

2022

# Report of Working Group

## Financial Reporting and Capital Structure of IFSC companies in Freely Convertible Foreign Currency

**Submission of Report**

November 07, 2022

The Secretary  
Ministry of Corporate Affairs  
Government of India  
New Delhi

Dear Sir,

We hereby submit the report of the Working Group w.r.t identification of provisions of the Companies Act, 2013 and Rules made thereunder, requiring amendments/modifications to enable IFSC Companies to issue securities in freely convertible foreign currency, and related matters.

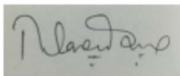
The Working Group has made its recommendations with a view to facilitate capital structure of IFSC companies in foreign currency and promote ease of doing business. The Working Group has also made its recommendations regarding the transition of the existing IFSC companies from INR to freely convertible foreign currency. The Working Group believes that these are important steps towards making IFSC an international centre that can compete with other global financial centres.

We thank you for entrusting this responsibility to the Working Group and hope that the recommendations will help in the overall development of the IFSC.

Yours Sincerely,



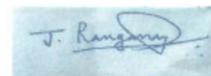
**Praveen Trivedi**  
Executive Director, IFSCA  
**Chairperson**



**N. K. Dua**  
Joint Director, MCA  
**Member**



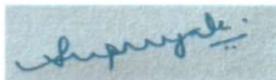
**Pranay Chaturvedi**  
ROC, Delhi  
**Member**



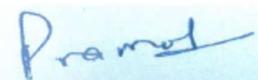
**J. Ranganayakulu**  
Advocate (Ex ED, SEBI)  
**Member**



**Ranjeet Pandey**  
Past President and  
Central Council Member, ICSI  
**Member**



**Sripriya Kumar**  
Chairperson,  
CLCG Committee, ICAI  
**Member**



**Pramod Jain**  
Chairperson,  
ASB, ICAI  
**Member**



**V. Balasubramaniam**  
MD and CEO, India INX  
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**Arjun Prasad**  
DGM, IFSCA  
**Member Convenor**

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## ACKNOWLEDGEMENTS

The Working Group would like to express sincere gratitude to the MCA for the trust and confidence reposed and giving the Group an opportunity to examine, deliberate and submit its recommendations regarding the issues faced by IFSC companies *inter -alia* relating to issuance of capital in freely convertible foreign currency and use of such currency as currency of disclosures for various filings and reporting etc.

The Working Group would like to acknowledge the contributions and extend its gratitude to Shri Vivek, Deputy Director, MCA; Ms. Banu Dandona, Joint Director, ICSI; Shri Mayank Jain, CFO, India INX and Shri Nikhil Mehta, Company Secretary & CRO, India INX for providing their valuable support to the Working Group. Their contributions have helped immensely in finalisation of the report.

The Working Group would also like to thank the officials of IFSCA namely Shri Ankit Bhansali, Deputy General Manager; Shri Ranveer Kumar, Assistant General Manager; and Shri Amit Prajapati, Assistant General Manager for their continuous support, co-operation, and suggestions.

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## ABBREVIATIONS

AS	Accounting Standards
ASB	Accounting Standards Board
CA-13	Companies Act, 2013
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLCG	Corporate Laws and Corporate Governance
CRO	Chief Regulatory Officer
CSR	Corporate Social Responsibility
FCFC	Freely Convertible Foreign Currency
FEMA	Foreign Exchange Management Act, 1999
GIFT	Gujarat International Finance Tec-City
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IFSC	International Financial Services Centre
IFSCA	International Financial Services Centres Authority
IFSCA Act	International Financial Services Centres Authority Act, 2019
Ind AS	Indian Accounting Standards
India INX	India International Exchange (IFSC) Limited
INR	Indian Rupee
IRDAI	Insurance Regulatory and Development Authority of India
LRS	Liberalised Remittance Scheme
MCA	Ministry of Corporate Affairs
MD	Managing Director
MOA	Memorandum of Association
OI	Foreign Exchange Management (Overseas Investment) Rules, 2022
PFRDA	Pension Fund Regulatory and Development Authority
RBI	Reserve Bank of India
ROC	Registrar of Companies
SEBI	Securities and Exchange Board of India
ToR	Terms of Reference
USD	United States Dollar

## EXECUTIVE SUMMARY

1. The International Financial Services Centre (IFSC) in GIFT City, the maiden IFSC in India, has been established *inter-alia* to become the gateway for India to connect with the rest of the world for providing various financial services.
2. Several measures have been adopted by the Government of India, other financial sector regulators in India and the IFSCA to develop financial products, financial services and financial institutions in the IFSC. In this context, the Ministry of Corporate Affairs (MCA) has also been very supportive and has already implemented several changes (carveouts, relaxations, modifications etc.) in the Companies Act, 2013 (CA-13) *qua* companies incorporated in the IFSC, in order to ensure a vibrant business landscape.
3. Whilst there are various Indian laws that are applicable in respect of entities incorporated in the IFSC, it is to be noted that the financial services in the IFSC are international in nature and all the transactions are required to be conducted in foreign currency. Further, the entities having presence in IFSC (including in the form of branch) are considered as “*non-residents*” from FEMA perspective.
4. Even though the IFSC companies are “*non-residents*” under FEMA, their capital structure continues to be stated in INR, leading to a situation wherein the investor’s capital is reflected in INR even though they have made remittance in USD. A need was therefore felt to rationalize this requirement and to permit IFSC Companies to issue their share capital in freely convertible foreign currency (FCFC).
5. This Working Group has been constituted by the MCA *inter-alia* to examine and make recommendations on necessary amendments in CA-13, Rules made thereunder and Accounting Standards to allow IFSC companies to issue securities in FCFC, and other related matters.
6. The Working Group has made several recommendations with an objective to facilitate issue of share capital by IFSC companies in FCFC while requiring minimum legislative changes. Further, the Group has made other ancillary recommendations in this regard. The key recommendations are as under:
  - a) The share capital related provisions of CA-13 do not mention about any currency except in Schedule I & III which specify currency to be Indian Rupees. For the sake of clarity, the Working Group has recommended that the MCA may consider insertion of a general provision enabling IFSC companies to use such FCFC as may be permitted by IFSCA for various purposes (including issue of capital) by way of appropriate amendment under CA-13.
  - b) There are several references of INR in the CA-13 and Rules with respect to fees, penalties and fine related provisions. The Working Group observed that there may not be any need to amend such provisions and accordingly, recommended that these provisions can continue in INR.

