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PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Corporate Affairs

Notification

New Delhi, dated_____2014

G.S.R (E) -- In exercise of the powers conferred by clause (31) of section 2, section 73 and section 76 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), and in supersession of the Companies (Acceptance of Deposits) Rules, 1975 or any other rules prescribed under the Companies Act, 1956 (1 of 1956) on matters covered under these rules except as respects things done or omitted to be done before such supersession, the Central Government, in consultation with the Reserve Bank of India, hereby makes the following rules, namely: -

1. Short title, commencement and application.- (1) These rules may be called the Companies (Acceptance of Deposits) Rules, 2014.

(2) They shall come into force on the 1st day of April, 2014.

(3) These rules shall apply to a company other than -

(i) a banking company;

(ii) a non-banking financial company as defined in the Reserve Bank of India Act, 1934 (2 of 1934) registered with the Reserve Bank of India;

(iii) a housing finance company registered with the National Housing Bank established under the National Housing Bank Act, 1987 (53 of 1987); and

(iv) a company specified by the Central Government under the proviso to sub-section (1) of section 73 of the Act.

2. Definitions.- (1) In these rules, unless the context otherwise requires, ____

(a) "Act" means the Companies Act, 2013 (18 of 2013);

(b) "Annexure" means the Annexure attached to these rules;

(c) "deposit" includes any receipt of money by way of deposit or loan or in any other form, by a company, but does not include

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(i) any amount received from the Central Government or a State Government, or any amount received from any other source whose repayment is guaranteed by the Central Government or a State Government, or any amount received from a local authority, or any amount received from a statutory authority constituted under an Act of Parliament or a State Legislature ;

(ii) any amount received from foreign Governments, foreign or international banks, multilateral financial institutions (including, but not limited to, International Finance Corporation, Asian Development Bank, Commonwealth Development

Corporation and International Bank for Industrial and Financial Reconstruction), foreign Governments owned development financial institutions, foreign export credit agencies, foreign collaborators, foreign bodies corporate and foreign citizens, foreign authorities or persons resident outside India subject to the provisions of Foreign Exchange Management Act, 1999 (42 of 1999) and rules and regulations made there under;

(iii) any amount received as a loan or facility from any banking company or from the State Bank of India or any of its subsidiary banks or from a banking institution notified by the Central Government under section 51 of the Banking Regulation Act, 1949 (10 of 1949), or a corresponding new bank as defined in clause (d) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or in clause (b) of section (2) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980) , or from a co-operative bank as defined in clause (b-ii) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934) ;

(iv) any amount received as a loan or financial assistance from Public Financial Institutions notified by the Central Government in this behalf in consultation with the Reserve Bank of India or

any regional financial institutions or Insurance Companies or Scheduled Banks as defined in the Reserve Bank of India Act, 1934 (2 of 1934);

- (v) any amount received against issue of commercial paper or any other instruments issued in accordance with the guidelines or notification issued by the Reserve Bank of India;
- (vi) any amount received by a company from any other company;
- (vii) any amount received and held pursuant to an offer made in accordance with the provisions of the Act towards subscription to any securities, including share application money or advance towards allotment of securities pending allotment, so long as such amount is appropriated only against the amount due on allotment of the securities applied for;

Explanation.- For the purposes of this sub-clause, it is hereby clarified that -

- (a) Without prejudice to any other liability or action, if the securities for which application money or advance for such securities was received cannot be allotted within sixty days from the date of receipt of the application money or advance for such securities and such application money or advance is not refunded to the subscribers within

fifteen days from the date of completion of sixty days, such amount shall be treated as a deposit under these rules.

(b) any adjustment of the amount for any other purpose shall not be treated as refund.

(viii) any amount received from a person who, at the time of the receipt of the amount, was a director of the company:

Provided that the director from whom money is received, furnishes to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others;

(ix) any amount raised by the issue of bonds or debentures secured by a first charge or a charge ranking pari passu with the first charge on any assets referred to in Schedule III of the Act excluding intangible assets of the company or bonds or debentures compulsorily convertible into shares of the company within five years:

Provided that if such bonds or debentures are secured by the charge of any assets referred to in Schedule III of the Act, excluding intangible assets, the amount of such bonds or debentures shall not exceed the market value of such assets as assessed by a registered valuer;

- (x) any amount received from an employee of the company not exceeding his annual salary under a contract of employment with the company in the nature of non-interest bearing security deposit;
- (xi) any non-interest bearing amount received or held in trust;
- (xii) any amount received in the course of, or for the purposes of, the business of the company,-

- (a) as an advance for the supply of goods or provision of services accounted for in any manner whatsoever provided that such advance is appropriated against supply of goods or provision of services within a period of three hundred and sixty five days from the date of acceptance of such advance:

