

Ca Intermediate LAW

September 25

Summary Of All Important Limits And Penalties

Important points:

1. It's a comprehensive list of all major limits and penalties given in Companies Act 2013.
2. To make it easier for you, I have mentioned the section numbers along with the provisions of the respective limits.

Yahi hoon main,

Keep going :)

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Writing Practice
batch



Rapid Question
Batch (RQ)



Rapid Revision 5.0

Important Limits in Companies Act, 2013

Section	Provision	Limits										
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	➤ PUSC $\geq 51\%$ 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: ➤ PUSC ≤ 4 crores, and ➤ T/O $\leq$ Rs. 40 crores. Exception - Holding/subsidiary, special act company and section 8 company										
2(87)	Subsidiary Company	A company in which the holding company: ➤ Controls more than $1/2$ of total VP on its own or with other subsy; or ➤ Controls the composition of BOD.										
Rule 9A	Incorporation	1. Reservation of Name: a. Upon receipt of appln u/ss (4), the Registrar may, on the basis of info. and docs furnished with application, reserve the name:<table><tr><td>For 20 days</td><td>From approval or such other prescribed period in case of New Company</td></tr><tr><td>For 60 days</td><td>From approval in case of Existing Company.</td></tr></table> Rule 9A: Application for extension of time can be made before expiry of 20 days as follows:<table><tr><td>Another 20 days (Total 40 days)</td><td>Fees Rs. 1,000</td></tr><tr><td>Further 20 days (Total 60 days)</td><td>Fees Rs. 2,000</td></tr><tr><td>40 days in one go (Total 60 days)</td><td>Fees Rs. 3,000</td></tr></table>	For 20 days	From approval or such other prescribed period in case of New Company	For 60 days	From approval in case of Existing Company.	Another 20 days (Total 40 days)	Fees Rs. 1,000	Further 20 days (Total 60 days)	Fees Rs. 2,000	40 days in one go (Total 60 days)	Fees Rs. 3,000
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8	Section 8 Company	1. For the Company: ➤ Fine: Minimum ₹10 lakhs, extending up to ₹1 crore. 2. For Directors and Officers in Default: ➤ Fine: Minimum ₹25,000, extending up to ₹25 lakhs.										
15	Alteration in MOA/ AOA	(1) Default $\rightarrow$ Co. + OID - Liable to penalty of Rs. 1,000 for every copy issued without alteration.										
17	Alteration in MOA/AOA	If default u/s 17, the such company and every OID shall be liable for each default - Rs. 1,000/ day upto max Rs. 1 lakh.										
20	Sevice of documents	In case of Nidhi Company, u/s 20 (2), docs may be served only on members who hold shares more than: Rs. 1,000 in face value or 1% of the total PUSC whichever is less.										

