Company Law & Allied laws

Refer; RTPs - 18, 17, 17, 16, 16 & MTP - 1

⇒ section 196 – Appoinment of MD, WTD or manager. (MWM)

section 197 – Remuneration Payable to ~~manager~~ directors including M.D or WTD or Manager

Section 198 – calculation of net profit.

section 199 – Recovery of Managerial remuneration
↳ Amt paid on adhoc basis cannot be recovered.

section 200 – CG or company to fix limit

section 201 – forms & procedures in relation to certain applications.

section 202 – compensation for loss of office of MD/WTD/Manager
↳ caselaw – Bell vs Lever Bros 1932
↳ no compensation in certain case RG v RI Ltd,

section 203 – Appoinment of KMP. ⇒ Applicability – Listed co or Public co. PUC ≥ 10cr
↓
• MD/CEO/Manager — in its absence WTD, CS, CFO.
Mandatory CS – Paid up capital ≥ 5cr. form - MR3

section 204 – secretarial audit for bigger companies
↳ Applicability – public company or pvt company. PUC ≥ 50cr or T/O ≥ 250cr.

section 205 – functions of CS

Meetings of board & its powers

Refer RTP May-17 10th Q.

⇒ section 173 – Meetings of Board

Section 174 – Quorum of BM

section 175 – Passing resolution by circulation

section 176 – validity of Acts of directors

section 177 – Audit committee ⇒ composition ≥ 3 – Majority ID & majority able to read & understand ; functions – R³ ; Powers – D of R & C ; penalty – com. 1 Lakh; O & D – 25k to 1 L or imprisonment 1 yr or both.
Appli – L.C, P.co ≥ 10cr, ≥ 100cr, > 50cr

section 178 – nomination & Remuneration Committee ⇒ composition NED ≥ 3 & ID ≥ 1/2 : Penalty same ; Appli same.
functions – Regarding Directors ; NA to sec 8.

– Stake holders relation ship committee ⇒ Appli – No of SH + DH > 1000
Compo – 1 NED to the decided by board
functions – resolve grievances of SH + DH, protect interest of SH + DH
Penalty – Same.

section 179 – Powers of board ⇒ BM I A D T G (Power)
Delegation of Power ⇒ B I G²
vigil Mechanism ⇒ applicability – All listed & other companies which accept deposits from public, borrowed money from FIs/banks > 50cr.

Section 180 - Restrictions on powers of board (NA to pvt companies)

Section 181 - charitable contribution ⇒ Max 5% of avg N.P of 3 pr yrs.
>5% - GM.

Section 182 - political contribution ⇒ All Companies except Govt co & co < 3 yrs of life.

Section 183 - contribution to National defence fund etc

Section 184 - Disclosure of interest by directors - >2%

Section 185 - Loans to directors - All companies (Not applicable to pvt co in certain conditions)

Section 186 - Loans & investments by company. (60% of PUPC + FR + SP or 100% of FR + SP)

Section 187 - Investment of company to be held in own name.

Section 188 - Related party transactions

Section 189 - Register for transaction of sec 188 (In case of OPC it is appliable only if transaction exceeds 1 lakh)

Section 190 - Contract of employment with MD or WTD (Not applice to Pvt company)

Section 191 - Payment to directors for loss to office in connection with t/f of undertaking, shares

Section 192 - Restrictions on Non- cash trasactions

Section 193 - Contracts by OPC

Section 194 - prohibition on forward dealing in securities of co by directors or KMP

Section 195 - Prohibition on insider trading of securities.

Dividends

Section 123 - Conditions for declaration & payment of dividend.

- first proviso to sec 123 (1) - Transfer to ~~reserves~~ reserves - Left at the discretion of company
- second proviso to sec 123 (1) - ~~Transfer~~ Utilisation from past reserves ⇒ · Avg rate of P.3 FY's · 1/10 of sum of PUSC + FR · ≥15% of PUSC
- Third proviso to sec 123 (1) - Payment of dividend from only free reserves
- Section 123 (4) - Deposit $\xrightarrow{\text{amt}}$ dividend $\xrightarrow{\text{in sch bank}}$ within 5 days of declaration of dividend
- Section 123 (5) - Dividend shall be payable only to registered shareholder
- section 123 (6) - Prohibition on declaration of dividend $\xrightarrow[\text{comply with}]{\text{Company fails to}}$ sec 73 & 74.
- section 124 - unpaid dividend a/c → 5, 30, 7, 90, & 7 years @12%.

