

Important Limits in Companies Act, 2013

| Section | Provision | Limits |
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| 2(6) | Associate company | Significant Influence means control $\geq 20\%$ of the total VP or participation in business decisions under agreement. |
| 2(45) | Government Company | <ul style="list-style-type: none"> PUSC not less than 51% held by CG, any SG, partly by CG + partly by 1 or more SG; Includes subsidiary of such CG. |
| 2(85) | Small Company | Other than a public company having: <ul style="list-style-type: none"> PUSC ≤ 4 crores, and T/O \leq Rs. 40 crores. |
| 2(87) | Subsidiary Company | A company in which the holding company: <ul style="list-style-type: none"> Exercises or controls more than 1/2 of total VP on its own or with other subsy; or Controls the composition of BOD. |
| 40 | Underwriting | Brokerage or commission rate - Max 5% of issue price (shares) or Max 2.5% of price (debenture) or rates as per AOA - Whichever is lower. |
| 42 | Private Placement | No. of Identified Person shall not exceed 200 in aggregate in a FY for each kind of security. |
| 48 | Variation in the rights of SH | Consent of not less than 3/4 th of issued shares of that class or by SR passed at a separate meeting. Appeal against variation to NCLT- Holders having $\geq 10\%$ issued shares of that class, did not give consent or voted in favour of the SR. |
| 55 | No. of years of pref. shares | <ul style="list-style-type: none"> Redeemable Preference shares for ≤ 20 years. For infra co. - 30 years + Redemption option $\geq 10\%$ from 21st year onwards on proportionate basis. |
| 56(4) | Time for delivery of share certificate | Delivery of certificates of all securities, in case of: <ul style="list-style-type: none"> Subscribers to MOA within 2 months from date of incorporation. Allotment of shares within 2 months from date of allotment. Transfer/transmission - Within 1m from receipt of instrument. Allotment of debentures within 6 months from date of allotment. |
| 67(3)(c) | Restrictions on purchase of own shares | Public co. cannot give loan to its employees ≥ 6 months of their salary/wages to purchase or subscribe for fully paid-up shares in the co. |
| 68 | Buyback of securities | <ul style="list-style-type: none"> Exception to SR - Authorized by AoA + BR where $\leq 10\%$ of PUESC + FR Max buyback - 25% of PUSC + FR (in a FY) In case of equity shares, max BB - 25% of PUESC. Ratio after BB - Debt (secured+ unsecured) / (PUC+FR) ≤ 2 |

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| 76 | Deposit | <ul style="list-style-type: none"> • DRR - At least 20% of deposits maturing the next year on or before April 30th of each year. • Less than 6m deposits? - May be accepted, but min. 3m, up to: 10% of PUSC+ FR+SPA. • Max amount of deposit that can be received by: <u>From Public and member (sec 76)</u> Eligible Co: Members - 10% of PUSC+FR+SPA, Public - 25% PUSC+ FR+SPA Eligible Government Company: 35% of PUSC+FR+SPA <u>From members only:</u> Other Co: 35% of PUSC+ FR+SPA members. Private Co: 100% of PUSC+ FR+SPA members |
| 76 | Deposits from public | Eligible public co: Net worth \geq Rs. 100 crores or Turnover \geq Rs. 500 crores |
| 92(2) | Annual Return | Annual return to be certified by CS in practice in case of: - Listed Co.; or - Companies having PUSC \geq 10 crore ; or Turnover \geq 50 crore . |
| 94 | Place of registers | Register or copies of annual return can be kept at any other place in India where > 1/10th members reside subject to approval by GM-SR . |
| 100(2) | EOGM | Requisitionist for calling EGM: <ul style="list-style-type: none"> • Co. having SC, members having \geq 1/10th of PUSC. • Co. not having a SC, members having \geq 10% total voting power. |
| 101 | Notice of meeting | Shorter notice if consent of: <ul style="list-style-type: none"> • AGM \geq 95% members entitled to vote; and • Any other GM: Does company have share capital? <ul style="list-style-type: none"> ○ Yes: Majority in No.+ 95% total voting power ○ No: 95% total voting power. |
| 103 | Quorum for meetings | For Pvt Co. - 2 members personally present. For Public Co: <ul style="list-style-type: none"> • No. of members \leq 1,000 then Quorum = 5 personally present. • No. of members $>$ 1,000 but \leq 5,000; Quorum = 15 personally present. • No. of members $>$ 5,000 then Quorum = 30 members personally present. |
| 108 | Voting through e-means | E-voting mandatory for: <ul style="list-style-type: none"> • Listed Co. or • Every Co. having members \geq 1,000. |
| 109 | Demand for Poll | Demand of Poll by: <ul style="list-style-type: none"> • Co. having S/C \geq 1/10th of total VP or PUSC of \geq Rs. 5 lakhs. • Any other Co. \geq 1/10th of total VP. |

