

Additions & Deletions in ICAI May'25 Module

Note: The strikethrough parts in red indicate **deletions**, while the normal text in red indicates **additions** :)



Chapter 2

Incorporation of Company and Matters incidental thereto.

Page 2.13



Steps to incorporate a section 8 company:

1. Application to ROC in SPICe + (INC 32)
2. Documents to be attached to such application:
 - a. MoA (~~INC-13~~) and AoA (~~INC-31~~)
 - b. Estimated income and expense - Future 3 years
 - c. Declaration by advocate, CA, CS, Cost Acc. in practice (~~in-INC-14~~) and by each person making application (~~in-INC-15~~) that:
 - i. MoA/AoA is in conformity with provision of section 8
 - ii. All requirements of act w.r.t. registration of section 8 company is complied with.



Conversion of Section 8 company into other kind [Rule 21 and 22]:

- Apply to RD (~~INC-18~~) with fee + certified copy of resolution + proof of delivery of notice.

**Section 43 - Kinds of Share Capital**

"Preference share capital", w.r.t, any company limited by shares, means that part of the issued share capital of company which carries or would carry a preferential right w.r.t.:

- (a) payment of dividend (fixed amt or amt calculated at fixed rate)- free or subject to tax
- (b) repayment, in the case of a winding up, of amount of PUSC, **whether or not, there is a preferential right to the payment of any fixed premium or premium on any fixed scale, specified in the memorandum or articles of the company**

Non-applicability of section 43:

- Specified IFSC company where MOA or AOA provides for it.
- Private co. where MOA or AOA so provides for it **(subject to filing FS u/s 137 or AR u/s 92)**

**Section 46 - Certificate of Shares (SC)****Rules:**

- a. Time period for issue of duplicate share certificate:

Unlisted co.	Within 3 months from submission of complete docs.
Listed co.	Within 15 45 days from submission of complete docs.

**Section 47 - Voting Rights**

[N.A. to Private Co. if mentioned so in MoA/AoA, subject to 92 + 137]

**Section 148: CG to specify audit of items of cost in respect of certain companies.****Rule 5: Maintenance of records**

- ~~Cost records to be maintained in Form CRA-1~~
- ~~Maintain such records on a regular basis to facilitate calculation of per unit cost for each product every FY.~~
- ~~Cost records shall be maintained to enable company to exercise control over various costs to achieve optimum economies in utilisation of resources.~~

Rule 4: Applicability of cost audit

	Overall Annual Turnover	Turnover of Individual products for which records in maintained under Rule 3
Regulated Sector Co.	Rs. 50 crores	Rs. 25 crores
Non-Regulated Sector Co.	Rs. 100 crores	Rs. 35 crores

Non-Applicability of this Cost Audit (for co.s maintaining Cost Records u/Rule 3)

- 1) ~~Revenue from exports in Forex > 75% of total revenue OR~~
- 2) ~~Operating from SEZ~~
- 3) ~~Engaged in generation of electricity for captive consumption through Captive Generating Plant.~~

3. Manner of appointment and remuneration of cost auditor:

In case of cos. required to constitute AC:	In case of other companies:
(a) On recommendation of AC, BoD to appoint an individual/firm of cost accountant in practice.	(a) BoD to appoint an individual/firm of cost accountant in practice
(b) Remuneration thereof shall be recommended by AC, considered and approved by BoD and ratified by SH	(b) Remuneration thereof, considered and approved by BoD and ratified by SH subsequently.

Important note - Auditor u/s 139 of the company cannot be appointed as auditor of cost records.

- ~~Appointment Cost Auditor shall be appointed within 180 days of commencement of every FY.~~
- ~~Provided that before such appointment is made obtain~~
 - 1) ~~Written consent of the cost auditor to such appointment, and~~
 - 2) ~~A certificate that~~
 - (a) ~~the individual/firm is eligible for appointment & is not disqualified for appointment under Cost and Works Accountants Act, 1959) and rules thereunder~~
 - (b) ~~the individual/firm satisfies the criteria provided u/s 141 of Companies Act, 2013~~
 - (c) ~~the proposed appointment is within the limits laid down by authority of the Act; and~~
 - (d) ~~the list of proceedings against the cost auditor/audit firm or any of the partner pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.~~

- ~~Cost Auditor/Firm shall be informed of his or its appointment as such and file a notice of such appointment with the CG in form CRA-2 (+ fees) within earlier of:~~
 - 1) ~~within 30 days of Board meeting in which such appointment is made or~~
 - 2) ~~within 180 days of the commencement of the financial year,~~
- ~~Term: Till the expiry of 180 days from the closure of the FY or till he submits the cost audit report, for the FY for which he has been appointed.~~
- ~~Removal before expiry of Term:~~
 - 1) ~~Board resolution after giving ROBH to the Cost Auditor and recording the reasons for such removal in writing.~~
 - 2) ~~Form CRA-2 with CG for intimating appointment of another cost auditor to be enclosed with the relevant Board Resolution for Removal of the Cost Auditor.~~
- ~~Resignation: Nothing contained herein shall prejudice the right of cost auditor to resign.~~
- ~~Casual Vacancy: In case of Casual Vacancy, whether due to resignation, death or removal, it shall be filled by the BoD in 30 days and inform CG of such appointment within 30 days in Form CRA-2 Such cost audit shall comply with cost auditing standards as issued by ICAI (Cost) + CG~~

Report on the audit of cost records

- ~~To be submitted by Cost Accountant to BoD in 180 days from end of FY to which it pertains~~
 - ~~along with reservations or qualifications or observations or suggestions, if any,~~
 - ~~in form CRA-3~~
6. Forward cost auditor's report to CG along with explanation of reservations:
 Company shall within 30 days from date of receipt of cost audit report - Furnish CG (~~Form CRA-4~~) with such Report + Full I&E on every reservation or qualification contained therein.