



# The Companies Act 2013

*Enlightening Nation*

## E-newsletter

JUNE, 2016

### *About the E-newsletter*

Dear Users,

To keep you updated about the latest notifications, circulars & orders issued during the month, thecompaniesact2013.com present herewith its monthly e-newsletter. This is the issue of the june month comprising contemporary articles & monthly amendments.

The notion is to render all the updates in a compiled format and serve a better pavement for easy accessibility.

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## ARTICLE

# COMPLIANCES FOR ANNUAL GENERAL MEETING



## INTRODUCTION

An annual general meeting is an yearly meeting of the members or shareholders of a company mainly for reporting on the year's events.

The provisions relating to conducting of the Annual General Meeting of the members of the Company is governed by sec.96 of the Companies Act, 2013.

As per the requirement of the section, every Company other than One Person Company is mandatory required to hold the Annual General Meeting of the members, further make sure that company hold its:

- **First AGM within a period of 9 months from the date of closing of the first financial year** of the company;
- **Every subsequent AGM within a period of 6 months from the date of closing of the financial year;**
- **Not more than 15 months have elapsed between the two AGM's;**

## COMPLIANCE FOR CONDUCTING AGM

### BEFORE AGM

#### ➤ **CONDUCT A BOARD MEETING**

- ❖ Ascertain directors retiring by rotation and obtain their willingness, if any, to be re-appointed.
- ❖ As required under Section 139(1), obtain the written consent of the auditor to such appointment, and a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be prescribed;
- ❖ Ensure the notice under section 160(1) along with fees not less than Rs 1 lacs has been deposited with the Company for appointment of directors other than those retiring by rotation in case of public company, government company and listed company.

- ❖ Conduct Audit Committee meeting to consider audited financial results, appointment/ re-appointment of auditors.
- ❖ Hold the Board meeting and seek approval for recommendation of dividend, if any, appointment/re-appointment of directors/auditors and all the documents listed under the heading 'Finalization of key documents/statements' above.
- ❖ Hold board meeting of subsidiary to approve their annual accounts.
- ❖ Approve the notice of AGM, and if company has opted or it has to mandatorily opt for e-voting, postal ballot then the same should be mention in the notice.

#### **ADDITIONAL COMPLIANCE FOR LISTED COMPANY**

- Intimate Stock Exchanges ('SEs') at least 5 days prior about the date of Board meeting to consider and approve the annual financial statements and declaration of dividend, if any.
- Send the outcome of board meeting within half an hour of meeting to the stock exchange.
- Ensure that all senior Management Personnel & Directors have affirmed the compliance to the Code of Conduct and Certificate to that effect is signed by CEO.
- Obtain the details of shareholding, membership/chairmanship of Committee(s) held by the directors.

#### **➤ AFTER BOARD MEETING, BEFORE AGM**

- ❖ Send content of Annual Report for printing.
- ❖ Ensure sending Annual Report to the shareholders 21 clear days before the meeting.
- ❖ Inform auditors about the date of AGM and request them to attend the same.
- ❖ Send notice of book closures to the depositories, RTA and publish the same in newspapers as required under Section 91 of the Act. The Book closure notice to also contain the details of date, Time & venue of AGM, dispatch of Annual Report and statement that the shareholders may approach to CS if anyone has not received the Annual Report.
- ❖ Open an account with scheduled bank for payment of dividend and arrange to print stationery of dividend warrants.
- ❖ RTA to download names and addresses of Beneficial Owners (NSDL and CDSL) for mailing of Annual Report.
- ❖ Make proper arrangements with respect to e-voting, postal ballot & electronic mailing of various notices to the concerned persons.**(Refer note 1 and note 2 for detailed information about e-voting and postal ballot)**
- ❖ Ensure that notice convening AGM and Annual Report is dispatched to shareholders, trustee and the auditors at least 21 days before the AGM. Further, send the soft copy of the Annual Report to the shareholders who have opted to receive the same electronically.**(Refer note 3 for compliance of notice)**

- ❖ Obtain proxies and Board resolutions u/s 113
- ❖ Prepare proxy register and keep ready relevant statutory registers.

