *Approve annual accounts and directors' report*
- ✓ *Diversification*
- ✓ *Amalgamation, merger, reconstruction*
- ✓ *Take over, acquisition*
- ✓ *Appointment or removal of KMP*
- ✓ *Appoint internal auditors and secretarial auditors*
- ✓ *Make political contributions*

# POWERS OF THE BOARD contd...

Confirm that special resolution is passed by public companies passed for:

- Sell, lease or otherwise dispose of undertaking
  - Invest in trust securities compensation received on any merger
  - Borrow money in excess of prescribed limits
  - Remit or give time for repayment of any debt due from director
- 

# DISCLOSURE OF INTEREST

Confirm that directors have disclosed interest on following occasions:


Sec 184(1) and Sec 184(2) are independent compliance.

- First meeting in which he participates as director
- First board meeting in every financial year
- Whenever there is change in disclosure already made, first BM after such change
- Meeting at which contract or arrangement is discussed
- First BM after he becomes concerned or interested after contract is entered into



## DISCLOSURE OF INTEREST

Confirm that :

- Such disclosure noted in minutes.
  - Interested director has participated only after disclosing interest (private company)
  - Interested director has not participated in discussion (public company) better leave the meeting room.
- 

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Discussion

Questions

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Dhanyawad

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