Provided that in case of any advance which is subject matter of any legal proceedings before any court of law, the said time limit of three hundred and sixty five days shall not apply:

- (b) as advance, accounted for in any manner whatsoever, received in connection with consideration for property under an agreement or

arrangement , provided that such advance is adjusted against the property in accordance with the terms of agreement or arrangement;

(c) as security deposit for the performance of the contract for supply of goods or provision of services;

(d) as advance received under long term projects for supply of capital goods except those covered under item (b) above:

Provided that if the amount received under items (a), (b) and (d) above becomes refundable (with or without interest) due to the reasons that the company accepting the money does not have necessary permission or approval, wherever required, to deal in the goods or properties or services for which the money is taken, then the amount received shall be deemed to be a deposit under these rules:

Explanation.- For the purposes of this sub-clause the amount referred to in the first proviso shall be deemed to be deposits on the expiry of fifteen days from the date they become due for refund.

(xiii) any amount brought in by the promoters of the company by way of unsecured loan in pursuance of the

stipulation of any lending financial institution or a bank subject to fulfillment of the following conditions, namely:-

(a) the loan is brought in pursuance of the stipulation imposed by the lending institutions on the promoters to contribute such finance;

(b) the loan is provided by the promoters themselves or by their relatives or by both; and

(c) the exemption under this sub-clause shall be available only till the loans of financial institution or bank are repaid and not thereafter;

(xiv) any amount accepted by a Nidhi company in accordance with the rules made under section 406 of the Act.

Explanation.- For the purposes of this clause, any amount.-

(a) received by the company, whether in the form of instalments or otherwise, from a person with promise or offer to give returns, in cash or in kind, on completion of the period specified in the promise or offer, or earlier, accounted for in any manner whatsoever, or

(b) any additional contributions, over and above the amount under item (a) above, made by the company as part of such promise or offer,

shall be treated as a deposit;

(d) “depositor” means,-

(i) any member of the company who has made a deposit with the company in accordance with the provisions of sub-section (2) of section 73 of the Act, or

(ii) any person who has made a deposit with a public company in accordance with the provisions of section 76 of the Act;

(e) "eligible company" means a public company as referred to in sub-section (1) of section 76, having a net worth of not less than one hundred crore rupees or a turnover of not less than five hundred crore rupees and which has obtained the prior consent of the company in general meeting by means of a special resolution and also filed the said resolution with the Registrar of Companies before making any invitation to the Public for acceptance of deposits:

Provided that an eligible company, which is accepting deposits within the limits specified under clause (c) of sub-section (1) of section 180, may accept deposits by means of an ordinary resolution;

(f) "fees" means fees as specified in the Companies (Registration Offices and Fees) Rules, 2014;

(g) "Form" or "e-Form" means a form set forth in Annexure to these rules which shall be used for the matter to which it relates;

(h) "section" means section of the Act;

(i) "trustee" means the trustee as defined in section 3 of the Indian Trusts Act, 1882 (12 of 1882).

(2) Words and expressions used in these rules but not defined and defined in the Act or in the Reserve Bank of India Act, 1934 (2 of 1934) or in the Companies (Specification of definitions details) Rules, 2014, shall have the meanings respectively assigned to them in the said Acts or in the said rules.

3. Terms and conditions of acceptance of deposits by companies.- (1) On and from the commencement of these rules,—

(a) no company referred to in sub-section (2) of section 73 and no eligible company shall accept or renew any deposit, whether secured or unsecured, which is repayable on demand or upon receiving a notice within a period of less than six months or more than thirty-six months from the date of acceptance or renewal of such deposit:

Provided that a company may, for the purpose of meeting any of its short-term requirements of funds, accept or renew such deposits for repayment earlier than six months from the date of deposit or renewal, as the case may be, subject to the condition that-

(a) such deposits shall not exceed ten per cent. of the aggregate of the paid up share capital and free reserves of the company, and

(b) such deposits are repayable not earlier than three months from the date of such deposits or renewal thereof.

(2) Where depositors so desire, deposits may be accepted in joint names not exceeding three, with or without any of the clauses, namely, "Jointly", "Either or Survivor", "First named or Survivor", "Anyone or Survivor".

(3) No company referred to in sub-section (2) of section 73 shall accept or renew any deposit from its members, if the amount of such deposits together with the amount of other deposits outstanding as on the date of acceptance or renewal of such deposits exceeds twenty five per cent. of the aggregate of the paid-up share capital and free reserves of the company.