26	Prospectus	Issue of prospectus in contravention of this section - Company and every person who is knowingly a party - Rs. 50,000 to Rs. 3 lakhs	
39, Rule 11	Application money	If minimum amt not subscribed + Application money not received within prescribed time - Application money to be repaid within 15 days from close of issue. If not repaid - Directors who are OID - Jointly & severally liable to repay with intt. @15% p.a.	
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, Rule 14	Private Placement	Identified Person shall <= 200 in aggregate in a FY for each kind of security. Exclude QIB and employees to whom shares issued under ESOP - shall allot its securities within 60 days from receipt of application money - Company If co. fails to allot securities in 60 days - Repay same within 15 days from expiry of 60 days - If company fails to repay - It shall be liable to repay that money + Intt. @ 12% p.a. from expiry of 60th day (read again, from which day?)	
48	Variation in the rights of SH	Consent of >= 3/4th of issued shares of that class or by SR passed at a separate meeting. For other class of SH getting affected - Consent of 3/4th or SR . Appeal against variation to NCLT- Holders having >= 10% issued shares of that class, did not give consent or voted in favour of the SR.	
53	Issue of share at discount	Default under this section: - Co. and OID - Fine up to amt. raised through such issue or Rs. 5 lakhs, whichever is less, and - Company shall also be liable to refund such money + Intt. @12% p.a. from date of issue of such shares	
54	Equity share	Maximum issue size per year:	In a FY, a company shall NOT issue SES > 15% of existing PUESC or issue value of Rs. 5 crores , whichever is higher Provided that, issuance shall not > 25% of PUESC at any time . Prov. further that - In case of Startup - Issue not > 50% (instead of 25%) of its Paid up equity share capital upto 10 years from incorp.
55	No. of years of pref. shares	➤ Redeemable Preference shares for <= 20 years. ➤ For infra company - 30 years + Redemption option >= 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: ➤ 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.
62	Further issue of share capital	As per Rule 12A, CG has prescribed time to accept offer shall not be < 7 days. In Pvt. co (92 + 137) - If 90% of member give consent, then less than 15 days allowed
67(3)(c)	Restrictions on purchase of own shares	Public company cannot give loan to its employees (other than its directors or key managerial personnel) >= 6 months of their salary/wages to purchase or subscribe for fully paid-up shares in the company
68	Buyback of securities	➤ Without SR - Authorized by AoA + BR where <= 10% of PUESC + FR ➤ Max buyback in a FY - 25% of PUSC + FR ➤ Max buyback in case of equity shares - 25% of PUESC.
71, Rule 18	Debenture	Deposit/Investment: Company which has raised debentures shall: • on or before 30th April in each year, • in respect of debentures issued by such company, invest or deposit, • a sum not less than 15% of amount of debentures maturing on 31st March of next year
73	Prohibition or excepting deposit	<u>Exemption to Private Companies:</u> The above provision of Sec 73(2) clause (a) to (d) shall not apply to a Pvt. company which: - accepts from its member's monies not > 100% of PUSC + FR + SPA; or - is a start-up For 5 years from the date of its incorporation; or - Fulfil ALL the following conditions: • Not an associate or subsidiary of any other company • Borrowings from banks/FI or BC is < Lower of - 2x PUSC or Rs. 50 crores, AND • Co. has no subsisting default in repayment of borrowing at time of accepting deposit. However, the above cos. will have to file details of deposit accepted with RoC (Form DPT-3).
76	Deposit	➤ DRR - At least 20% of deposits maturing the next year on or before April 30th of each year.
	General points of Deposit	➤ 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 From members only (Sec 73): Other Co: 35% of PUSC+ FR+SPA. IFSC or Private Co: 100% of PUSC+ FR+SPA																												
76	Registration of Charges	Eligible public co: Net worth $\geq$ Rs. 100 crores or Turnover $\geq$ Rs. 500 crores Has passed SR [or OR in case where deposit is within limits u/s 180(1)(c)] and filed the same with ROC																												
86	Penalty	If company is in default in complying with any of the provisions under this Chapter, penalty: Company - Rs. 5 lakhs and OID - Rs. 50,000 If willfully furnishes any false/incorrect info- Liable for action u/s 447																												
90	Significant beneficial owner	<table><tr><th>Sub -section</th><th>(10)</th><th colspan="2">(11)</th><th>(12)</th></tr><tr><td>Failure</td><td>Fails to make declaration u/ss (1)</td><td colspan="2">Co. fails to maintain register or allow inspection thereof</td><td>Willfully furnishes false info.</td></tr><tr><td>Liable</td><td>Person</td><td>Company</td><td>OID</td><td rowspan="3">Such person shall be liable for action u/s 447</td></tr><tr><td>Penalty</td><td>Rs. 50,000</td><td>Rs. 1 lakh</td><td>Rs. 25,000</td></tr><tr><td>Continuing</td><td>Rs. 1,000/day</td><td>Rs. 500/day</td><td>Rs. 200/day</td></tr><tr><td>Maximum</td><td>Rs. 2 lakhs</td><td>Rs. 5 lakhs</td><td>Rs. 1 lakh</td><td></td></tr></table>	Sub -section	(10)	(11)		(12)	Failure	Fails to make declaration u/ss (1)	Co. fails to maintain register or allow inspection thereof		Willfully furnishes false info.	Liable	Person	Company	OID	Such person shall be liable for action u/s 447	Penalty	Rs. 50,000	Rs. 1 lakh	Rs. 25,000	Continuing	Rs. 1,000/day	Rs. 500/day	Rs. 200/day	Maximum	Rs. 2 lakhs	Rs. 5 lakhs	Rs. 1 lakh	
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92(2)	Annual Return	Annual return to be certified by CS in practice in case of: - Listed Company; or - Companies having PUSC $\geq$ 10 crore ; or Turnover $\geq$ 50 crore . Such certificate shall be in Form MGT-8																												
94	Place of registers	Register or copies of annual return can be kept at any other place in India where $> 1/10$ th members reside subject to approval by GM-SR . Index to be maintained if $\geq$ 50 members																												
96	AGM	Every company (other than OPC) shall, in each year , in addition to other meetings, hold AGM, and shall specify as such in the notices, and not more than 15m shall elapse between two AGMs Provided that - First AGM to be held within 9m of closing of first FY. Thereafter, within 6m from closing of each FY.																												
100(2)	EOGM	Requisitionists for calling EGM: ➤ Company having SC , members having $\geq$ 1/10th of PUSC. ➤ Company not having a SC , members having $\geq$ 10% total voting power .																												
101	Notice of meeting	Shorter notice if consent of: ➤ AGM $\geq$ 95% members entitled to vote; and ➤ Any other GM : Does company have share capital? • Yes: Majority in No. + 95% total voting power • No: 95% total voting power .																												