#### **ADDITIONAL COMPLIANCE FOR LISTED COMPANY**

- Send audited annual results to SEs within prescribed time after conclusion of Board Meeting.
- Intimate SEs about recommendation of dividend per share, if any, by the Board of Directors and the date of payment of the same.
- Upload the audited results on the website of the Company.
- Within 48 hours of the conclusion of the Board meeting, publish audited financial results in the newspapers (English & vernacular).
- Send copies of Annual Report along with Notice of AGM & Form A/Form B, as applicable, to the SEs where the shares of the companies are listed.
- Send notice of book closures to SEs at least 7 days prior to commencement of book closures.
- Upload the Annual Report of the Company and its subsidiaries on its website.

### **DURING THE AGM**

- ❖ At the time fixed for AGM, CS to request to all the shareholders and proxies, to take seat and request the Directors to come on the dais.
- ❖ Ensure that Chairman of the Audit Committee who should be an independent director is present at the AGM.
- ❖ Confirmation of the presence of the quorum by CS
- ❖ The Register of Directors' Shareholding, Memorandum, Articles of Association, details of proxies and other documents related to the items of business of AGM are kept open for inspection by the members
- ❖ Chairman to welcome the gathering and briefly introduce the persons sitting on dais.
- ❖ Minutes pertaining to previous AGM are approved out.
- ❖ All the items of notice are taken for approval of shareholders in serial as mentioned in the notice convening AGM.
- ❖ Every resolution (Ordinary/Special) should be first put to the vote by show of hands and accordingly whether the resolution has been passed unanimously or with requisite majority should be declared.
- ❖ A poll may be demanded by shareholder/ proxies holding not less than 1/10th equity shares or shares worth Rs.5 lacs on or before the declaration of the result.

- ❖ The Chairman should announce the date/time of poll and announcement of results of poll.
- ❖ If the chairman is interested in the resolution sought to be passed than he/she to handover the chair to other.

## AFTER THE AGM

- ❖ Inform the directors about shareholders' approval of their appointment/re-appointment.
- ❖ Return the prescribed minimum fees of Rs. 1 lacs to the shareholders if the shareholder' director have approved the appointment or passed the minimum votes.
- ❖ Within 5 days of AGM, deposit the requisite amount of dividend in the bank account opened for the purpose.
- ❖ Ensure that tax on dividend has been deposited within 14 days from the date of AGM.
- ❖ Within 15 days from the date of AGM, intimate statutory auditors about their appointment.
- ❖ Draft the minutes of the AGM and send the same for approval of the Chairman of the meeting.
- ❖ Upload the details of unpaid and unclaimed amounts lying with the Company as on the date of AGM in the IEPF portal of the MCA as well as that on the website of the Company.
- ❖ Transfer unclaimed dividend to 'Unpaid Dividend Account' after expiry of 30 days from the date of declaration of dividend.
- ❖ If any of the people who are retiring from the Committee are signatories to the organization's bank account, try and have the necessary forms on hand so that the new signatories can be authorized after the meeting.
- ❖ Declaration of results of e-voting and postal ballot
  - a) Based on the scrutiniser's report received on postal ballot or remote e-voting and voting at the meeting, the chairman or any other director so authorised shall countersign the scrutiniser's report and declare the result of voting forthwith with details of the number of votes cast for and against the resolution.
  - b) The result of voting ,with details of the number of votes cast for and against the resolution, invalid votes and whether the resolution has been carried or not shall be displayed on the notice board of the company at its registered office and its head office as well as corporate office, if any, if such office is situated elsewhere. Further, the results of voting along with the scrutiniser's report shall also be placed on the website of the company, in case of companies having a website and of the agency, immediately after the results are declared.