(4) No eligible company shall accept or renew-

(a) any deposit from its members, if the amount of such deposit together with the amount of deposits outstanding as on the date of acceptance or renewal of such deposits from members exceeds ten per cent. of the aggregate of the paid-up share capital and free reserves of the company;

(b) any other deposit, if the amount of such deposit together with the amount of such other deposits, other than the deposit referred to in clause (a), outstanding on the date of acceptance or renewal exceeds twenty-five per cent. of aggregate of the paid-up share capital and free reserves of the company.

(5) No Government company eligible to accept deposits under section 76 shall accept or renew any deposit, if the amount of such deposits together with the amount of other deposits outstanding as on the date of acceptance or renewal exceeds thirty five per cent. of the aggregate of its paid up share capital and free reserves of the company.

(6) No company referred to in sub-section (2) of section 73 or any eligible company shall invite or accept or renew any deposit in any form, carrying a rate of interest or pay brokerage thereon at a rate

exceeding the maximum rate of interest or brokerage prescribed by the Reserve Bank of India for acceptance of deposits by non-banking financial companies.

Explanation:- For the purposes of this sub-rule, it is hereby clarified that the person who is authorised, in writing, by a company to solicit deposits on its behalf and through whom deposits are actually procured shall only be entitled to the brokerage and payment of brokerage to any other person for procuring deposits shall be deemed to be in violation of these rules.

(7) The company shall not reserve to itself either directly or indirectly a right to alter, to the prejudice or disadvantage of the depositor, any of the terms and conditions of the deposit, deposit trust deed and deposit insurance contract after circular or circular in the form of advertisement is issued and deposits are accepted.

4. Form and particulars of advertisements or circulars.- (1) Every company referred to in sub-section (2) of section 73 intending to invite deposit from its members shall issue a circular to all its members by registered post with acknowledgement due or speed post or by electronic mode in Form **DPT-1**:

Provided that in addition to issue of such circular to all members in the manner specified above, the circular may be published in English language in an English newspaper and in vernacular language in a vernacular newspaper having wide circulation in the State in which the registered office of the company is situated.

(2) Every eligible company intending to invite deposits shall issue a circular in the form of an advertisement in Form **DPT-1** for the

purpose in English language in an English newspaper and in vernacular language in one vernacular newspaper having wide circulation in the State in which the registered office of the company is situated.

(3) Every company inviting deposits from the public shall upload a copy of the circular on its website, if any.

(4) No company shall issue or allow any other person to issue or cause to be issued on its behalf, any circular or a circular in the form of advertisement inviting deposits, unless such circular or circular in the form of advertisement is issued on the authority and in the name of the Board of directors of the company.

(5) No circular or a circular in the form of advertisement shall be issued by or on behalf of a company unless, not less than thirty days before the date of such issue, there has been delivered to the Registrar for registration a copy thereof signed by a majority of the directors of the company as constituted at the time the Board approved the circular or circular in the form of advertisement, or their agents, duly authorised by them in writing.

(6) A circular or circular in the form of advertisement issued shall be valid until the expiry of six months from the date of closure of the financial year in which it is issued or until the date on which the financial statement is laid before the company in annual general meeting or, where the annual general meeting for any year has not been held, the latest day on which that meeting should have been held in accordance with the provisions of the Act, whichever is earlier, and a fresh circular or circular in the form of advertisement shall be issued, in

each succeeding financial year, for inviting deposits during that financial year.

Explanation: For the purpose of this rule, the date of the issue of the newspaper in which the advertisement appears shall be taken as the date of issue of the advertisement and the effective date of issue of circular shall be the date of dispatch of the circular.

5. Manner and extent of deposit insurance.- (1) Every company referred to in sub-section (2) of section 73 and every other eligible company inviting deposits shall enter into a contract for providing deposit insurance at least thirty days before the issue of circular or advertisement or at least thirty days before the date of renewal, as the case may be.

Explanation- For the purposes of this sub-rule, the amount as specified in the deposit insurance contract shall be deemed to be the amount in respect of both principal amount and interest due thereon.

(2) The deposit insurance contract shall specifically provide that in case the company defaults in repayment of principal amount and interest thereon, the depositor shall be entitled to the repayment of principal amount of deposits and the interest thereon by the insurer up to the aggregate monetary ceiling as specified in the contract:

Provided that in the case of any deposit and interest not exceeding twenty thousand rupees, the deposit insurance contract shall provide for payment of the full amount of the deposit and interest and in the case of any deposit and the interest thereon in excess of twenty thousand rupees, the deposit insurance contract shall provide

for payment of an amount not less than twenty thousand rupees for each depositor.

(3) The amount of insurance premium paid on the insurance of such deposits shall be borne by the company itself and shall not be recovered from the depositors by deducting the same from the principal amount or interest payable thereon.

