

**Mandatory Legal Compliance's under the Companies Act, 2013 in India**

**1. Filing of the Financial Statements based on XBRL**

**(i) Applicable for**

- (a) A **listed** company
- (b) A **Subsidiary of listed** Company
- (c) A **Company** where
  - (ca) Paid up share **capital** is minimum **5** (five) crore
  - (cb) **Turnover** is minimum **100** (one hundred) crore
    - Once XBRL is applicable then **will continue forever** beside fall in the above limit

**(ii) Not applicable for**

- (a) A **Banking** Company
- (b) A **Insurance** Company
- (c) An Non-Banking Finance Company (**NBFC**)
- (d) A Housing Finance Company (**HFC**)
- (e) A **Power** Company

**2. Company Auditors Report Order (CARO)**

**(i) Applicable for**

- All **companies** including a foreign company **except** where specifically are not applicable

**(ii) Not applicable for**

- (a) A **Banking** Company
- (b) A **Insurance** Company
- (c) A **Non Profit** Company (Incorporated under section **8** of Companies Act, 2013)
- (d) An **One Person** Company (**OPC**)
- (e) A '**Small**' **Private** Limited Company which is also **not subsidiary** or **holding** of a public company and also where
  - (ea) Outstanding **loans** from the banks and public financial institutions are not exceeding **1** (one) crore
  - (eb) Paid up share **capital** + free **reserves** are not exceeding **1** (one) crore
  - (ec) **Turnover** is not exceeding **10** (ten) crore including from **discontinued** business

**3. Cash Flow Statement**

- Section **2(40)** of the Companies, 2013

**(i) Applicable for**

- All Companies **except** where specifically are not applicable

**(ii) Not Applicable for**

- (a) An **One Person** Company (**OPC**)
- (b) A **Small** 'Private' Limited Company
- (c) A **Dormat** Company
- (d) A **Start-up** 'Private' Limited Company

**4. 'Certification' of Annual Return (MGT-8) by a Company Secretary**

- Section 92 and Rule 11(2) of Chapter VII of the Companies (Management and Administration) Rules, 2014

(i) **Applicable for**

- (a) A **listed** company
- (b) A **Company** where
  - (ba) Paid up share **capital** is minimum **10** (ten) crore
  - (bb) **Turnover** is minimum **50** (fifty) crore

(ii) **Not Applicable for**

- The companies where abovementioned conditions or **limits** are **not applicable**

**5. 'Signing' of Annual Return (MGT-7) by a Company Secretary**

- Section 92 and Rule 11(2) of Chapter – VII, The Companies (Management and Administration) Rules, 2014

(i) **Applicable for**

- (a) A **listed** Company
- (b) A **Public** Limited Company
- (c) A **Private** Limited Company where
  - (ca) Paid up share **capital** is minimum **50** (fifty) Lac
  - (cb) **Turnover** is minimum **2** (two) crore

(ii) **Not Applicable for**

- (a) An **One Person** Company (OPC)
- (b) A **Small** Company
- (c) A **Private** Limited Company if a **Start-up** Company

**6. Formation of Corporate Social Responsibility Committee**

- Section 135 and Rule 3 of The Chapter XI , The Companies (Appointment and Qualifications of Directors) Rules, 2014

(i) **Applicable for**

- (a) All **Companies** where
  - (aa) **Net worth** is minimum **500** (five hundred) crore\*
  - (ab) **Turnover** is minimum **1000** (one thousand) crore\*
  - (ac) **Net profit** is minimum **5** (five) crore\*

\*During an **immediate preceding** financial year

(ii) **Not Applicable for**

- The companies where abovementioned conditions or **limits** are **not applicable**

**7. Internal Audit**

- Section 138 and Rule 13(1) of Chapter IX, The Companies (Accounts) Rules, 2014

(i) **Applicable for**

- (a) A **Listed** Company
- (b) An **Public** Limited Company where
  - (ba) Paid up share **capital** is minimum **50** (fifty) crore
  - (bb) **Turnover** is minimum **200** (two hundred) crore

- (bc) Outstanding **loans** from banks and public financial institutions are minimum **100** (one hundred) crore
- (bd) Outstanding Public **deposits** are minimum **25** (twenty five) crore
- (c) A **Private Limited** Company where
  - (ca) **Turnover** is minimum **200** (two hundred) crore
  - (cb) Outstanding **loans** from banks and public financial institutions are minimum **100** (one hundred) crore
- (ii) **Not Applicable for**
  - The companies where abovementioned conditions or **limits** are **not applicable**