- The postal ballot forms, other related papers, register and scrutinisers' report and other related papers received from the scrutiniser(s) shall be kept in the custody of the company secretary or any other person by the board for this purpose.

#### **ADDITIONAL COMPLIANCE FOR LISTED COMPANY**

- Immediately after AGM, send brief of the resolutions passed at the AGM and Chairman speech, if any, to the SEs.
- Within 30 days of AGM, send copies of the minutes to the SEs.
- **Report on General Meeting**
  - A. Ensure that every Listed Company shall file a copy of Report on General Meeting with registrar in **Form.no.MGT.15 within 30 days of the conclusion of the AGM.**
  - B. Ensure that this report shall be signed and dated by the
    - i. Chairmen of the meeting ;or
    - ii. Any two directors of the company; one of them shall be managing director;and
    - iii. Company secretary of the company
  - C. Ensure that this report contains a fair and correct summary of the proceedings of the meeting the details in respect of following namely-
    - i. The day, date ,hour and venue of the AGM;
    - ii. Confirmation with respect to appointment of chairmen of the meeting;
    - iii. Numbers of members attending the meeting;
    - iv. Confirmation of payment;
    - v. Business transacted at the meeting and the result thereof;
- The listed entity shall submit the annual report to the stock exchange within twenty one working days of it being approved and adopted in the annual general meeting as per the provisions of the Companies Act, 2013..

#### **SOME RESPONSIBILITY FOR COMPANY SECRETARY**

- ❖ Book the proper venue and make arrangement for refreshment where the AGM sought to conducted.
- ❖ Decide the adequate timing for the conduct of meeting.
- ❖ Coordinate with the exchange in delivering of necessary compliance's.
- ❖ Justify as to the presence of the Directors on the Annual general meeting.
- ❖ Clarify as to the necessary posting and delivery of dividend warrant to person's concerned.

## (NOTE 1)

### E-VOTING –



- Every company having its equity shares listed on a recognized stock exchange other than companies whose equity shares are listed on SME exchange or on the institutional trading platform and companies having not less than 1000 members shall provide e-voting facility to their members to exercise their voting rights. The facility for e-voting can be availed by applying to NSDL, CDSL, karvy etc. .
- Every company which has provided e-voting facility to its members, shall also put every resolution to vote through a ballot process at the meeting.
- Every company providing e-voting facility shall offer such facility to all members, irrespective of whether they hold shares in physical form or in dematerialized form.
- The facility for remote e-voting shall remain open for not less than three days.
- Board approval

The board shall:

- a) appoint one or more scrutiners for e-voting or the ballot process;
  - b) appoint an e-voting agency;
  - c) decide the cut-off date for the purpose of reckoning the names of members who are entitled to voting rights;
  - d) authorise the chairman or in his absence, any other director to receive the scrutiner's register, report on e-voting and other related papers with requisite details.
- Notice of the meeting, wherein the facility of e-voting is provided shall be sent either by registered post or speed post or by courier or by e-mail or by any other electronic means.

## (NOTE 2)

### POSTAL BALLOT-



Every company, except a company having less than or equal to two hundred member, shall transact items of business as prescribed ,only by means of postal ballot instead of transacting such business at a general meeting. Provided that One Person Company are not required to transact any business through postal ballot.

- Pursuant to clause (a) of sub-section (1) of section 110, the following items of business shall be transacted only by means of voting through a postal ballot-
  - a. 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;
  - b. 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;
  - c. 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;
  - d. 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;
  - e. issue of shares with differential rights as to voting or dividend or otherwise under sub-clause (ii) of clause (a) of section 43;
  - f. variation in the rights attached to a class of shares or debentures or other securities as specified under section 48;
  - g. buy-back of shares by a company under sub-section (1) of section 68;
  - h. election of a director under section 151 of the Act;
  - i. 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;
  - j. giving loans or extending guarantee or providing security in excess of the limit specified under sub-section (3) of section 186;
  - k. any other resolution prescribed under any applicable law, rules or regulations.
- The board shall appoint one or more scrutinisers for the ballot process
- Notice of the postal ballot shall be given in writing to every member of the company. Such notice shall be sent either by registered post or speed post, or by courier or by e-mail or by any other electronic means at the address registered with the company.
- If company has website, notice of postal ballot shall also be placed on the website.