(4) If any default is made by the company in complying with the terms and conditions of the deposit insurance contract which makes the insurance cover ineffective, the company shall either rectify the default immediately or enter into a fresh contract within thirty days and in case of non-compliance, the amount of deposits covered under the deposit insurance contract and interest payable thereon shall be repaid within the next fifteen days and if such a company does not repay the amount of deposits within said fifteen days it shall pay fifteen per cent. interest per annum for the period of delay and shall be treated as having defaulted and shall be liable to be punished in accordance with the provisions of the Act.

6. Creation of security.- (1) For the purposes of providing security, every company referred to in sub-section (2) of section 73 and every eligible company inviting secured deposits shall provide for security by way of a charge on its assets as referred to in Schedule III of the Act excluding intangible assets of the company for the due repayment of the amount of deposit and interest thereon for an amount which shall not be less than the amount remaining unsecured by the deposit insurance:

Provided that in the case of deposits which are secured by the charge on the assets referred to in Schedule III of the Act excluding

intangible assets, the amount of such deposits and the interest payable thereon shall not exceed the market value of such assets as assessed by a registered valuer.

Explanation. I - For the purposes of this sub-rule it is clarified that the company shall ensure that the total value of the security either by way of deposit insurance or by way of charge or by both on company's assets shall not be less than the amount of deposits accepted and the interest payable thereon.

Explanation. II- For the purposes of proviso to sub-clause (ix) of clause (c) of sub-rule (1) of rule 2 and this sub-rule, it is hereby clarified that pending notification of sub-section (1) of section 247 of the Act and finalisation of qualifications and experience of valuers, valuation of stocks, shares, debentures, securities etc. shall be conducted by an independent merchant banker who is registered with the Securities and Exchange Board of India or an independent chartered accountant in practice having a minimum experience of ten years.

(2) The security (not being in the nature of a pledge) for deposits as specified in sub-rule (1) shall be created in favour of a trustee for the depositors on:

- (a) specific movable property of the company, or
- (b) specific immovable property of the company wherever situated, or any interest therein.

7. Appointment of trustee for depositors.- (1) No company referred to in sub-section (2) of section 73 or any eligible company shall issue a circular or advertisement inviting secured deposits unless

the company has appointed one or more trustees for depositors for creating security for the deposits:

Provided that a written consent shall be obtained from the trustee for depositors before their appointment and a statement shall appear in the circular or circular in the form of advertisement with reasonable prominence to the effect that the trustees for depositors have given their consent to the company to be so appointed.

(2) The company shall execute a deposit trust deed in Form **DPT-2** at least seven days before issuing the circular or circular in the form of advertisement.

(3) No person including a company that is in the business of providing trusteeship services shall be appointed as a trustee for the depositors, if the proposed trustee -

- (a) is a director, key managerial personnel or any other officer or an employee of the company or of its holding, subsidiary or associate company or a depositor in the company;

- (b) is indebted to the company, or its subsidiary or its holding or associate company or a subsidiary of such holding company;

- (c) has any material pecuniary relationship with the company;

- (d) has entered into any guarantee arrangement in respect of principal debts secured by the deposits or interest thereon;

- (e) is related to any person specified in clause (a) above.

(4) No trustee for depositors shall be removed from office after the issue of circular or advertisement and before the expiry of his term

except with the consent of all the directors present at a meeting of the board.

Provided that in case the company is required to have independent directors, at least one independent director shall be present in such meeting of the Board

8. Duties of trustees.- It shall be the duty of every trustee for depositors to-

- (a) ensure that the assets of the company on which charge is created together with the amount of deposit insurance are sufficient to cover the repayment of the principal amount of secured deposits outstanding and interest accrued thereon;
- (b) satisfy himself that the circular or advertisement inviting deposits does not contain any information which is inconsistent with the terms of the deposit scheme or with the trust deed and is in compliance with the rules and provisions of the Act;
- (c) ensure that the company does not commit any breach of covenants and provisions of the trust deed;
- (d) take such reasonable steps as may be necessary to procure a remedy for any breach of covenants of the trust deed or the terms of invitation of deposits;
- (e) take steps to call a meeting of the holders of deposits as and when such meeting is required to be held;

(f) supervise the implementation of the conditions regarding creation of security for deposits and the terms of deposit insurance;

(g) do such acts as are necessary in the event the security becomes enforceable;

(h) carry out such acts as are necessary for the protection of the interest of depositors and to resolve their grievances.

9. Meeting of depositors.- The trustee for depositors shall call a meeting of all the depositors on-

(a) requisition in writing signed by at least one-tenth of the depositors in value for the time being outstanding;

(b) the happening of any event, which constitutes a default or which, in the opinion of the trustee for depositors, affects the interest of the depositors.