## 8. Appointment, Reappointment and Rotation of the Statutory Auditors

- Section **139** and Rule **5** of Chapter **X**, The Companies (Audit and Auditors) Rules, 2014
- (i) **Introduction**
  - Appointment and Reappointment of the Statutory Auditors are **permitted** for a maximum **1** (one) term for **5** (five) **consecutive** years where statutory **auditor** is an **individual** and maximum **2** (two) terms for **5** (five) **consecutive** years, totaling to **10**(ten) **consecutive** years where statutory **auditor** is an audit **firm /LLP**
- (ii) **Applicable for**
  - (a) A **listed** Company
  - (b) A **Public** Limited Company where paid up share **capital** is minimum **10** (ten) crore
  - (c) A **Private** Limited Company where paid up share **capital** is minimum **50** (fifty) crore
  - (d) All **Companies** where outstanding aggregate **loans** from banks and public financial institutions + **public** deposits are minimum **50**(fifty) crore
- (iii) **Not Applicable for**
  - The companies where abovementioned conditions or **limits** are **not applicable**

## 9. Appointment of a Women Director

- Section **149** and Rule **3** of Chapter **XI** , The Companies (Appointment and Qualifications of Directors) Rules, 2014
- (i) **Applicable for**
  - (a) A **listed** Company
  - (b) A **Public** Limited Company where
    - (ba) Paid up share **capital** is minimum **100** (one hundred) crore
    - (bb) **Turnover** is minimum **300** (three hundred) crore
- (ii) **Not Applicable for**
  - The companies where abovementioned conditions or **limits** are **not applicable**

## 10. Appointment of an Independent Director

- Section **149** and Rule **4** of Chapter **XI**, The Companies (Appointment and Qualifications of Directors) Rules, 2014
- (i) **Applicable for**
  - (a) A **listed** Company
  - (b) A **Public** Limited Company where
    - (ba) Paid up share **capital** is minimum **10** (Ten) crore
    - (bb) **Turnover** is minimum **100** (one hundred) crore
    - (bc) Aggregate **Outstanding** loans + debentures + public deposits are minimum (fifty) **50** crore

(ii) **Not Applicable for**

- (a) A **unlisted Public** Limited Company which is
  - (aa) A Joint Venture (**JV**)
  - (ab) A Wholly Owned Subsidiary (**WOS**)
  - (ac) A **Dormat** Company

**11. Appointment of a Resident Director \*\***

- Section **149(3)** of Companies Act, 2013

(i) **Applicable for**

- \*\* All **companies** are required to have a minimum **1** (one) **resident director** who is to stay in India for a minimum **182** (one hundred eighty two) days in a previous financial year

**12. Formation of an Audit Committee**

- Sector **177** and Rule **6** of Chapter **XII**, The Companies (Meeting of Board and its Powers) Rules, 2014

(i) **Applicable for**

- (a) A **listed** Company
- (b) A **Public** Limited Company where
  - (ba) paid up share **capital** is minimum **10** (ten) crore
  - (bb) **Turnover** is minimum **100** (one hundred) crore
  - (bc) Aggregate **Outstanding loans** from banks and public financial institutions + debentures + **public** deposits are minimum **50** (fifty) crore

(ii) **Not Applicable for**

- The companies where abovementioned conditions or **limits** are **not applicable**

**13. Vigil Mechanism**

- Section **177** and Rule **7** of Chapter **XII**, The Companies (Meeting of Board and its Powers) Rule, 2014

(i) **Applicable for**

- (a) A **listed** Company
- (b) All **Companies** which are accepting **deposits** from the **public**
- (c) All **Companies** where aggregate outstanding **loans** from banks and public financial institutions are minimum **50** (fifty) crore

(ii) **Not Applicable for**

- The companies where abovementioned conditions or **limits** are **not applicable**

**14. Formation of Nomination Committee**

- Section **178** and Rule **6** of Chapter **XII**, The Companies (Meeting of Board and its Powers) Rule, 2014