- c) The applicability of certain provisions of CA-13 depends on certain thresholds / limits which have been defined in the Act and Rules made thereunder and such thresholds are denominated in rupee terms. The Group recommends that while thresholds/ limits in CA-13 and Rules may continue to be in INR, there is a need to have a general provision requiring conversion of FCFC amount to INR amounts for IFSC companies, for the purposes of reckoning these thresholds.
- d) Companies are required to submit various forms in the MCA 21 portal. These forms would also need to be modified in the context of adoption of FCFC reporting and accordingly, the Committee recommends that the MCA may facilitate filings by IFSC companies in FCFC through its e-portal system by way of relevant modifications in the structure of such forms.
- e) Considering the difficulty to develop forms in multiple currencies; to begin with, most commonly used currency internationally, i.e. the USD may be taken as base currency for reporting by IFSC companies.
- f) The Working Group recommends that the necessary legal framework be notified whereby the existing IFSC companies may be allowed to convert their share capital from INR to USD by way of a capital restructuring plan approved by shareholders through special resolution, followed by intimation to IFSCA and thereafter filing of the same with ROC.
- g) The Working Group also recommends that the transition of these IFSC companies may be kept optional. However, no existing IFSC Company may be permitted to issue any further share capital (including rights, bonus etc.) without converting their share capital into FCFC (USD).

## BACKGROUND

### **Brief overview about IFSCA**

7. GIFT IFSC has been notified as the maiden IFSC in India under the Special Economic Zones Act, 2005. The 2015-16 Budget Speech of the Hon'ble Finance Minister of India announced the birth of the GIFT IFSC, a landmark development in the Indian Economic landscape as under-

*“While India produces some of the finest financial minds, including in international finance, they have few avenues in India to fully exhibit and exploit their strength to the country’s advantage. GIFT in Gujarat was envisaged as International Finance Centre that would actually become as good an International Finance Centre as Singapore or Dubai, which, incidentally, are largely manned by Indians. The proposal has languished for years. I am glad to announce that the first phase of GIFT will soon become a reality...”*

8. GIFT IFSC was initially regulated by the domestic financial sector regulators viz. RBI, SEBI, IRDAI and PFRDA.
9. IFSCA was established in April 2020 under the aegis of the IFSCA Act, 2019 as a unified regulator for the development and regulation of financial products, financial services and financial institutions in the IFSCs in India. With effect from October 01, 2020, the IFSCA has been vested with the powers of the four domestic financial sector regulators viz. RBI, SEBI, IRDAI and PFRDA with respect to regulation of financial institutions, financial services and financial products in the IFSCs in India.
10. One of the objectives of IFSC is to emerge as a Regional and Global Hub for various international financial services. Further, IFSCA aims to develop IFSC as a dominant gateway for international capital flows into and out of India. IFSCA is already moving ahead on various priority reform areas announced in the Union Budgets in the recent years. The financial services in IFSC are evolving with various new opportunities in banking, insurance and securities markets including Funds.
11. The Hon'ble Prime Minister during his recent visit to GIFT IFSC on July 29, 2022, highlighted various opportunities wherein GIFT IFSC can play an important role in the future. Some extracts from the speech of Hon'ble Prime Minister of India highlighting the importance of GIFT-IFSC and the vision of the Government of India in this regard, are placed below:

*“Today in GIFT City, the foundation stone of the International Financial Services Centres Authority - IFSCA Headquarters Building has been laid. I believe this building is going to be grand in its architecture and it will also create unlimited opportunities to make India an economic superpower. IFSCA will not only become*

*an enabler but will also support innovation and will also act as a catalyst for growth opportunities...*

*...GIFT City is an important gateway to connect India with global opportunities. When you integrate with GIFT City, you will integrate with the whole world....*

*...India needs many financial innovations from aircraft leasing, ship financing, carbon trading, digital currency, and IP rights to investment management. IFSCA should work in this direction. IFSCA should also make regulation and operation cost competitive in comparison to places like Dubai and Singapore. Your aim should be to turn IFSCA into a leader in terms of regulations, set high standards for rule of law, and emerge as the preferred arbitration centre for the world.”*

### **Issues faced by IFSC Companies**

12. IFSC is treated as an international jurisdiction for various financial services. While IFSC companies are treated as “non-residents” under the provisions of relevant Foreign Exchange Management Regulations, these are treated as Indian Companies under the CA-13 with share capital denominated in INR.
13. Section 20 of IFSCA Act, 2019 mandates that every transaction of financial services in an IFSC shall be in foreign currency. Accordingly, it is necessary for an IFSC company to prepare and present their financial statements and various reports envisaged under CA-13 in foreign currency.
14. IFSCA vide letter dated November 18, 2021 requested MCA to provide certain carveouts under the CA-13 to address this matter. Further, the same was discussed between officials of IFSCA and MCA at various meetings. The officials of MCA, IFSCA, ICAI and stock exchanges had meetings on May 02 and 03, 2022 wherein it was agreed that MCA will constitute a Working Group to examine this matter.

## CONSTITUTION AND TERMS OF REFERENCE

15. Accordingly, the present Working Group was constituted by MCA Order F. No. 3/6/2022-CL-1 dated June 13, 2022 (copy enclosed at **Annexure - I**) to examine and make recommendations on amendments in Companies Act, 2013 and Rules made thereunder to allow IFSC companies to issue securities in FCFC and use of such currency as currency of disclosures in the books of accounts, financial statements/ other documents and for various filing, with the following members:

S. No.	Member	Designation	Position
1	Shri Praveen Trivedi	Executive Director, IFSCA	Chairperson
2	Shri N. K. Dua	Joint Director, MCA	Member
3	Shri Pranay Chaturvedi	ROC, Delhi	Member
4	Shri J. Ranganayakulu	Advocate (Ex ED, SEBI)	Member
5	Shri Ranjeet Pandey	Past President and Central Council Member, ICSI	Member
6	Ms. Sripriya Kumar	Chairperson, CLCG Committee, ICAI	Member
7	Shri Pramod Jain	Chairperson, ASB, ICAI	Member
8	Shri V. Balasubramaniam	MD and CEO, India INX	Member
9	Shri. Arjun Prasad	Deputy General Manager, IFSCA	Member - Convenor