10. Form of application for deposits.- (1) On and from the commencement of these rules, no company shall accept, or renew any deposit, whether secured or unsecured, unless an application, in such form as specified by the company, is submitted by the intending depositor for the acceptance of such deposit.

(2) The form of application referred to in sub-rule (1) shall contain a declaration by the intending depositor to the effect that the deposit is not being made out of any money borrowed by him from any other person.

11. Power to nominate.- Every depositor may, at any time, nominate any person to whom his deposits shall vest in the event of his death and the provisions of section 72 shall, as far as may be, apply to the nomination made under this rule.

12. Furnishing of deposit receipts to depositors.- (1) Every company shall, on the acceptance or renewal of a deposit, furnish to the depositor or his agent a receipt for the amount received by the company, within a period of twenty one days from the date of receipt of money or realisation of cheque or date of renewal.

(2) The receipt referred to in sub-rule (1) shall be signed by an officer of the company duly authorised by the Board in this behalf and shall state the date of deposit, the name and address of the depositor, the amount received by the company as deposit, the rate of interest payable thereon and the date on which the deposit is repayable.

13. Maintenance of liquid assets and creation of deposit repayment reserve account.- Every company referred to in sub-section (2) of section 73 and every eligible company shall on or before the 30th day of April of each year deposit the sum as specified in clause (c) of the said sub-section with any scheduled bank and the amount so deposited shall not be utilised for any purpose other than for the repayment of deposits:

Provided that the amount remaining deposited shall not at any time fall below fifteen per cent. of the amount of deposits maturing, until the end of the current financial year and the next financial year.

14. Registers of deposits.- (1) Every company accepting deposits shall maintain at its registered office one or more separate registers

for deposits accepted or renewed, in which there shall be entered separately in the case of each depositor the following particulars, namely:-

- (a) name, address and PAN of the depositor/s;
- (b) particulars of guardian, in case of a minor;
- (c) particulars of the nominee;
- (d) deposit receipt number;
- (e) date and the amount of each deposit;
- (f) duration of the deposit and the date on which each deposit is repayable;
- (g) rate of interest or such deposits to be payable to the depositor;
- (h) due date for payment of interest;
- (i) mandate and instructions for payment of interest and for non-deduction of tax at source, if any;
- (j) date or dates on which the payment of interest shall be made;
- (k) details of deposit insurance including extent of deposit insurance;
- (l) particulars of security or charge created for repayment of deposits;
- (m) any other relevant particulars;

(2) The entries specified in sub-rule (1) shall be made within seven days from the date of issuance of the receipt duly authenticated by a director or secretary of the company or by any other officer authorised by the Board for this purpose.

(3) The register referred to in sub-rule (1) shall be preserved in good order for a period of not less than eight years from the financial year in which the latest entry is made in the register.

15. General provisions regarding premature repayment of deposits.- Where a company makes a repayment of deposits, on the request of the depositor, after the expiry of a period of six months from the date of such deposit but before the expiry of the period for which such deposit was accepted, the rate of interest payable on such deposit shall be reduced by one per cent. from the rate which the company would have paid had the deposit been accepted for the period for which such deposit had actually run and the company shall not pay interest at any rate higher than the rate so reduced :

Provided that nothing contained in this rule shall apply to the repayment of any deposit before the expiry of the period for which such deposit was accepted by the company, if such repayment is made solely for the purpose of—

- (a) complying with the provisions of rule 3; or
- (b) providing war risk or other related benefits to the personnel of the naval, military or air forces or to their families, on an application made by the associations or societies formed by such personnel, during the period of emergency declared under article 352 of the Constitution :

Provided further that where a company referred to in under sub-section (2) of section 73 or any eligible company permits a depositor to renew his deposit, before the expiry of the period for which such deposit was accepted by the company, for availing of a higher rate of interest, the company shall pay interest to such depositor at the higher

rate if such deposit is renewed in accordance with the other provisions of these rules and for a period longer than the unexpired period of the deposit.

Explanation: For the purposes of this rule, where the period for which the deposit had run contains any part of a year, then, if such part is less than six months, it shall be excluded and if such part is six months or more, it shall be reckoned as one year.

16. Return of deposits to be filed with the Registrar.- Every company to which these rules apply, shall on or before the 30th day of June, of every year, file with the Registrar, a return in Form **DPT-3** along with the fee as provided in Companies (Registration Offices and Fees) Rules, 2014 and furnish the information contained therein as on the 31st day of March of that year duly audited by the auditor of the company.

17. Penal rate of interest.- Every company shall pay a penal rate of interest of eighteen per cent. per annum for the overdue period in case of deposits, whether secured or unsecured, matured and claimed but remaining unpaid.