**(NOTE 3)**

**Notice of AGM**



Provisions of Section 101 of the Companies Act, 2013 and SS-2 (General meetings) deals with the “Notice of the Meeting”. As per the requirement of the section the notice calling annual general meeting of the members should be served to the members at least 21(Twenty One) clear days before the date of the meeting either in *writing* or in *electronic mode* stating therewith the place, date, day and hour of the meeting along with the statement under section 102 setting out the material facts in respect of each item of the special business to be transacted at the general meeting.

## **Compliance for Notice**

1. Ensure that Company shall give Notice of 21 clear days for a general meeting either in writing or through electronic mode
2. Ensure that Notice shall specify:-
  - The Day & date, that is not a national holiday;
  - Time i.e. During business hours, i.e., between 9 a.m. and 6 p.m; and;
  - Full address of the venue including route map and prominent land mark for easy location. of the Meeting along with a statement of the business to be transacted at such meeting;
3. Ensure that Notice of every general meeting shall be given to :-Every member of the company, legal representative of any deceased member or the assignee of an insolvent member
  - Auditors
  - Directors
  - the Secretarial Auditor
  - the Debenture Trustees, if any, and wherever applicable or so required, to other specified persons.
4. Notice shall be posted on the website, if company is having a website.
5. Ensure that Company uses a system which produces confirmation of the total number of recipients e-mailed and Company has maintained a record of each recipient to whom the Notice has been sent “proof of sending”.
6. Ensure that Notice shall not be sent to members by ordinary post if:
  - the company provides the facility of e-voting;
  - the item of business is being transacted through postal ballot;
7. Ensure that Notice shall be accompanied, by an attendance slip and a Proxy form with clear instructions for filling, stamping, signing and/or depositing the Proxy form.
8. Ensure that notice shall contain a statement that “a member of a company entitled to attend and vote at a meeting shall also be entitled to appoint another person as a proxy to attend and vote at the meeting on his behalf”
9. Ensure that notice shall disclose the justification for choosing the appointees for appointment as Independent Directors, in case the appointment is made at such meeting.
10. Ensure that the company has give Notice of the Resolution to all its Members at least seven days before the Meeting, In case a valid special notice under the Act has been received from Member(s).

**Shorter Notice:** – As per the provisions of section 101(1), notice convening meeting of the members of the Company can be called by serving a notice of less than 21 days if the consent is accorded by the members holding not less than 95% of the power to vote at the meeting.

**Statement to be annexed to the Notice :-** Section 102 of the Companies Act, 2013 stipulates that statement setting out the material facts in respect of each item of the special business to be transacted at the General meeting shall be annexed and contain the following details:

- Nature of concern or interest whether financial or otherwise of every Director, Manager, Key managerial personnel and their relatives;
- Any other information which facilitates better understanding of the Business to be transacted; and
- In case of the special business to be transacted affects any other Company, the extent of shareholding interest in that other Company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned Company shall, if the extent of such shareholding is not less than two per cent of the paid-up share capital of that Company.

**Listed Companies requirement** – Listed Companies apart from the above said requirements have to submit copies of notice together with the Director’s report, Auditor’s report and other information as they sent to the shareholders along with the copies of advertisement released for communicating to the shareholders about the dispatch of the notice to the stock exchange where the securities of the Company are listed.

**NOTE: We have tried to cover all the compliances which should be done for conducting AGM, there may be few other compliances which are require to be done as per the event and nature & working of the company .**



## NOTIFICATIONS

**A. S.O.1932(E) Notification constituting the National Company Law Tribunal and National Company Law Appellate Tribunal under Sections 408 and 410 respectively of the Companies Act, 2013**

**Dated 01.06.2016**

In exercise of the powers conferred by section 408 of the Companies Act, 2013 (18 of 2013), the Central Government hereby constitutes the National Company Law Tribunal to exercise and discharge the powers and functions as are, or may be, conferred on it by or under the said Act with effect from the 1st day of June, 2016.