103	Quorum for meetings	For Pvt Company - 2 members personally present. For Public Co: ➤ Upto 1000 members - 5 members personally present. ➤ > 1,000 but upto 5000 members - 15 members personally present. ➤ > 5,000 members - 30 members personally present.									
105, Rule 19	Proxies	1. A member of sec 8 co. can only appoint another member ONLY of the co. as proxy 2. A person can act as proxy on behalf of members not exceeding 50 and holding (aggregate) not > 10% of total share capital of the company carrying voting rights Provided that a person holding > 10% of SC may appoint a single person as proxy and such person shall not act as proxy for any other SH 3. Appointment of proxy shall be in Form MGT 11									
108	Voting through e-means	E-voting mandatory for: ➤ Listed Company or ➤ Every Company having members ≥ 1,000.									
109	Demand for Poll	Demand of Poll by: ➤ Company having S/C ≥ 1/10th of total VP or PUSC of ≥ Rs. 5 lakhs. ➤ Any other Company ≥ 1/10th of total VP.									
115	Special notice	Eligible members for Special Notice: ➤ Having ≥ 1% of total VP; or PUSC of Rs. 5 lakhs.									
120 , Rule 27	Preservation of documents in Electronic form	Every listed company or a company having ≥ 1000 SH, DH and other security holders, shall may maintain its records, as required to be maintained under the Act or rules, in electronic form.									
121	AGM Report	Listed companies only. Report to ROC within 30 days in MGT 15.									
124	Unpaid dividend account	Payment of Interest on default If default is made in transferring the total amount u/ss (1) to UDA, company shall: • Pay interest @12% p.a. from the date of such default • Interest accruing on such amount shall ensure to benefit of members of the company in proportion to amt. remaining unpaid to them.									
127	Dividend	<table border="1"> <tr> <td></td><td>Every Director who is knowing a party to default (not OID)</td><td>Company</td></tr> <tr> <td>Imprisonment</td><td>Extend to 2 years AND</td><td>NA</td></tr> <tr> <td>Fine - During the period where default continues</td><td>Not < Rs. 1k / day - Default continues</td><td>Simple Interest 18% p.a.</td></tr> </table>		Every Director who is knowing a party to default (not OID)	Company	Imprisonment	Extend to 2 years AND	NA	Fine - During the period where default continues	Not < Rs. 1k / day - Default continues	Simple Interest 18% p.a.
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132	NFRA	NFRA may undertake investigation of auditor of following: ➤ Listed company in India or outside India. ➤ Unlisted Public co - PUSC ≥ 500 cr; T/O ≥ 1,000 cr or O/S LDD ≥ 500 cr ➤ Insurance, banking, electricity company or other special company ➤ 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: ➤ Net Worth ≥ Rs. 500 crores; or ➤ Turnover ≥ Rs. 1,000 crores; or ➤ Net Profits ≥ Rs. 5 crores. (take NP before tax) Exception - Where CSR expense is ≤ Rs. 50 lakhs - CSR committee N.A. However, if company has any amount in unspent CSR A/C - CSR committee applies.
135	CSR	<u>Other limits:</u> Amount to be spent on CSR ≥ 2% of average Net Profits for last 3 FYs. Admin overhead - Max 5% of CSR expense
135	CSR Impact Assessment	Every co. having avg CSR obligation ≥ Rs. 10 crores in 3 immediately preceding FYs, shall: • undertake impact assessment, • through an independent agency, • of their CSR projects having outlays ≥ Rs. 1 crore, and which have been completed not less than 1 year before undertaking the impact study 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 company having SC - Majority + 95% of PUSC (dual majority) In case of not having SC - 95% of VP In case of listed company and public company having NW > Rs. 1 crore AND
137	Copy of FS to be filed with Registrar	T/O > Rs. 10 cr - Send FS via e-mode or other mode u/s 20. XBRL filing mandatory for: ➤ Listed + their Indian subs. ➤ Company with PUSC ≥ Rs.5 crores. ➤ Company with turnover ≥ Rs.100 crores. ➤ Company covered under Ind-AS Banks, Insurance, NBFCs & HFCs are exempt from AOC - 4 XBRL.