18. Power of Central Government to decide certain questions.-

If any question arises as to the applicability of these rules to a particular company, such question shall be decided by the Central Government in consultation with the Reserve Bank of India.

19. Applicability of sections 73 and 74 to eligible companies.-

Pursuant to provisions of sub-section (2) of section 76 of the Act, the provisions of sections 73 and 74 shall, mutatis mutandis, apply to acceptance of deposits from public by eligible companies.

Explanation.- For the purposes of this rule, it is hereby clarified that in case of a company which had accepted or invited public deposits under the relevant provisions of the Companies Act, 1956 and rules made under that Act (hereinafter known as "Earlier Deposits") and has been repaying such deposits and interest thereon in accordance with such provisions, the provisions of clause (b) of sub-section (1) of section 74 of the Act shall be deemed to have been complied with if the company complies with requirements under the Act and these rules and continues to repay such deposits and interest due thereon on due dates for the remaining period of such deposit in accordance with the terms and conditions and period of such Earlier Deposits and in compliance with the requirements under the Act and these rules;

Provided further that the fresh deposits by every eligible company shall have to be in accordance with the provisions of Chapter V of the Act and these rules;

20. Statement regarding deposits existing as on the date of commencement of the Act.- For the purposes of clause (a) of sub-section (1) of section 74, the statement shall be in Form **DPT-4**.

21. Punishment for contravention.- If any company referred to in sub-section (2) of section 73 or any eligible company inviting deposits or any other person contravenes any provision of these rules for which no punishment is provided in the Act, the company and every officer of the company who is in default shall be punishable with fine which may extend to five thousand rupees and where the contravention is a continuing one, with a further fine which may extend to five hundred rupees for every day after the first day during which the contravention continues.

Annexure

FORM DPT-1

**CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT
INVITING DEPOSITS**

*[Pursuant to section 73 (2)(a) and section 76 and rule 4(1) and 4(2)
of the Companies (Acceptance of Deposits) Rules, 2014]*

The circular or circular in the form of advertisement shall contain the following:

1. GENERAL INFORMATION

- a. Name, address, website and other contact details of the company;
- b. Date of incorporation of the company;
- c. Business carried on by the company and its subsidiaries with the details of branches or units, if any;
- d. Brief particulars of the management of the company;
- e. Names, addresses, DIN and occupations of the directors;
- f. Management's perception of risk factors;
- g. Details of default, including the amount involved, duration of default and present status, in repayment of –
 - i) statutory dues;
 - ii) debentures and interest thereon;
 - iii) loan from any bank or financial institution and interest thereon.

2. PARTICULARS OF THE DEPOSIT SCHEME

- a. Date of passing of board resolution;
- b. Date of passing of resolution in the general meeting authorizing the invitation of such deposits;
- c. Type of deposits, i.e., whether secured or unsecured;
- d. Amount which the company can raise by way of deposits as per the Act and the rules made thereunder, and the

aggregate of deposits actually held on the last day of the immediately preceding financial year and on the date of issue of the Circular or advertisement and amount of deposit proposed to be raised and amount of deposit repayable within the next twelve months ;

- e. Terms of raising of deposits : Duration, Rate of interest, mode of payment and repayment;
- f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid;
- g. Reasons or objects of raising the deposits;
- h. Credit rating obtained; Name of the Credit Rating Agencies, Rating obtained, Meaning of the rating obtained, Date on which rating was obtained.
- i. Extent of deposit insurance, ; Name of the Insurance Company, terms of the insurance coverage, duration of coverage, extent of coverage, procedure for claim in case of default etc.
- j. Short particulars of the charge created or to be created for securing such deposits, if any;
- k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons.

3. DETAILS OF ANY OUTSTANDING DEPOSITS

- a. Amount Outstanding;
- b. Date of acceptance;
- c. Total amount accepted;
- d. Rate of interest;
- e. Total number of depositors;

- f. Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved;
- g. Any waiver by the depositors, of interest accrued on deposits;

4. FINANCIAL POSITION OF THE COMPANY

- a. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular or advertisement;
- b. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid or interest paid)
- c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement;
- d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement;
- e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.

5. A DECLARATION BY THE DIRECTORS THAT-

- a. the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest there on;

- b. the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;
- c. the company has complied with the provisions of the Act and the rules made thereunder;
- d. the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
- e. the deposits accepted by the company before the commencement of the Act have been repaid (or will be repaid along with interest within ____ days (days to be specified) and until they are repaid, they shall be treated as unsecured and ranking pari passu with other unsecured liabilities).
- f. In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty.
- g. the deposits shall be used only for the purposes indicated in the Circular or circular in the form of advertisement;
- h. the deposits accepted by the company (other than the secured deposits, if any, aggregate amount of which to

be indicated) are unsecured and rank pari passu with other unsecured liabilities of the company.

