

Deposits

Non-Applicability of provisions

- * Banking Co
- * Non-Banking financial Co [NBFC]
- * Housing finance Co

Depositor means • Any member of the Co who has made deposit with the Co as per Sec 73
• Any person who has made deposit with the public Co as per Sec 76

Tenure of deposits

- > minimum ^{min tenure 3M & max deposit 10% of PUSC [see Rules & sep]} 6 months from date of acceptance of deposits
- > maximum 36 months from date of acceptance of deposits

Maximum amt of deposits which Co can accept Rule 3(3), 3(4), 3(5)

Maximum amt of deposits

By Eligible Co

- For existing member 10% (PUSC + FR + SP)
- For public 25% (PUSC + FR + SP)

By ineligible Co

- private Co & public Co
- Having net worth 100c
- Turnover 500c
- Shareholder Pass SR high
- Existing ROC → 100% (PUSC + FR + SP)
- IFSC → 100% (PUSC + FR + SP)
- Co → 35% (PUSC + FR + SP)

By govt Co

- For member / Non-member 35% (PUSC + FR + SP)

Miscellaneous

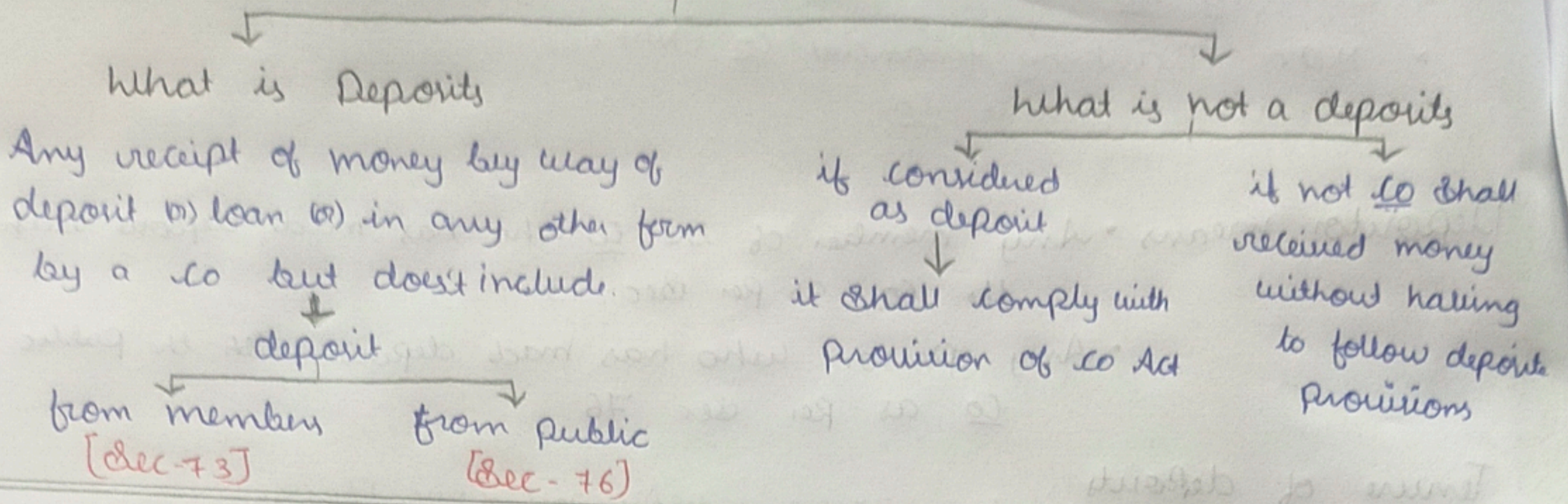
Rate of int [Rule 3(6)] - max Rate prescribed by RBI for NBFC

Variation in terms of deposits [Rule 3(7)] - The Co shall not reserve to itself directly or indirectly a right to make variation in any terms & conditions

Credit rating - Every eligible Co shall obtain once in a year, rate for deposit accepted by it & the copy of rating shall submitted to ROC along with returns of deposits Form DPT-3.

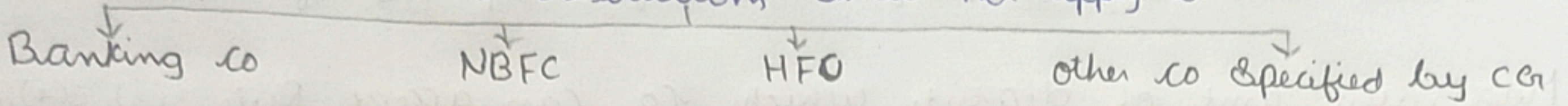
Joint depositors [Rule 3(2)] - where depositors so desire deposits may be accepted in joint names but not exceeding 3 joint holders.