16. The Terms of References of the Working were as under:

*To make recommendations to the Government on:-*

- A. Identification of provisions requiring amendments in provision of the Companies Act, 2013 (including schedules thereto), rules and forms prescribed thereunder to enable issue of securities by IFSC companies in freely convertible foreign currency and to allow use of such currency as the currency of disclosure in the books of accounts, financial statements/ other documents and for various filings under CA-13;*
- B. Changes, if any, in the Accounting Standards notified under CA-13 for purposes referred above as well as treatment about accounting for foreign exchange rate differences, if any;*
- C. Need for allowing certain transactions (like administrative expenses) to continue to take place in INR where IFSC companies use FCFC as their operational currency;*
- D. Need for maintaining accounts / reporting financial statements in dual currency for certain period;*

- E. Manner in which suitable transitional treatment should be provided for existing IFSC companies while implementing changes as above;*
- F. Appropriateness on continuation of penalty provisions, thresholds in respect of various requirements (viz. CSR applicability, eligibility for acceptance of public deposits, website circulation of financial statement, internal audit, secretarial audit etc.)*
- G. Any other issue related, or incidental, to the above.*

## DELIBERATIONS AND RECOMMENDATIONS

17. The first meeting of the Working Group was held on June 23, 2022. During the meeting, the members of the Working Group were briefed about the issues faced by IFSC companies, purpose of, and Terms of References to the Working Group. During the deliberations, the following matters were discussed and agreed:
- a) Necessary changes may be required in certain provisions of the CA-13, Rules and Forms for enabling issuance of capital and all matters relating to capital structure of IFSC Companies in FCFC, various disclosures and filings.
  - b) Practical difficulties in reporting in multiple FCFC was also discussed and the Group agreed that to begin with, most commonly used currency internationally, i.e. the USD may be taken as base currency for reporting by IFSC companies.
  - c) The penalty provisions, fees and other relevant thresholds may continue to be stated in INR for compliance purposes.
  - d) There is a need to identify the relevant provisions of CA 13, Rules and Forms where changes may be required from INR to USD.
  - e) The importance of engaging with e-Governance Division, MCA was also highlighted to facilitate necessary changes in the Forms in an easy manner for IFSC companies.
18. The second meeting of the Working Group was held on July 19, 2022. Shri Vivek, Deputy Director, MCA from e-governance cell had also participated in the meeting, on invitation. The members of the Working Group discussed and deliberated in detail the specific provisions of CA-13, Rules, Schedules and forms and various matters relating to the ToR.
19. The third meeting of the Working Group was held on September 06, 2022. The members of the Working Group deliberated mainly on the issues relating to transition of existing IFSC companies from INR to FCFC and made suggestions on the draft report.
20. The fourth and last meeting of the Working Group was held on October 06, 2022. The members of the Working Group deliberated on issues relating to transition of existing IFSC companies and agreed that considering them as a special case, the possibility of a carveout may be explored whereby such transition can be done without going through the rigour of process mandated under section 61 of CA-13.
21. The Group further noted that after the establishment of IFSCA vide IFSCA Act, 2019, based on the proposal of IFSCA and with the concurrence of the MCA, a draft notification under section 31 of the IFSCA Act has already been laid before the Parliament in August 2021. The draft notification seeks to provide that certain provisions of the Companies Act, 2013 which refer to power of SEBI in case of listed companies shall apply with suitable exceptions, modifications and

adaptations as specified in the notification to financial products, financial services or financial institutions in an International Financial Services Centre. Through the draft notification, the reference to “SEBI” in relevant provisions of the CA-13 will be substituted with “IFSCA”. The Final notification under section 31 will facilitate listing of IFSC companies on the recognised stock exchanges in IFSC.

22. In the above background, the Group noted that it has become more important to address the issues faced by the IFSC companies and provide them with easy compliance environment which will encourage more and more companies to incorporate and seek listing in IFSC.
23. Accordingly, after detailed deliberations, the ToR wise recommendations of the Working Group are as under:

**A. Identification of provisions requiring amendments in provisions of the CA-13 and Rules and Forms made thereunder**

***Capital Structure***

- 23.1. IFSC is treated as an international jurisdiction for various financial services. All the financial services in the IFSC are international in nature and all the transactions are in foreign currency. Section 20 of the IFSC Act, 2019 states that –

*“Every transaction of financial services in an International Financial Services Centre shall be in such foreign currency as may be specified by regulations in consultation with the Central Government.”*

- 23.2. The transactions in the IFSC facilitate cross-border flow of capital into and out of India across various activities such as banking, fund management, raising capital (foreign currency bonds / masala bonds etc.), insurance etc. IFSC endeavors to be at par with other financial centres such as Dubai, Singapore, London etc. to provide an advanced and robust regulatory ecosystem for international financial services.
- 23.3. The entities set-up in IFSC are treated as “*non-residents*” under the relevant regulations under FEMA. Accordingly, the treatment of IFSC is similar to a foreign jurisdiction, such as:
  - a) The branches of Indian entities set up in IFSC are treated as “foreign branch”.
  - b) A resident Indian can invest in IFSC in accordance with Foreign Exchange Management (Overseas Investment) Rules, 2022.
  - c) An Indian corporate raising debt through listing of bonds at IFSC Exchanges is required to comply with the External Commercial Borrowing norms specified by RBI.

- 23.4. Further, the companies set up in IFSC can raise capital by listing on the international exchanges in IFSC in accordance with the regulatory framework specified by IFSCA vide IFSCA (Issuance and Listing of Securities) Regulations, 2021. The listing of IFSC companies on the recognised stock exchanges in the IFSC will be in foreign currency.
- 23.5. However, the IFSC companies are being incorporated under the provisions of CA-13 and their share capital is denominated only in INR. This results in a dichotomy and an incongruity wherein the capital of an IFSC company is in INR despite capital contribution being received in foreign currency. The Group felt that there is a need to enable IFSC companies to issue share capital in FCFC.
- 23.6. Therefore, it is recommended that the capital structure of the IFSC companies may be enabled in FCFC. This will facilitate in bringing the IFSC companies at par with foreign companies to facilitate the resident Indians participating through OI/ LRS to invest in foreign currency. This will also be an important enabler for attracting foreign companies to set up their subsidiaries in IFSC.
- 23.7. While the IFSC companies may be permitted to issue share capital in all FCFC, most of the transactions in IFSC are currently in USD. Therefore, to begin with, the capital structure and their reporting and various filings may be facilitated in USD.
- 23.8. A detailed note on relevant provisions of CA-13 and rules made thereunder having reference to INR is placed at **Annexure - II**. The key highlights relating to share capital of IFSC companies are as follows:
- a) The relevant sections of the CA -13 relating to formation and capital structure of the company (Chapter II, Chapter III, Chapter IV, Chapter VIII etc.) do not mention about any “currency”. In some provisions, the relevant sections rather refer to “amount”, “money” etc.<sup>1</sup>
  - b) Considering that there is no mention of INR/rupees for capital structure in these sections, the Working Group had detailed discussions on whether there is a need to amend these specific sections in CA-13 to allow IFSC companies to issue share capital in FCFC. After deliberations, the Working Group is of the view that issue of share capital in FCFC w.r.t. IFSC companies can be facilitated by insertion of a general enabling provision qua IFSC companies, under CA -13 to be followed by necessary notification/circulars/instructions by MCA.