138	Internal audit	➤ Internal Audit applicable on: ➤ Every Listed Company ➤ Every unlisted public company having: • 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 company having: • Turnover $\geq$ Rs. 200 crores during PFY • O/s Loans $\geq$ Rs. 100 crores at any point of time during PFY
139 , Rule 3	Appointment of Auditor	Tenure, re-appointment and cooling period of an auditor: (For other companies, there is no tenure/cooling period) The following companies (except OPC and small cos): Listed co. UPC having PUSC $\geq$ 10 cr Private Ltd. cos. having PUSC $\geq$ 50 cr All companies having public borrowings from bank/PFI or public deposit $\geq$ 50 cr
139(2)	Rotation of auditors	Rotation is applicable on: - Listed Company - Unlisted Public Company having PUSC $\geq$ Rs. 10 crores. - Private Company having PUSC $\geq$ Rs. 50 crores. - Any Company with Loans from banks or FI or Public Deposits $\geq$ Rs.50 crores.
143(3) (i)	Reporting on IFC in Auditor's Report	N.A to: - OPC and Small company - Pvt co - T/O < Rs. 50 crores AND Borrowing from banks/PFI < Rs. 25 crores.
143(12)	Fraud	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.
147	Penalty	- Contravention u/s 139 to 146: Company - Fine - Rs. 25,000 to Rs. 5 lakhs OID - Fine - Rs. 10,000 to Rs. 1 lakh - Auditor contravenes u/s 139, 144, 145: Fine - Rs. 25,000 to Lower of - (Rs. 5 lakhs or 4x remuneration of auditor) If such contravention is knowingly or wilfully to deceive company/SHs or crs or tax authorities: Imprisonment - Up to 1 year AND Fine - Rs. 50,000 to Lower of - (Rs. 25 lakhs or 8x remuneration of auditor) For contravention under sub-section 2 he shall also be liable to: - Refund the remuneration received by him to company - Pay for damages to the company , statutory bodies or authorities or members or creditors of the company for loss

149(4) And 177	Applicability of ID and Audit Committee	Independent Director and Audit committee shall apply to: ➤ Listed company ➤ Unlisted public co - PUSC >= 10 cr, T/O >= 100 cr. or O/S loan, deposit or debenture exceeding Rs. 50 crores. Exception - JV, WOS and Dormant company							
180(1)(c)	Board to take SR	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 taken in OCOB from company's bank (6m or demand). However, loan used to finance capital expenditure is not temporary loan.							
379	Foreign company	Where not less than 50% of PUSC (Equity/Preference) of Foreign company is held (singly/ aggregate) by: a. one or more citizen of India b. one or more companies or BC incorporated in India c. one or more citizens of India and one or more cos. or BC incorporated in India, such company shall comply with provision of this Chapter, in respect of its Indian business , as if it were company incorporated in India .							
392	Foreign company		Foreign Company	OID					
		Fine	Rs. 1 lakh to Rs. 3 lakhs	Rs. 25,000 to Rs. 5 lakhs					
		Additional Fine	Rs. 50,000/day	NA					
		Jail	NA	NA [Amendment]					
447	Fraud	Amount involved in the fraud		At least Lower of: a. Rs. 10 lakhs b. 1% of T/O		Less than Lower of: a. Rs. 10 lakhs b. 1% of T/O			
		Whether public interest involved?		No		Yes		No	
		Jail		6m - 10 years		3 years - 10 years		Upto 5 years	
		And/or		AND		AND		OR	
		Fine		Up to 3x amt involved		Up to 3x amt involved		Upto Rs. 50 lakhs or both	