Deposits [Sec-2(31)]

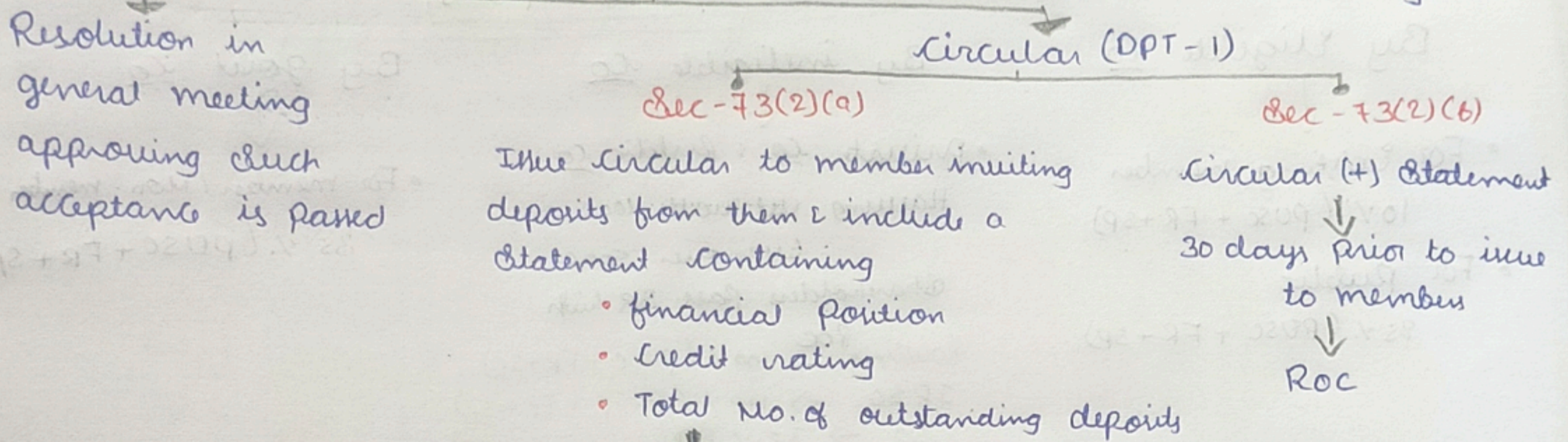


Sec - (73) Prohibition on Acceptance of deposit from Public

This restriction shall not apply to

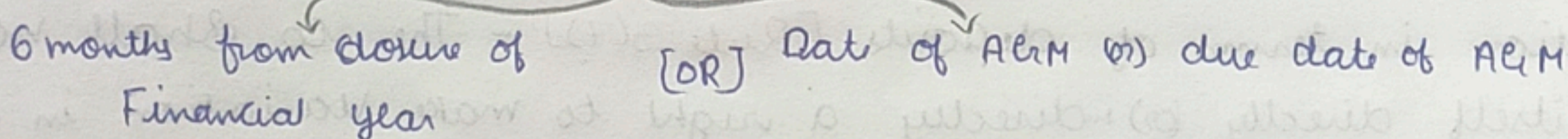


However, any co may accept deposits from its member subject to



Such circular to be published in News paper (English + Vernacular)
 [offer to members = News paper is optional & offer to public = News paper is mandatory]

Such advertisement shall remain valid till, the earliest of following



Sec - 73(2)(c)

Deposit Repayment Reserve

- At 20% of deposits maturing during the FY to be deposited by 30th-04 each year

Sec - 73(2)(e)

- Co not defaulted in repayment of any deposit
- if any default, co shall certify that it has made good the default & 5y has elapsed

Exemptions for Sec 73(2)(a) to 73(2)(e)

which accepts from members money not exceeding 100% of PUSC

- (+) free Reserves
- (+) Securities Premium

Registered

[OR] Start-up for 5 years

which fulfills follow[all]

- [OR] Not a associate or subsidiary of another co
- Borrowing is less than twice of PUSC or 50 Cr → ~~HEL~~
- Not defaulted in Repayment

Procedure for Acceptance of Deposit from members

1. Board meeting (+) General meeting pass Resolution depends on AOA
2. Draft circular [DPT-1] file with ROC
3. DPT-1 (Circular) to be issued to members along with application form
4. collect the application form from & declaration also to be given, that money is not borrowed from anyone
5. Deposit receipt to be issued within 21 days of receipt of money
6. Entry to be made in register of deposits within 7 days from issue of receipt.
7. Maintain deposit Repayment Reserve @ 20%
8. Submit return of deposit in form DPT-3 periodically Before 30-June every year
9. if co fails repayment, the depositor may apply to the tribunal
10. Maximum amt of deposits that can be accepted by non-eligible co [maximum up to 35% of pusc (+) FR (+) SP].