**B. S.O.1934(E) Commencement Notification under Section 1(3) of the Companies Act, 2013 and Notification constituting the Benches of National Company Law Tribunal**

**Dated 01.06.2016**

In exercise of the powers conferred by sub-section (3) of section 1 of the Companies Act, 2013 (18 of 2013), the Central Government hereby appoints the 01st day of June, 2016 as the date on which the following provisions of the said Act shall come into force, namely :—

<b>Sl. No.</b>	<b>Section</b>
1.	Sub-section (7) of section 7 [except clause (c) and (d)]
2.	Second proviso to sub-section (1) of section 14
3.	Sub-section (2) of section 14
4.	Sub-section (3) of section 55
5.	Proviso to Clause (b) of sub-section (1) of section 61
6.	Sub-sections (4) to (6) of section 62
7.	Sub-sections (9) to (11) of section 71
8.	Section 75
9.	Section 97
10.	Section 98
11.	Section 99
12.	Sub-section (4) of section 119
13.	Section 130
14.	Section 131
15.	Second proviso to sub-section (4) and sub-section (5) of section 140
16.	Sub-section (4) of section 169
17.	Section 213
18.	Sub-section (2) of Section 216
19.	Section 218
20.	Section 221
21.	Section 222
22.	Sub-sections (5) of section 224

23.	Sections 241, 242 [except clause (b) of sub-section (1), clause (c) & (g) of sub-section (2)], 243, 244, and 245
24.	Reference of word 'Tribunal' in sub-section (2) of section 399
25.	Sections 415 to 433 (both inclusive)
26.	Sub-section (1)(a) and (b) of section 434
27.	Sub-section (2) of section 434
28.	Section 441
29.	Section 466

**C. S.O.1935(E) Constitution of benches under NCLT in different areas**

**Dated 01.06.2016**

In exercise of the powers conferred by sub-section (1) of section 419 of the Companies Act, 2013 (18 of 2013), the Central Government hereby constitutes the following Benches of the National Company Law Tribunal mentioned in column (2) of the table below, located at the place mentioned in column (3) and to exercise the jurisdiction over the area mentioned in column (4), namely:—

<b>Serial Number (1)</b>	<b>Title of the Bench (2)</b>	<b>Location (3)</b>	<b>Territorial Jurisdiction of the Bench (4)</b>
1.	National Company Law Tribunal, Principal Bench. National Company Law Tribunal, New Delhi Bench.	New Delhi	(1) State of Haryana. (2) State of Rajasthan. (3) Union territory of Delhi.
2.	National Company Law Tribunal, Ahmedabad Bench.	Ahmedabad	(1) State of Gujarat. (2) State of Madhya Pradesh. (3) Union territory of Dadra and Nagar Haveli. (4) Union territory of Daman and Diu.
3.	National Company Law Tribunal, Allahabad Bench.	Allahabad	(1) State of Uttar Pradesh. (2) State of Uttarakhand.
4.	National Company Law Tribunal, Bengaluru Bench.	Bengaluru	(1) State of Karnataka.
5.	National Company Law Tribunal, Chandigarh Bench.	Chandigarh	(1) State of Himachal Pradesh. (2) State of Jammu and Kashmir. (3) State of Punjab. (4) Union territory of Chandigarh.
6.	National Company Law Tribunal, Chennai Bench.	Chennai	(1) State of Kerala. (2) State of Tamil Nadu. (3) Union territory of Lakshadweep. (4) Union territory of Puducherry.