(i) **Applicable for**

- (a) A **listed** Company
- (b) A **Public** Limited Company where
  - (ba) Paid up share **capital** is minimum **10** (ten) crore
  - (bb) **Turnover** is minimum **100** (one hundred) crore
  - (bc) Aggregate **Outstanding loans** + debentures + **public** deposits are minimum **50** (fifty) crore

(ii) **Not Applicable for**

- The companies where abovementioned conditions or **limits** are **not applicable**

**15. Limit for Loans, Guarantees, Securities or Investments by a Company**

- Section **186** of Companies Act, 2013

- (i) **Applicable for**
  - All **Companies** except specifically **exempted**
- (ii) **Not Applicable for**
  - (a) A **Banking** Company
  - (b) A **Insurance** Company
  - (c) A **Housing Finance** Company
  - (d) A **Non Banking** Finance Company (**NBFC**)
- (iii) **Legal Compliances**
  - A **special** resolution is to be passed in the meeting of the shareholders where
    - (a) An amount of loans etc. is to be exceeded **60%** of paid up Share Capital + Free Reserves + Securities Premium
  - or**
  - (b) An amount is to be exceeded **100%** of Free Reserves+ Securities premium **whichever is higher**

#### 16. Related Party Transactions

- Section **188** and Rule **3** of Chapter **XII**, The Companies (Meeting of Board and its Powers) **Second** Amendment Rule, 2014
- (i) **Applicable for**
  - All Companies where **transactions** are **not** on Arm Length Price (**ALP**) and also **not** in **ordinary course** of the business
- (ii) **Not Applicable for**
  - All Companies where **transactions** are on Arm Length Price (**ALP**) and also in **ordinary course** of the business

#### 17. Appointment of a Managing Director (MD) or Whole Time Director (WTD)

- Section **203**, Rule **8** of Chapter **XIII**, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- (i) **Applicable for**
  - (a) A **listed** Company
  - (b) A **Public** Limited Company where paid up share **capital** is minimum **10** (ten) crore
- (ii) **Not Applicable for**
  - The companies where abovementioned conditions or **limits** are **not applicable**
- (iii) **Optionally Applicable for**
  - All **Companies** are **optionally** permitted to appoint a MD and/or WTD. Henceforth where **mandatory** is not required

#### 18. Appointment of a Key Managerial Personnel (KMP)

- Section **203**, Rule **8** of Chapter **XIII**, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- (i) **Applicable for**
  - (a) A **listed** Company
  - (b) A **Public** Limited Company where paid up share **capital** is minimum **10** (ten) crore
- (ii) **Not Applicable for**
  - The companies where abovementioned conditions or **limits** are **not applicable**
- (iii) **Mandatory and optionally KMP to includes**
  - (a) A Chief Executive Officer (**CEO**), Managing Director (**MD**) or Manager - **mandatory**

- (b) A Company Secretary (CS) - **mandatory**
- (c) A Whole Time Director (WTD) - **Optionally**
- (d) A Chief Financial Officer (CFO) - **Mandatory**

**19. Appointment of a Company Secretary**

- Section 203, Rule 8A Chapter XIII, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- (i) **Applicable for**
  - (a) A **listed** Company
  - (b) All **Companies** where paid up share **capital** is minimum **10** (ten) crore
- (ii) **Not Applicable for**
  - The companies where abovementioned conditions or **limits** are **not applicable**

**20. Secretarial Audit**

- Section 204(1) and Rule 9 of Chapter XIII, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- (i) **Applicable for**
  - (a) A **listed** Company
  - (b) A **Public** Limited Company where
    - (ba) Paid up share **capital** is minimum **50** (fifty) crore
    - (bb) **Turnover** is minimum **250** (two hundred fifty) crore
- (ii) **Not Applicable for**
  - The companies where abovementioned conditions or **limits** are **not applicable**

**21. Internal Financial Control (IFC)**

- (i) **Applicable for**
    - A **Company** is required for IFC except specifically **exempted**
  - (ii) **Not Applicable for\*\***
    - (a) A One Person Company (**OPC**)
    - (b) A **Small** Company where turnover is less than **50** (fifty) crore or aggregate borrowings from banks and Financial institutions are less than **25** (twenty five) crore
- \*\* Exemption is not applicable where**
- (a) A Company has made a default in filing of its financial statements under Section 137 of Companies Act, 2013
  - (b) A Company has made a default in filing of its annual return under Section 92 of Companies Act, 2013

● **Disclaimers:**

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