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<sup>1</sup> Except for penalty/ fine related provisions and certain sections and rules where threshold based compliance is mandated in the Act.

c) The Group also noted that changes would be required in the following schedules of the CA-13 where a specific reference to INR is present:

- Schedule I - Memorandum of Association of a Company Limited by Shares; and
- Schedule III - Financial Statements.

***Books of accounts and Financial Statements***

23.9. Since the share capital of the IFSC companies will be in FCFC and their financial services related transactions will also be in FCFC, it would be logical for the IFSC companies to prepare and maintain their books of accounts and financial statements in same foreign currency (in USD).

23.10. Therefore, it is recommended that the IFSC companies may prepare and maintain their books of accounts and present financial statements in the same foreign currency (in USD).

***Disclosures and Filings***

23.11. Presently, all the disclosures and filings by IFSC companies under the provisions of CA-13 are being done in INR. Once the share capital of the IFSC companies is issued in FCFC, it is recommended that the same foreign currency (USD) be used as the currency of disclosures for various filings under CA-13.

23.12. An indicative list of various forms as identified by the Working Group in which changes will be required is as follows:

S. No.	List of Forms
1	SPICE (INC-32) Incorporation
2	PAS-3 Return of allotment
3	PAS-4 Private Placement Offer Letter
4	SH-7 Notice to Registrar of any alteration of share capital
5	BEN-2 Return to the Registrar in respect of declaration under section 90
6	CHG-1-Application for registration of creation, modification of charge (other than those related to debentures) CHG-4- Particulars for satisfaction of charge thereof CHG-9- Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures
7	CSR-1 Registration of Entities for undertaking CSR Activities
8	AOC-4 Form for filing financial statement and other documents with the Registrar
9	MGT-7/MGT - 7A Form for filing annual return by a company

10	CRA-4 Form for filing Cost Audit Report with the Central Government
11	DPT-3 Return of deposits
12	SH-8- Letter of offer SH-9- Declaration of Solvency SH-11- Return in respect of buy-back of securities
13	SH-4 - Securities Transfer Form

*Online System*

- 23.13. The Working Group noted that as per the extant practice, all filing of forms by companies with the ROC are done through the online system of the MCA viz MCA 21. It has already been made mandatory for all companies incorporated in the IFSC to use "IFSC" in their names. The IFSC companies can therefore be easily identified in the online system.
- 23.14. In view of the above, it is recommended that the submission of all forms by IFSC companies may also be enabled in FCFC in online system. As stated above, to begin with, the filings by IFSC companies may be in USD.

*Other Forms*

- 23.15. In case of transfer of shares, the transferee is required to file SH-4 (Securities Transfer Form) to the company within 60 days. SH-4 may be modified to allow submission of details in FCFC in respect of IFSC companies. Further, other non-online forms may also be modified appropriately to allow submission of forms in FCFC.

*Implementation of New Regime*

- 23.16. It is recommended that the proposed new regime of filings in FCFC by IFSC companies may be made applicable at the earliest possible date after the relevant enabling provisions are inserted in the law.

**B. Changes, if any, in Accounting Standards**

- 23.17. The Working Group deliberated on whether there is any need to change the Accounting Standards under CA-13 to facilitate issue of share capital by IFSC companies in FCFC and maintenance of books of accounts and financial statements in such foreign currency.
- 23.18. It is recommended that no changes may be required in the Accounting Standards, for the following reasons:
- a) As required by AS 11, an entity is normally expected to use currency of the country in which it domiciled and if a different currency is adopted, reasons for the same need to be disclosed. Hence a different currency can be adopted by an entity in IFSC.

- b) Ind AS 21 also provides for presentation of financial statements in functional currency which could be different from the currency of the country in which the entity is domiciled. It may be noted that though Ind AS 21 does not prescribe as to which currency should be the presentation currency but if presentation currency is different from the entity's functional currency, the entity needs to translate its financial statements into presentation currency. Again, it is clear that a currency, different from that of the domiciled country currency, can be used.

The relevant provisions of accounting standards (AS 11 and Ind AS 21) have been placed at **Annexure - III**.

### **C. Certain transactions to continue to take place in INR**

23.19. Currently, there are several expenses by IFSC companies that take place in INR, such as -

- a) Employee related costs like salary expenses etc.
- b) Operational expenditure which are related to vendors located in India and not having USD bank account like advertisements, professional fees, technology related expenditures etc.
- c) Capital expenditures which are related to vendors located in India and not having USD bank account.

23.20. The above expenses are unavoidable and are required to be incurred in INR. The staff working in these companies are mainly resident Indian individuals having salary in INR. Similarly, the vendors are non-IFSC entities having operations in INR.

23.21. It is therefore recommended that IFSC companies may be allowed to continue making such expenses in INR. However, the IFSC companies may prepare and maintain financial statements in FCFC, as recommended above.

### **D. Need for maintaining accounts / reporting financial statements in dual currency**

23.22. While the capital structure, books of accounts, financial statements etc. of IFSC companies have to be maintained in FCFC, the companies are also required to comply with various other Indian laws such as GST, Income Tax etc. The financial reporting requirements under these laws are in INR.

23.23. Therefore, it is recommended that the IFSC companies may be permitted to continue to present their financial statements in INR also (through a dual currency option) for the purpose of compliance with these laws, till the time the necessary amendments are made in these laws.