7.	National Company Law Tribunal, Guwahati Bench.	Guwahati	(1) State of Arunachal Pradesh. (2) State of Assam. (3) State of Manipur. (4) State of Mizoram. (5) State of Meghalaya. (6) State of Nagaland. (7) State of Sikkim. (8) State of Tripura.
8.	National Company Law Tribunal, Hyderabad Bench.	Hyderabad	(1) State of Andhra Pradesh. (2) State of Telangana.
9.	National Company Law Tribunal, Kolkata Bench.	Kolkata	(1) State of Bihar. (2) State of Jharkhand. (3) State of Odisha. (4) State of West Bengal. (5) Union territory of Andaman and Nicobar Islands.
10.	National Company Law Tribunal, Mumbai Bench.	Mumbai	(1) State of Chhattisgarh. (2) State of Goa. (3) State of Maharashtra.

**D. S.O.1936(E)Transfer of matters or proceedings or cases pending before the Company Law Board to National Company Law Tribunal**

**Dated 01.06.2016**

In exercise of the powers conferred by clause (a) of sub-section (1) of section 434 of the Companies Act, 2013 (18 of 2013), the Central Government hereby appoints the 01st day of June, 2016, on which all matters or proceedings or cases pending before the Board of Company Law Administration (Company Law Board) shall stand transferred to the National Company Law Tribunal and it shall dispose of such matters or proceedings or cases in accordance with the provisions of the Companies Act, 2013 or the Companies Act, 1956.

**E. G.S.R(E)Transfer of matters or proceedings or cases pending before the Company Law Board to National Company Law Tribunal**

**Dated 29.06.2016**

G.S.R(E). - In exercise of the powers conferred by sections 73 and 76 read with sub-section(1) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Acceptance of Deposits) Rules, 2014, namely:

- (1) These rules may be called the Companies (Acceptance of Deposits) Amendment Rules, 2016.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Acceptance of Deposits) Rules, 2014 (hereinafter referred to as the Principal rules), in rule 2 in sub-rule (1), in clause (c),\_

- (i) in sub-clause (ix), for the words “five years” the words “ten years” shall be substituted;
- (ii) after sub-clause (ix), the following sub-clause shall be inserted, namely, \_  
“(ixa) any amount raised by issue of non-convertible debenture not constituting a charge on the assets of the company and listed on a recognised stock exchange as per applicable regulations made by Securities and Exchange Board of India.”
- (iii) for sub-clause (xi), the following sub-clause shall be substituted, namely: \_  
“(xi) any non-interest bearing amount received and held in trust;”;
- (iv) in sub-clause (xii),-
- (A) after item (d) and before the proviso, the following items shall be inserted, namely:-  
“(e) as an advance towards consideration for providing future services in the form of a warranty or maintenance contract as per written agreement or arrangement, if the period for providing such services does not exceed the period prevalent as per common business practice or five years, from the date of acceptance of such service whichever is less;  
(f) as an advance received and as allowed by any sectoral regulator or in accordance with directions of Central or State Government;  
(g) as an advance for subscription towards publication, whether in print or in electronic to be adjusted against receipt of such publications;”
- (B) in the Explanation, the words "referred to in the proviso" shall be omitted;
- (v) in the Explanation, after sub-clause (xiv), for the words "shall be treated as deposits", the words "shall be considered as deposits unless specifically excluded under this clause" shall be substituted;
- (vi) after sub-clause (xiv), the following sub-clauses shall be inserted, namely:-  
(xv) any amount received by way of subscription in respect of a chit under the Chit Fund Act, 1982 (40 of 1982);  
(xvi) any amount received by the company under any collective investment scheme in compliance with regulations framed by the Securities and Exchange Board of India,  
(xvii) an amount of twenty five lakh rupees or more received by a start-up company, by way of a convertible note (convertible into equity shares or repayable within a period not exceeding five years from the date of issue) in a single tranche, from a person..

Explanation.- For the purposes of this sub-clause',-

- I. "start-up company" means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognized as such in accordance with notification number G.S.R. 180(E) dated 17<sup>th</sup> February, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry;
- II. "convertible note" means an instrument evidencing receipt of money initially as a debt, which is repayable at the option of the holder, or which is convertible into such

number of equity shares of the start-up company upon occurrence of specified events and as per the other terms and conditions agreed to and indicated in the instrument.