Form DPT-2

Deposit Trust Deed

*[Pursuant to rule 7(2) of the Companies (Acceptance of Deposits)
Rules, 2014]*

The deposit trust deed shall, inter alia, contain the following:-

DESCRIPTION OF DEPOSIT SCHEME -

1. Covenants stating the purpose of raising finance through the deposit scheme ;
2. Details of deposit scheme as regards amount, tenure, interest or coupon rate, periodicity of payment, mode of payment and period of redemption;
3. An undertaking by the company to pay the interest and principal amount of such deposits to the Deposit holders as and when it becomes due, as per the terms of the scheme ;
4. Covenants stating the terms of redemption of the deposits in terms of the scheme to the deposit holders, options available, and debt equity ratio and debt service coverage ratio, if applicable.

DETAILS OF CHARGE CREATED:-

1. Nature of charge created;
2. Rank of charge created viz. first, second, pari passu, residual, etc;

3. Minimum security cover to be provided;
4. Asset(s) on which charge is created;
5. Other particulars of the charge, e.g., time period of charge, rate of interest, name of the charge holder;
6. Provision for subsequent valuation;
7. Undertaking by the company not to create further charge or encumbrance over the trust property without the approval of the trustee;
8. A statement that the company may hold and enjoy all the mortgaged premises and carry on the business of the company until the security becomes enforceable.

DETAILS OF DEPOSIT INSURANCE

1. Name of the insurer;
2. Amount of the insurance cover;
2. Other terms and conditions governing deposit insurance contract.

PARTICULARS OF THE APPOINTMENT OF DEPOSIT TRUSTEE(S):-

1. The conditions for the appointment, resignation and removal of such trustee, which shall ensure that-
 - (a) the appointment of the trustee must be confirmed by the resolution passed by the Board of Directors.
 - (b) any removal of a trustee and subsequent appointment of a substitute trustee by the company must also be approved by the Board of Directors.
 - (c) the casual vacancy, if any, arising in the office of the

trustees, shall be filled by the board.

2. Remuneration, legal cost, travelling and other expenses payable to the trustee(s) for their services; and
3. Powers and duties of the trustee.

REPORTING REQUIREMENTS

A covenant to the effect that:-

1. the company will carry on its business in a proper and efficient manner with due diligence and efficiency;
2. the company will give to the trustee any information to the extent required by law relating to business, mortgage property and affairs of the company which the trustee may require in order to discharge its duties and obligations as trustee under the trust deed;
3. the company will not utilize any portion of the deposit for purposes other than those for which the same are accepted;
4. the company will inform the trustee of any material changes in the existing management set up;
5. the company will not declare any dividend to the shareholders in any year until the company has paid or made satisfactory arrangements for the payment of the principal amounts of matured deposits and interest due on the deposits; and
6. the company shall immediately notify the trustee if it becomes aware of any event of default or any other circumstance which

may prejudice the interests of the deposit holders.

EVENTS OF DEFAULTS:-

1. Events which may invite actions by the deposit trustee shall include the following events:
 - a. If the company commits default in the payment of any interest and principal which ought to be paid in accordance with the terms of the acceptance of deposits;
 - b. If the company without the consent of deposit holders ceases to carry on its business or gives notice of its intention to do so;
 - c. If an order has been made by the Court or a special resolution has been passed by the members of the company for winding up of the company;
 - d. If any breach of the terms of the circular or advertisement inviting deposits or of the covenants of this deed is committed;
 - e. If the company creates or attempts to create any further charge on the mortgaged premises or any part thereof without the prior approval of the trustees or deposit holders;
 - f. If the company fails to comply with provisions of the Act;
 - g. If the Trustees have reasonable grounds to conclude that the security of the deposit holders is in jeopardy.
2. Covenant to the effect that in case of the security becoming enforceable , the trustees shall enter into and take possession

of the property on which charge is created and shall, in consultation with the other charge holders forthwith take steps to determine whether the business of the company may be allowed to be carried on, the steps to be taken for changes in management of the company, if any, actions necessary for protection of the mortgaged property and other steps required for protecting the interests of the depositors.