## E. Transitional treatment to be provided for existing IFSC companies

23.24. There are several existing companies incorporated in IFSC such as stock exchanges, clearing corporations, depository, broker dealers, fund management entities, aircraft lessors, ancillary service providers, investment advisers etc. Their share capital is presently maintained in INR. They will be required to convert their capital from INR to FCFC. This issue has been deliberated in the group and the group discussed various options for such conversion from INR to foreign currency:

### **Option 1: Conversation on the transition date with number of shares remaining the same**

In this option, IFSC Company may convert the share capital on the date of transition from INR into FCFC (USD). While converting the face value from INR to USD, it may be in fractional number and in most cases, it would be less than 1 USD. On this issue, the Group suggested that the face value may be rounded off to four decimal places.

An illustrative example is as follows:

Existing Company							Option I - Conversion on Transition rate (No. of shares remaining same)			
Name	No of shares	Face Value	Share Capital	% Shareholding	Avg. rate at the time of issue of capital	Share capital in USD	No of Shares	Face Value (USD)	Share Capital (USD)	% Shareholding
A	300,000,000	1.00	300,000,000	60.00%	69.76	4,300,458.72	300,000,000	0.0126	3,780,000	60.00%
B	50,000,000	1.00	50,000,000	10.00%	73.65	678,886.63	50,000,000	0.0126	630,000	10.00%
C	30,000,000	1.00	30,000,000	6.00%	75.65	396,563.12	30,000,000	0.0126	378,000	6.00%
D	20,000,000	1.00	20,000,000	4.00%	74.65	267,916.95	20,000,000	0.0126	252,000	4.00%
E	5,000,000	1.00	5,000,000	1.00%	74.65	66,979.24	5,000,000	0.0126	63,000	1.00%
F	45,000,000	1.00	45,000,000	9.00%	76.65	587,084.15	45,000,000	0.0126	567,000	9.00%
G	50,000,000	1.00	50,000,000	10.00%	72.65	688,231.25	50,000,000	0.0126	630,000	10.00%
	<b>500,000,000</b>		<b>500,000,000</b>	<b>100.00%</b>		6,986,120.06	<b>500,000,000</b>		<b>6,300,000</b>	<b>100.00%</b>

*Assumptions:*

1. Conversion rate on date of transition = Rs. 79.5750 per USD

In this option, since there is no change in number of shares, the per cent. shareholding of the shareholders' remains the same and this is convenient from the shareholders' perspective.

The face value of other securities such as preference shares will also be required to be converted into USD.

As regards financial statements, the following enablement / clarifications may be considered for smooth transition of IFSC companies, using this option:

- a) Due to change in currency exchange rate on the date of conversion compared to the date of issue of capital, there will be a difference in the

revised share capital of the IFSC company compared to the actual amount received by it (in USD). In the above example, the revised share capital will be USD 6.3 million compared to actual capital of 6.986 million in USD.

Therefore, there is a need to account for the balance differential amount in the financial statements of the IFSC company. It is suggested that the differential amount may be accounted as “Share Capital Conversion Reserve” (SCCR) under the head “Other Equity” in respect of companies following Ind AS and “Reserves and Surplus” in respect of companies following AS.

- b) Similarly, the differential amount due to transition in respect of securities premium account, if any, may be accounted as “Securities Premium Conversion Reserve” (SPCR) under the head “Other Equity” in respect of companies following Ind AS and “Reserves and Surplus” in respect of companies following AS. SPCR may be treated similar to securities premium account for all purposes in CA -13.
- c) It is suggested that SCCR and SPCR may be considered for the purpose of “net-worth” of IFSC companies defined under section 2(57) of CA -13.
- d) Pursuant to the transition, the face value of most of the IFSC companies shall be less than 1 USD and in decimals. Some of the IFSC companies may be interested in consolidating their shares to convert the face value to 1 USD or more. The Working Group is of the view that such consolidation may be permitted depending upon the requirements of the IFSC companies.
- e) Based on above illustration, the IFSC company will have the following accounting heads, as mentioned in the given example as under:

Assuming, G shareholder has invested at 50% premium and the securities premium account prior to transition was 25,000,000 INR (equivalent to USD 344,115.62).

<b>Restated USD amount pursuant to transition</b>	
Share Capital	6,300,000.00
Securities Premium Account	314,169.02
<b>Creation of below Reserves</b>	
Share Capital Conversion Reserve	686,120.06
Securities Premium Conversion Reserve	29,946.60

- f) Pursuant to transition/conversion, for the purpose of any translation of financial accounts into presentation currency as INR for any future date,

the SCCR and SPCR may be kept same and may not be subject to any foreign exchange translation.

**Option 2: Conversion on the date of transition by having face value as USD 1 and re-allocating number of shares**

The second option of keeping the face value as 1 USD and reallocating the share capital in USD based on per cent. shareholding of the shareholders (as on transition date) was also discussed.

An illustrative example is as follows:

Existing Company							Option II - Conversion of share capital (USD) in proportion to the % shareholding			
Name	No of shares	Face Value	Share Capital	% Share holding	Avg. rate at the time of issue of capital	Share capital in USD	Revised No of Shares	Face Value (USD)	Revised Share Capital (USD)	% Share holding
A	300,000,000	1.00	300,000,000	60.00%	69.76	4,300,458.72	4,191,672.036	1.00	4,191,672.036	60.00%
B	50,000,000	1.00	50,000,000	10.00%	73.65	678,886.63	698,612.006	1.00	698,612.006	10.00%
C	30,000,000	1.00	30,000,000	6.00%	75.65	396,563.12	419,167.204	1.00	419,167.204	6.00%
D	20,000,000	1.00	20,000,000	4.00%	74.65	267,916.95	279,444.802	1.00	279,444.802	4.00%
E	5,000,000	1.00	5,000,000	1.00%	74.65	66,979.24	69,861.201	1.00	69,861.201	1.00%
F	45,000,000	1.00	45,000,000	9.00%	76.65	587,084.15	628,750.805	1.00	628,750.805	9.00%
G	50,000,000	1.00	50,000,000	10.00%	72.65	688,231.25	698,612.006	1.00	698,612.006	10.00%
	<b>500,000,000</b>		<b>500,000,000</b>	<b>100.00%</b>		<b>6,986,120.06</b>	<b>6,986,120.060</b>		<b>6,986,120.060</b>	<b>100.00%</b>

However, in this option there are two important issues / concerns:

- a) Since the share capital in USD is reallocated to the shareholders based on their per cent. shareholding, this might lead to fractional shareholding to the shareholders.
- b) Since this option involves reallocation, this would be affecting the shareholders' rights directly and may affect the rights of the small shareholders (if there is any change in voting % due to rounding off). Further, the process of reallocation of shares may not be convenient to the shareholders.