(xviii) any amount received by a company from Alternate Investment Funds, Domestic Venture Capital Funds and Mutual Funds registered with the Securities and Exchange Board of India in accordance with regulations made by it."

3. In Rule 3 of the Principal rules,-

(i) in sub-rule (3),-

(a) for the words "twenty five per cent" the words "thirty five per cent" shall be substituted;

(b) the following proviso shall be inserted namely:

"Provided that a private company may accept from its members monies not exceeding one hundred per cent of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified."

(ii) for sub-rule (8), the following sub-rule shall be substituted, namely: \_

"(8).- (a) Every eligible company shall obtain at least once in a year, credit rating for deposits accepted by it and a copy of the rating shall be sent to the Registrar of Companies along with the return of deposits in Form DPT-3,

(b) The credit rating referred to in clause (a) shall not be below the minimum investment grade rating or other specified credit rating for fixed deposits, from any one of the approved credit rating agencies as specified for Non-Banking Financial Companies in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India, as amended from time to time"

4. in rule 4 of the principal rules, for sub-rule (2), the following sub-rule shall be substituted, namely:-

"(2) Every eligible company intending to invite deposits shall issue a circular in the form of an advertisement in form DPT-1 for the purpose in English language in an English newspaper having country wide circulation and in vernacular language in a vernacular newspaper having wide circulation in the State in which the registered office of the company is situated, and shall also place such circular on the website of the company, if any."

5. in rule 5 of the principal rules, in sub-rule (1), for the proviso, the following proviso shall be substituted, namely:-

"Provided that the companies may accept deposits without deposit insurance contract till the 31s March, 2017 or till the availability of a deposit insurance product, whichever is earlier."

6. after rule 16 of the principal rules, the following rule shall be inserted, namely:-

"16A. Disclosures in the financial statement.-

(1) Every company, other than a private company, shall disclose in its financial statement, by way of notes, about the money received from the director.

(2) Every private company shall disclose in its financial statement, by way of notes, about the money received from the directors, or relatives of directors."

7. in the principal rules in the Annexure, in Form DPT-I, the following Para shall be inserted, namely:-

"6. **DISCLAIMER.**- It is to be distinctly understood that filing of circular or circular in the Form of advertisement with the Registrar should not in any way be deemed or construed that the same has been cleared or approved by the Registrar or Central Government. The Registrar or Central Government does not take any responsibility either for the financial soundness of any deposit scheme for which the deposit is being accepted or invited or for the correctness of the statements made or opinions expressed in the circular or circular in the Form of advertisement. The depositors should exercise due diligence before investing in the deposits schemes."

**F. G.S.R(E)Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**Dated 30.06.2016**

G.S.R. In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the companies Act,2013 (18 of 2013), the central Government hereby makes the following rules further to amend the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016'

(2) They shall come into force from the date of their publication in the Official Gazette.

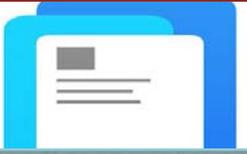
2. In the Companies (Appointment and Remuneration of Managerial Personnel) Rules' 2014' (hereinafter referred to as the principal rules),-

(i) in rule 3, the expression "Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO)" shall be omitted.