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| 115 | Special notice | Eligible members for Special Notice : <ul style="list-style-type: none"> Having $\geq 1\%$ of total VP; or PUSC of Rs. 5 lakhs. |
| 120 | Report on AGM | Listed companies only. Report to ROC within 30 days in MGT 15. |
| 123 | Declaration of dividends Rule 3 | Maximum dividend out of free reserves in case of inadequate profits: 1. Dividend rate \leq Average of last 3 years dividend rate. 2. Amount drawn $\leq 10\%$ (PUSC + FR). Losses set-off against amount drawn. 4. Balance of reserves $\geq 15\%$ PUSC . |
| 132 | NFRA | NFRA may undertake investigation of auditor of following: <ul style="list-style-type: none"> Listed co. in India or outside India Unlisted Public co - PUSC ≥ 500 cr; T/O $\geq 1,000$ cr or O/S LDD ≥ 500 cr Insurance, banking, electricity co. or other special co. Any BC on a reference made by CG in public interest, BC incorporated o/s India which is subsidiary or associate of above companies if income or net worth $> 20\%$ of consolidated. |
| 135 | CSR committee | CSR committee applicable to companies having: <ul style="list-style-type: none"> Net Worth \geq Rs. 500 crores; or Turnover \geq Rs. 1,000 crores; or Net Profits \geq Rs. 5 crores. (<i>take NP before tax</i>) Exception - Where CSR expense is \leq Rs. 50 lakhs - CSR committee N.A. However, if co. has any amount in unspent CSR A/C - CSR committee applies. |
| 135 | CSR | <u>Other limits:</u> Amount to be spent on CSR $\geq 2\%$ of average Net Profits for last 3 FYs. Admin overhead - Max 5% of CSR expense Impact assessment - Higher of 2% of CSR or Rs. 50 lakhs |
| 136 | Copy of FS in shorter period | FS to be sent to entitled person at least 21 days before GM. Exception - FS can be sent in shorter period if approved by: In case of co. having SC - Majority + 95% of PUSC (dual majority) In case of not having SC - 95% of VP |
| 136 | Mode of sending FS | In case of listed co. and public co. having NW $>$ Rs. 1 crore AND T/O $>$ Rs. 10 cr - Send FS via e-mode or other mode u/s 20. |
| 137 | Copy of FS to be filed with Registrar | XBRL filing mandatory for: <ul style="list-style-type: none"> Listed + their Indian subs. Co. with PUSC \geq Rs. 5 crores. Co. with turnover \geq Rs. 100 crores. Co. covered under Ind-AS Banks, Insurance, NBFCs & HFCs are exempt from AOC - 4 XBRL. |

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| 138 | Internal audit | <p>Internal Audit applicable on:</p> <ul style="list-style-type: none"> • Every Listed Company • Every unlisted public co. having: <ul style="list-style-type: none"> ○ O/s Deposit \geq Rs.25 crores at any point of time during PFY ○ PUSC \geq Rs. 50 crores during PFY ○ O/s Loans \geq Rs. 100 crores at any point of time during PFY ○ Turnover \geq Rs. 200 crores during PFY • Every Private co. having: <ul style="list-style-type: none"> ○ Turnover \geq Rs. 200 crores during PFY ○ O/s Loans \geq Rs. 100 crores at any point of time during PFY |
| 139(2) | Rotation of auditors | <p>Rotation is applicable on:</p> <ul style="list-style-type: none"> - Listed Company - Unlisted Public Co. having PUSC \geq Rs. 10 crores. - Private Co. having PUSC \geq Rs. 50 crores. - Any Co. with Loans from banks or FI or Public Deposits \geq Rs.50 crores. |
| 143(3) (i) | Reporting on IFC in Auditor's Report | <p>N.A to:</p> <ul style="list-style-type: none"> - OPC and Small co. - Pvt co - T/O $<$ Rs. 50 crores AND Borrowing from banks/PFI $<$ Rs. 25 crores. |
| 143(12) | Fraud | <p>Amount \geq Rs. 1 crore - Report to CG Amount $<$ Rs. 1 crore - No need to report to CG Note - Reporting to CG applies where amount is exact Rs. 1 crore also.</p> |
| 148 | Cost Record | <p>Co. engaged in production of goods or service specified in Table A or Table B and overall turnover \geq Rs. 35 crores. N.A. - Micro and Small enterprise of MSME</p> |
| | Cost Audit | <p>Regulated sector - Overall turnover - Rs. 50 crores; Individual - Rs. 25 cr; Non-reg sector - Overall turnover - Rs. 100 crores; Individual - Rs. 35 cr.</p> |
| 149(4) And 177 | Applicability of ID and Audit Committee | <p>Independent Director and Audit committee shall apply to:</p> <ul style="list-style-type: none"> • Listed co. • Unlisted public co - PUSC \geq 10 cr, T/O \geq 100 cr. or O/S loan, deposit or debenture exceeding Rs. 50 crores. <p>Exception - JV, WOS and Dormant co.</p> |
| 180(1)(c) | Board to take SR | <p>In case where existing and proposed borrowing exceeds 100% of (PUSC + FR + SPA), then SR is required. Otherwise, BR is enough. For above calculation, exclude temporary loan (6m or demand). However, loan used to finance capital expenditure is not temporary loan.</p> |
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