Therefore, the Working Group is of the view that option 2 may generally not be considered.

**Option 3: Conversion on the date of issue of capital**

In this option, IFSC Company may convert the share capital on the date of issue of capital and keeping the face value of shares as USD 1 per share.

## Working Group Report

An illustrative example is as follows:

Existing Company							Option III - Conversion in USD number of shares			
Name	No of shares	Face Value	Share Capital	% Share holding	Avg. rate at the time of issue of capital	Share capital in USD	No of Shares	USD Cents face value per share	Revised USD	Revised Stake
A	300,000,000	1.00	300,000,000	60.00%	69.76	4,300,458.72	4,300,458.72	1.00	4,300,458.72	61.56%
B	50,000,000	1.00	50,000,000	10.00%	73.65	678,886.63	678,886.63	1.00	678,886.63	9.72%
C	30,000,000	1.00	30,000,000	6.00%	75.65	396,563.12	396,563.12	1.00	396,563.12	5.68%
D	20,000,000	1.00	20,000,000	4.00%	74.65	267,916.95	267,916.95	1.00	267,916.95	3.83%
E	5,000,000	1.00	5,000,000	1.00%	74.65	66,979.24	66,979.24	1.00	66,979.24	0.96%
F	45,000,000	1.00	45,000,000	9.00%	76.65	587,084.15	587,084.15	1.00	587,084.15	8.40%
G	50,000,000	1.00	50,000,000	10.00%	72.65	688,231.25	688,231.25	1.00	688,231.25	9.85%
	<b>500,000,000</b>		<b>500,000,000</b>	<b>100.00%</b>		6,986,120.06	<b>6,986,120.06</b>		<b>6,986,120.06</b>	<b>100.00%</b>

All the issues mentioned at option 2 are also applicable to option 3. Also, the voting per cent. will change a lot in option 3 as indicated in the above table. Therefore, the Working Group is of the view that this option may not be considered.

### **Recommendation**

23.25. Based on the above detailed analysis, the Working Group recommends that transition of already existing IFSC companies from INR to USD for the IFSC companies may be kept optional in the manner prescribed below:

- a) The IFSC companies may come out with a capital restructuring plan for conversion of their capital structure from INR to USD. The capital restructuring plan may ensure that the per cent. shareholding of the existing shareholders remains the same except for insignificant changes due to adjustment of fractional shares.
- b) While the IFSC companies may come out with their own capital structure plan, the companies may be guided by option 1 indicated above for conversion.
- c) The capital restructuring plan shall clearly mention the new face value of the shares in USD. The capital restructuring plan may include consolidation of the capital only for the purpose of converting the face value to USD 1/- or multiples thereof.
- d) The capital restructuring plan shall include a valuers' report, if the plan includes any payment to shareholders in lieu of fractional shares.
- e) The IFSC companies shall seek prior approval of their shareholders' through special resolution on the proposed capital restructuring plan.
- f) The approved capital restructuring plan shall be intimated to IFSCA within seven days of the resolution.

g) Subsequently, the plan shall be filed with the ROC.

23.26. It is accordingly recommended that appropriate legal framework may be notified separately for such IFSC companies to follow the above process for conversion from INR to USD, as a special case, without mandating them to follow the rigour of process under section 61 of the CA-13.

23.27. The Working Group also recommends that while the transition for these companies be kept optional, no existing IFSC Company be permitted to issue any further share capital or rights issue or bonus issue without converting their share capital into FCFC.

#### ***Subscribers' Sheet***

23.28. The subscribers' sheet to MOA of the existing IFSC companies are in INR. The Working Group discussed that the subscribers' sheets in respect of existing companies have already been issued and the same may continue in INR. Accordingly, no change in subscriber's sheet to MOA of the IFSC companies may be required.

### **F. Appropriateness on continuation of penalty provisions, thresholds in respect of various requirements**

#### ***a. Penalty, fines and fees***

23.29. There are several provisions in CA-13 and Rules made thereunder that refer to penalties or fines in INR (refer to ***Annexure - II***). Further, the companies are required to pay certain fees in INR to various authorities in India. In this regard, it is recommended that the provisions relating to penalties, fines and payment of fees etc. may continue to be in INR.

#### ***b. Thresholds***

23.30. The CA-13 and the Rules made thereunder refer to INR in the form of thresholds/ limits for different purposes such as definition of small company, CSR requirements, definition of small shareholder etc. A list of such provisions is placed in ***Annexure - II***.

23.31. It is recommended that the thresholds/ limits in CA-13 and Rules made thereunder may continue to be in INR. An omnibus provision by way of amendment may be introduced for conversion of accounts of IFSC companies from FCFC to INR for the purpose of these thresholds / limits /fees.

23.32. The following methodology, on the lines of Ind AS 21, may be used for converting FCFC currency in the Books of Account to INR, unless the specific date for conversion is already mentioned in CA-13 or Rules made thereunder:

*(a) Reporting foreign currency transactions in the functional currency-*

<b>Particulars</b>	<b>Exchange rate</b>
Initial recognition	Spot Exchange rate at the date of the transaction* (average rate may be used if it is a reasonable approximation of the actual rate)
Subsequent recognition (end of the reporting period)	
Monetary items <sup>#</sup>	Closing rate
Non-monetary items <sup>##</sup> measured at cost	Exchange rate at the date of the transaction
Non-monetary items measured at fair value	Exchange rates at the date when the fair value was measured
Resulting exchange differences	Recognised in P&L

\*The date of a transaction is the date on which the transaction first qualifies for recognition in accordance with Ind AS.

<sup>#</sup>Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Examples include pensions and other employee benefits to be paid in cash; provisions that are to be settled in cash; lease liabilities and cash dividends that are recognised as a liability.

<sup>##</sup>The essential feature of a non-monetary item is the absence of a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. Examples include amounts prepaid for goods and services; goodwill; intangible assets; inventories; property, plant and equipment; right-of-use assets and provisions that are to be settled by the delivery of a non-monetary asset.