3. in rule 5 of the principal rules -

- a. in sub-rule (1), "clauses (v), (vi), (vii) and (ix) to (xi)" shall be omitted'
- b. in sub-rule (2),- (a) for the words " the name of every employee of the company, who-" the words .. the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-" shall be substituted; (b) in sub-clause (i) for the words "sixty lakh rupees", the words "one crore and two lakh rupees" shall be substituted;
- c. in sub-clause (ii) for the words "five lakh rupees per month" the words " eight lakh and fifty thousand rupees per month" shall be substituted;

4. For Form MR-1 of the principal rules, the form shall be substituted.



## ORDERS

### **A. S.O. Companies(Removal Of Difficulties)Third Order,2016**

**Dated :30.06.2016**

S O. (E). — Whereas, the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act) received the assent of the President on 29th August, 2013 and section 1 thereof came into force on the same date;

And, whereas, the provisions contained in section 139, which provides for appointment of auditors has come into force on the 1st April, 2014;

And, whereas, sub-section (2) of section 139 of the said Act provides that no listed company and the prescribed class of companies shall appoint or re-appoint-

- (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;

And, whereas, first proviso to sub-section (2) provides for period for which the individual auditor or audit firm who or which have completed term provided under such sub-section shall not be eligible for re-appointment as auditor in the same company;

And, whereas, the third proviso to sub-section (2) provides that every company, existing on or before the commencement of this Act which is required to comply with provisions of sub-section (2) shall comply with the requirements of such sub-section within three years from the date of commencement of the said Act;

And, whereas, as per provisions of sub-section (1) of section 139, the companies are required to appoint auditor at the annual general meeting who shall hold office from the conclusion of that meeting till the conclusion of sixth annual general meeting;

And, whereas, difficulties have arisen regarding compliance with the provisions of third proviso to sub-section (2) of section 139 in so far as they relate to the period within which companies would comply with provisions of sub-section (2) of section 139 of the said Act;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 470 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following Order to remove the above said difficulties, namely:-

1. Short title and commencement.- (1) This Order may be called the Companies (Removal of Difficulties) Third Order, 2016.
- (2) It shall be deemed to have come into force from 1st April, 2014.

2. In the Companies Act, 2013, in section 139, in sub-section (2), for the third proviso, the following proviso shall be substituted, namely:-

“Provided also that every company, existing on or before the commencement of this Act which is required to comply with the provisions of this sub-section, shall comply with requirements of this sub-section within a period which shall not be later than the date of the first annual general meeting of the company held, within the period specified under sub-section (1) of section 96, after three years from the date of commencement of this Act ”.

### **A. SEBI Circular No. NSE/CML/2016/09**

**DATED 01.06.2016**

This is with reference to Notification No. SEBI/LAD-NRO/GN/2016-17/001 dated May 25, 2016 and Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016 issued by the Securities and Exchange Board of India (SEBI).

The operational details for implementing the amendments shall be as under:

1. The listed entities that have already submitted Form A (in case of audit reports with unmodified opinion(s)) for the period ended March 31, 2016 shall be considered as sufficient compliance with the aforesaid amendments.
2. The listed entities that have NOT submitted Form A (in case of audit reports with unmodified opinion(s)) for the period ended March 31, 2016 shall be required to submit the declaration as mentioned in SEBI Circular CIR/CFD/CMD/56/2016 within 30 days from the date of this circular duly signed by either CEO / Managing Director / CFO / Audit Committee Chairman.
3. All the listed entities (irrespective of having submitted Form B or not in case of modified opinion (s)) for the period ended March 31, 2016 shall be required to submit the 'Statement on Impact of Audit Qualifications' within 60 days from the date of this circular in the format specified in Annexure I.
4. For all the subsequent annual filings of audited financial results, submission of Form A / Form B as the case may be, shall be dispensed with. Consequently, all listed entities shall be required to submit either declaration as mentioned in SEBI Circular CIR/CFD/CMD/56/2016 (in case of audit report with unmodified opinion(s)) or 'Statement on Impact of Audit Qualifications' (in case of modified opinion(s)), in the format as specified in Annexure I within the timelines applicable for submission of annual audited financial results.

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- [G.S.R\(E\) dated 29.06.2016, Companies \(Acceptance of Deposits\) Amendment Rules, 2016](#)
- [Companies \(Appointment and Remuneration of Managerial Personnel\) Amendment Rules, 2016](#)
- [Companies \(Removal of Difficulties\) Third Order, 2016](#)

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