* * section 125 - Investor Education & protection fund ⇒
  - CG will constitute, chairperson + Members not exceeding 7 + 1 CEO ⇒ Audited by C&AG → submit to CG

Credit of amount to IEPF :- D. UG GS I AM MRO (Do ugurs Gi gam MRO)

- Section 126 - Right to dividend, right shares and bonus shares to be held in abeyance pending registration of shares

- Section 127 - failure to distribute dividend (30days) ⇒ com - 18% & D/rs ⇒ 2 years / 1000P D
  Exception (Law day reasons Sd) ⇒ L D R S D

- Section 208 (1956) :- AoA authorise, SR, CG approval, Maximum rate - 4%.

Accounts of Companies

- Section 128 - Books of accounts to be kept by company -> ≥ 8 yrs | penalty 1yr or 50K-5L or both
  Responsive person ⇒ C M W A

- Section 129 - financial statements

- Section 130 - Reopening of accounts on courts or tribunals order ⇒
  . Application by -> C I S² -> court
  Reason - F M M D R F

- Section 131 - voluntary revision of financial statements or Board's report

- Section 133 - central government to prescribe Accounting standards

- Section 134 - financial statement & Board report sec - Authentication & Approval.
  penalty - com | chairman, directors, CFO, CS | Director Responsibility Statement - G A A A I F

- Section 135 - corporate social responsibility ⇒ ≥ 500cr, ≥ 1000cr ≥ 5cr.
  ≥ 2% of Avg net profit of last 3 FYs

- Section 136 - Right of Member to copies of Audited financial statements
  ⇒ ≥ 21days, Manner - Electronic mode,
  OPC 15 days

- Section 137 - filing of fs with registrary ⇒ 30 days / OPC - 180 days.
  XBRL - L.C & sub. | All companies PUSC ≥ 5cr | Turnover ≥ 100cr | companies covered under companies rules

- Section 138 - Internal Auditor ⇒ PU ≥ 50, ≥ 200, > 100, ≥ 25cr.
  PV ≥ 200, > 100

Auditors

1) Section 139 :- Appoinment of Auditors => Rotation (*Imp) => Applicability: • All listed • Unlisted PC ≥ 10Cr | Pvt. Ltd ≥ 50Cr • Companies having borrowing ≥ 50Cr

Section 140 :- Removal resignation of auditors & giving special notice
before expiry => S.R, CG approval, ADT-2, 30, 60

Section 141 :- Qualifications & Disqualifications of auditor

Section 142 :- Remuneration of auditors.

Section 143 :- powers & duties of auditors
→ powers - BORN → books, report, notices, lien, auditor.

* Power of CAG
A S CA To do

Duties - A S C A F → frauds

Section 144 :- Auditor not to render certain services

Section 145 :- Auditor to sign Audit report

Section 146 :- Auditor to attend general meetings

Section 147 :- Punishment for non-compliance.

Section 148 :- cost-Audit.

Regulatory sectors	Non regulatory sectors
(TSEOD)	MMT²S
• Tele communication	• Machinery used in defence, space, Atomic
• sugar & Industrial Alcohol	• Medical devices
• electricity	• Turbojets
• oil & Gas	• Tyre & tubes
• Drugs & pharma.	• steel & cement
Audit:- If TO - ₹50 crore	Audit :- If TO - ₹100 crore
Keep records If TO - ₹35 crore	Keep records :- If TO - ₹35 crore.

• Within 180 days commencement of F.Y - BOD - should appoint
• After appointment within 30 days intimate CG in form CRA-2
• He shall submit report in CRA 3 to board within 180 days of closure of F.Y.

Exceptions:- SEZ, Revenue 75% from Exports, company engaged in generation of electricity for captive consumption