3. Covenant to the effect that the trustees may lodge a claim under insurance for payment to depositors in terms of deposit insurance.
4. Covenant to the effect that the balance proceeds of any sale of the mortgaged premises shall, after setting off of all costs, charges and expenses incurred for the sale and payment of interest and the principal money due to deposit holders, be paid to the company or its assignee

MISCELLANEOUS

1. The conditions under which the provisions of the trust deed or the terms and conditions of the deposits may be modified;
2. The mode of service of notices and other documents on the borrower company, the trustee and the holders of the deposits;
3. The borrower company to be responsible for paying any stamp duty on the trust deed or the deposits (if applicable);
4. Provisions regarding the meeting of the deposit holders

Form DPT-3

Return of deposits

*[Pursuant to rule 16 of the Companies (Acceptance of Deposits) Rules,
2014]*

1.(a) CIN:

(b) GLN:

2. (a) Name of the company:

(b) Registered office address:

(c) E-mail Id:

3. Whether the company is

Public company

Private company

4. Whether the company is a government company:

YES

NO

5. Objects of the company:

6. (a) Date of issue of advertisement or circular:

(b) Date of last closing of accounts:

(c) Date of expiry of validity of advertisement or circular:

7. Net Worth as per the latest audited balance sheet preceding the date of the return-

(a) (i) Paid up share capital

(ii) Free reserves

(b) (i) Accumulated loss

(ii) Balance of deferred revenue expenditure

(iii) Accumulated unprovided depreciation

(iv) Miscellaneous expense and preliminary expenses

(v) Other intangible assets

(c) Net worth (a-b)

(d) Maximum limit of deposits (i.e, 35% of the above in case of Government Company or 25% in case of others)

8. Particulars of deposits(to be furnished in respect of deposits from shareholders and others separately)

(a) Amount of existing deposits as at 1st April

(b) Amount of deposits accepted or renewed during the year

(a) Secured deposits

(b) Unsecured deposits

(c) Amount of deposits repaid during the year

(d) Balance of deposits outstanding at the end of the year (a+b-c)

9. Details of outstanding deposits:

Particulars	Date of receipt of deposit	Rate of interest	Repayable after

10. (a) Amount of deposits that have matured but not claimed:
 (b) Amount of deposits that have matured and claimed but not paid:

11. Particulars of liquid assets

(a) Amount of deposits maturing before 31st March next year and following next year:

(b) Amount required to be invested in liquid assets:

(c) Details of liquid assets-

	Date of investment/ deposit	Amount		
(a) Amount in current or other deposits account, free from charge or lien, with any scheduled bank				
(b) Unencumbered securities of Central/State Government				
Face value				
Market value				
(c) Unencumbered trust securities				
Face value				
Market value				

12. Particulars of deposit insurance:

(a) Date of entering into deposit insurance contract

(b) Name of the insurer

(c) Premium payable

(d) Premium paid upto:

(e) Maximum ceiling limit for every depositor

13. Particulars of charge

(a) Date of entering into trust deed

(b) Name of the trustee

(c) Short particulars of the property on which charge is created
for securing depositors

(d) Value of the property

Signature

Date:

Place:

Attachment:

1. Auditor's certificate;
2. Deposit insurance contract;
3. Copy of trust deed;
4. Copy of instrument creating charge;
5. List of depositors indicating name, address, amount deposited, repaid during the year and outstanding, interest due, paid and payable as at the close of the Financial Year and separately indicating deposits not yet matured, matured, claimed and paid and matured, claimed but not paid and matured but not claimed for payment. List of deposits matured, cheques issued but not yet cleared to be shown separately.
6. Optional attachment, if any.

Form DPT-4

**Statement regarding deposits existing on the commencement
of the Act**

*[Pursuant to rule 20 of the Companies (Acceptance of Deposits) Rules,
2014]*

1. (a) CIN:
(b) GLN:
2. (a) Name of the company:
(b) Registered office address:
(c) E-mail Id:
3. Whether the company is
Public company
Private company
4. Whether the company is a government company:
YES
NO
5. Total deposits outstanding as on the commencement of this Act:
(a) amount (in Rs)
(b) number of depositors
6. Details of total deposits mentioned at 5 above under following
heads (amount in Rs)
(a) deposits due but not paid;
(b) interest due thereon but not paid;
(c) deposits due but not claimed;
(d) interest due thereon but not claimed;

(e) deposits not yet due for repayment;

7. Deposits due for repayment in next three months.

8. Arrangements made for repayment of deposits due for repayment.

Signature

Date:

Place:

Attachment:

1. Auditor's certificate;
2. List of depositors indicating name, address, amount deposited, repaid during the year and outstanding, interest due, paid and payable as at the close of the Financial Year and separately indicating deposits not yet matured, matured, claimed and paid and matured, claimed but not paid and matured but not claimed for payment. List of deposits matured, cheques issued but not yet cleared to be shown separately.
3. Optional attachment.

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(Renuka Kumar)
Joint Secretary to the Government of India