(b) Translation from functional currency to presentation currency-

- i. If the functional currency is not the currency of a hyper-inflationary economy:

<b>Items</b>	<b>Exchange rate</b>
Assets and liabilities (including comparatives)	<u>Closing rate</u> at the date of the balance sheet
Income and expenses	Exchange rates at the <u>dates of the transactions</u> (average rate may be used if it is a reasonable approximation of the actual rate)
Resulting exchange differences	Recognised in other comprehensive income
Share capital	Translated at the <u>historical rate</u> . The share capital will not be restated at each year end. It will remain unchanged.

- ii. *If the functional currency is the currency of a hyper-inflationary economy:*

All amounts i.e., assets, liabilities, equity items, income and expenses including comparatives are translated at the closing rate at the date of the most recent balance sheet.

*Exchange Rate*

- 23.33. It is recommended that the latest available RBI recognized reference rate on the conversion date, as mentioned above, may be used as the exchange rate for conversion.

**G. Any other matter**

- 23.34. During the discussions in the Working Group, the provisions of section 29 of the CA-13 were also discussed. In terms of section 29, a company making public offer is required to issue securities only in dematerialised form. Further, every unlisted public company is required to issue securities only in dematerialised form. Currently, the securities are held in Indian depositories namely Central Depository Services Limited and National Securities Depository Limited. In this regard, it is recommended that in respect of the IFSC companies, the securities issued in dematerialised form may be held with a depository registered with IFSCA, once the capital structure is denominated in FCFC.

## LIST OF RECOMMENDATIONS

### **A. Identification of provisions requiring amendments in provisions of the CA-13 and Rules and Forms made thereunder**

1. The capital structure of the IFSC companies may be enabled in freely convertible foreign currency, to begin with, in USD. This can be facilitated by amending CA-13.
2. The IFSC companies should prepare and maintain their books of accounts and present financial statements in the same foreign currency (in USD).
3. The same foreign currency (USD) should also be used as the currency of disclosures for various filings under CA-13.
4. The submission of various forms by IFSC companies may be enabled in freely convertible foreign currency (in USD) in online system (E-portal system of MCA).
5. These proposed changes in the online system may be made applicable by MCA at the earliest possible date.

### **B. Changes, if any, in Accounting Standards**

No change may be required in the Accounting Standards.

### **C. Certain transactions to continue to take place in INR**

Administrative expenses and other expenses to Indian entities/vendors by IFSC companies may continue to take place in INR.

### **D. Need for maintaining accounts / reporting financial statements in dual currency for certain period**

IFSC companies may be permitted to continue to present their financial statements in INR also (dual currency) for the purpose of compliance with other domestic (Indian) laws, till the necessary amendments are made in these laws.

### **E. Transitional treatment to be provided for existing IFSC companies**

1. The existing IFSC companies may convert their share capital from INR to USD by shareholders' approval of the capital restructuring plan through special resolution, followed by intimation to IFSCA and then filing the same with ROC, without going through the rigour of section 61 of CA-13. MCA may come out with necessary legal framework in this regard.
2. While the transition of these IFSC companies may be kept optional, no existing IFSC Company may be permitted to issue any further share capital (including rights/bonus etc.) without converting their share capital into FCFC (USD).

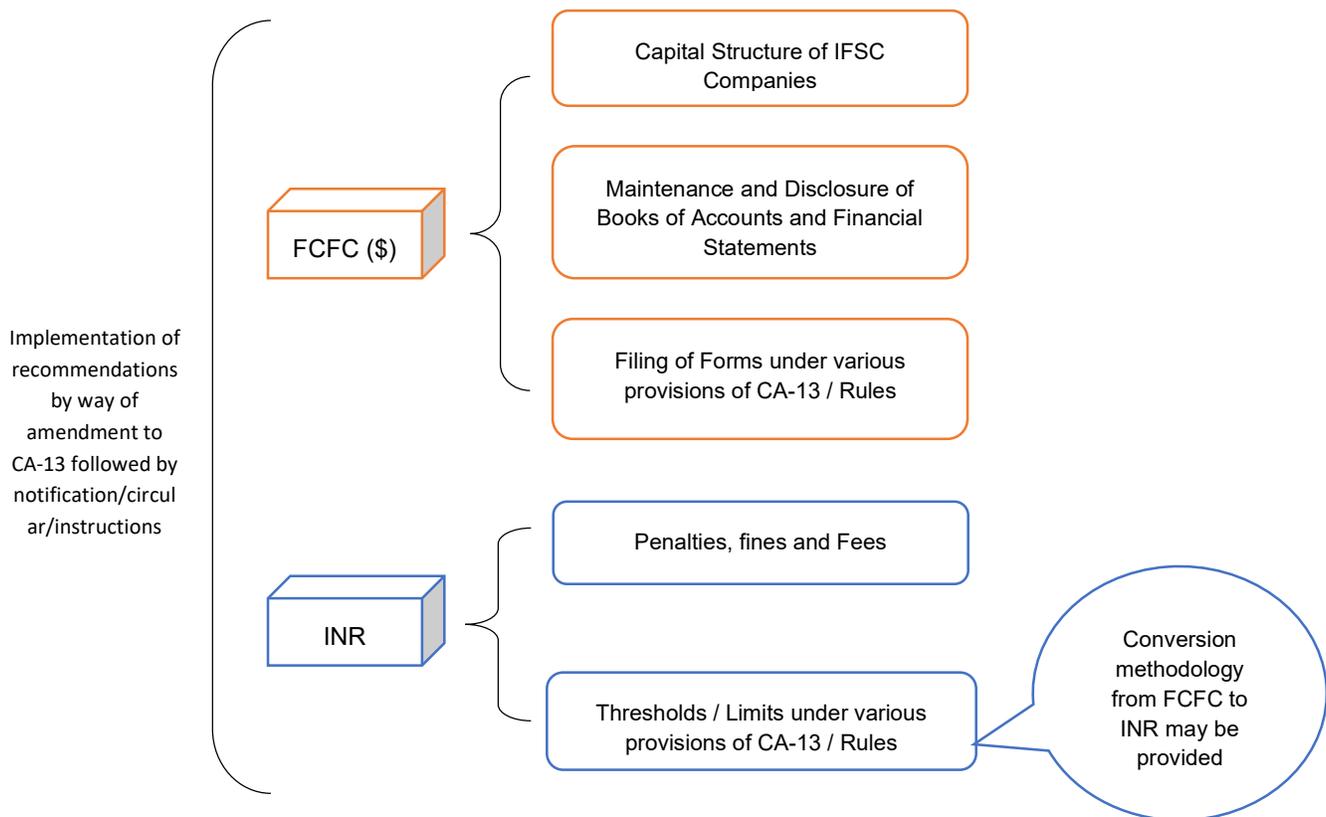
**F. Appropriateness on continuation of penalty provisions, thresholds in respect of various requirements**

1. Provisions relating to penalties, fines and payment of fees etc. may continue to be in INR.
2. The thresholds/ limits in CA-13 and Rules made thereunder may continue to be in INR. An omnibus provision by way of amendment may be introduced for conversion of accounts of IFSC companies from FCFC to INR for the purpose of these thresholds / limits.
3. Latest available RBI recognized reference rate on the conversion date may be used as the exchange rate for conversion.