Exceptions: The maximum limit shall not apply to the following class of Private co

Private co, which a start up for 10 years from Incorporation

[OR] Private co which fulfills all the conditions

which is not an associate or subsidiary co of any co

Borrowings is less than twice of pusc [OR] 50c

co has not defaulted in repayment of Borrowing

WEL

Provision regarding Acceptance of deposits from public by Eligible Companies

Only a Eligible co & govt co can raise deposits from public in addition to members

Eligible Company Rule (2)(1)(c)

it is a public co having

> Net worth -> minimum 100c (or) more

> Turnover -> minimum 500c (or) more

Pass Special Resolution (+) if within limits of Sec-180(1)(c), to Ordinary resolution

1. Board meeting (+) General meeting (Special or ordinary Resolution) file M&T-4 with ROC
2. Appointment of deposit trustee & execute deposit trust deed [Form DPT-2] 7 days before issuing circular
[Disqualification for appointment of deposit trustee]

3. Obtain Credit Rating

- Shall get it from recognised agency
- Credit Rating shall be informed to Public
- Needs to be obtained every year during tenure & shall be filed with Roc
- Credit Rating shall not be below
 - Minimum Investment grade Rating (BR)
 - Other specified credit Rating for fixed deposits

4. Charge creation to be created on tangible assets only

5. Issuance of circular (DPT-1)

- Published in News Paper [English + Vernacular]
- Website [if any]
- To be filed with Roc, 30 days before issue

6. collect Signed application

7. Issue Deposit Receipt within 21 days

8. update register of deposits

9. maintain ORR

10. file DPT-3

Companies [Acceptance of deposit] rules, 2014. [Common to Sec 73 & 76]

1. Tenure of deposits

- > Repayment on demand - Not permissible
- > Minimum Tenure - 6 months
- > Maximum Tenure - 36 months

Exemptions:

- * it shall not exceed 10% of PUSC + FR + SP
- * it can be accepted to meet short term requirements, provided
- * Repayment on (or) after 3 months

2. Premature Repayment of Deposits

* Reduction of Rate of Int Payables

- Should be after 6 months but before maturity
- Rate of int shall be 1% less than what would be payable.

[less than 6m to be ignored, 6m (or) more to be considered as 1 year]

* No Reduction of Rate of int

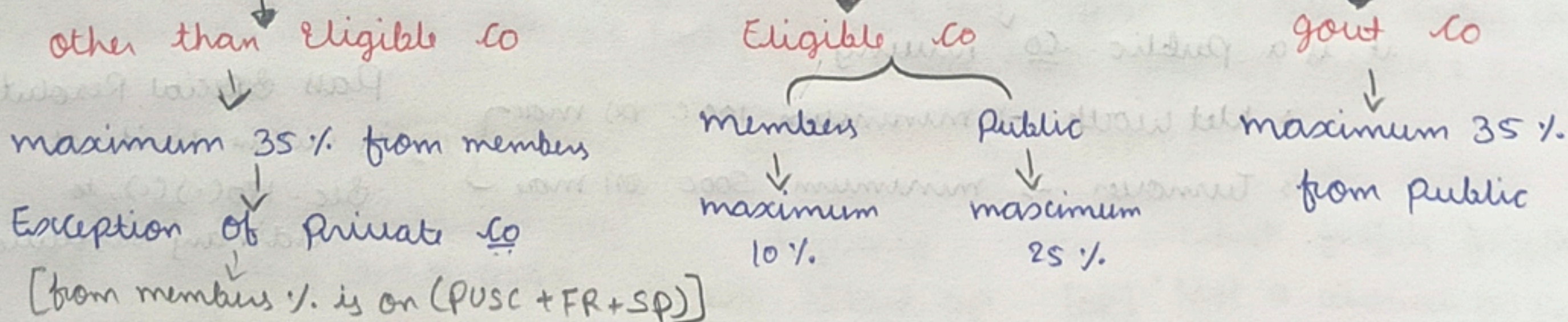
- it is repaid to comply with limits in Rule - 3
- it is repaid to provide for war risk to Naval, military, air forces for their family during emergency

3. Higher Rate of Int

if the depositor vent the deposit for a period longer than unexpired period deposit but before maturity date.

4. The Quantum of deposits

max amt of deposits that can be raised by Co [Old + New]



5. if Co fails to repay the deposits

They shall pay int of 18% P.A.