**G. Any other matter**

In respect of the IFSC companies, the securities issued in dematerialised form may be held with the IFSC depositories once the capital structure is denominated in FCFC.

24. A summary of the key recommendations in pictorial form is as follows:



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**ANNEXURES**

**ANNEXURE - I: MCA ORDER DATED JUNE 13, 2022**

F. No. 3/6/2022-CL-I  
Ministry of Corporate Affairs  
Government of India

'A' Wing, 5<sup>th</sup> Floor,  
Shastri Bhawan  
New Delhi – 110 001.  
Dated: 13<sup>th</sup> June 2022

**ORDER**

**Subject: - Constitution of a Working Group to examine and make recommendations on amendment in Companies Act, 2013 and rules made thereunder to allow IFSC Companies to issue securities in freely convertible foreign currency and use of such currency as currency of disclosures in the books of accounts, financial statements/ other documents and for various filings under such Act.**

The suggestions have been made to the International Financial Services Centre Authority (IFSCA) and Ministry of Corporate Affairs (MCA) to allow companies incorporated under the Companies Act, 2013 (CA-13) in the IFSC area to issue securities in freely convertible foreign currency (FCFC) and to allow use of such currency as the currency of disclosures in the books of accounts, financial statements/ other documents and for various filings under CA-13.

2. It has been decided to constitute a Working Group consisting of the following to examine relevant issues and make recommendations to the Government :-

<b><u>S. No.</u></b>	<b><u>Name of person/Institution</u></b>	<b><u>Position</u></b>
1	<u>Shri Praveen Trivedi, Executive Director, IFSCA</u>	Chairperson
2	Shri N.K. Dua, Joint Director, MCA	Member
3	Shri Pranay Chaturvedi, ROC, Delhi	Member
4	Shri Arjun Prasad, DGM, IFSCA	Member-Convenor
5	Ms. Sripriya Kumar, Chairperson, CLCG Committee, ICAI	Member
6	Shri Pramod Jain, Chairperson, ASB, ICAI	Member
7	Shri Ranjeet Pandey, Past President and Central Council Member, ICSI	Member
8	Shri V. Balasubramanian, MD and CEO India INX	Member
9	Shri J. Ranganayakulu, Advocate	Member

3. The terms of reference of the Working Group are:

To make recommendations to the Government on-

- (a) identification of provisions requiring amendment in the provisions of the CA-13 (including schedules thereto), rules and forms prescribed thereunder to enable issue of securities by IFSC companies in freely convertible foreign currency (FCFC) and to allow use of such currency as the currency of disclosures in the books of accounts, financial statements/other documents and for various filings under CA-13;
- (b) the changes, if any, in the accounting standards notified under CA-13 for purposes referred to in (a) as well as for treatment about accounting for foreign exchange rate differences, if any;
- (c) need for allowing certain transactions (like administrative expenses) to continue to take place in INR where IFSC companies use FCFC as their operational currency;
- (d) need for maintaining accounts/reporting financial statements in dual currency (FCFC as well as INR) for certain period;
- (e) manner in which suitable transitional treatment should be provided for existing IFSC companies while implementing changes as above;
- (f) appropriateness on continuation of penalty provisions, thresholds in respect of various requirements (viz. CSR applicability, eligibility for acceptance of public deposits, website circulation of financial statements, internal audit, secretarial audit etc.)
- (g) Any other issue related, or incidental, to the above.

4. Secretarial assistance to the Group will be arranged by IFSCA. The Chairperson of the Group may invite or co-opt any other practitioner or expert (subject specific) who has specialized knowledge on the matters being considered by the Working Group. The Group may also consult other stakeholders as part of its deliberations.

5. The non-official members of the Group shall be eligible for travelling, conveyance and other allowances as per extant government instructions.

6. The Working Group will submit its recommendations to the Ministry within two months from the date of its constitution.

7. This issues with the approval of the competent authority.



(Chandan Kumar)  
Deputy Director  
01123387263

Copy to:

1. All members to the Committee
2. Sr. PPS to Secretary
3. PPS to JS(MP)

ANNEXURE - II: REFERENCES OF INR IN CA-13 AND RULES MADE THEREUNDER

**Companies Act, 2013**

Section	Section Title	Provision	Nature
2 (85)	Definitions	“small company” means a company, other than a public company, - (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; and (ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees:	Threshold
4(5)(ii)(a)	Memorandum	If the company has not been incorporated, the reserved name shall be cancelled and the person making application under sub-section (4) shall be liable to a penalty which may extend to one lakh rupees.	Penalty
8(11)	Formation of companies with Charitable Objects, etc	If a company makes any default in complying with any of the requirements laid down in this section, the company shall, without prejudice to any other action under the provisions of this section, be punishable with fine which shall not be less than ten lakh rupees but which may extend to one crore rupees and the directors and every officer of the company who is in default shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to twenty-five lakh rupees.	Fine
12(8)	Registered office of company	If any default is made in complying with the requirements of this section, the company and every officer who is in default shall be liable to a penalty of one thousand rupees for every day during which the default continues but not exceeding one lakh rupees	Penalty
15(2)	Alteration of memorandum or articles to be noted in every copy	If a company makes any default in complying with the provisions of sub-section (1), the company and every officer who is in default shall be liable to a penalty of one thousand rupees for every copy of the memorandum or articles issued without such alteration	Penalty
17(2)	Copies of memorandum, articles, etc., to be given to members	If a company makes any default in complying with the provisions of this section, the company and every officer of the company who is in default shall be liable for each default, to a penalty of one thousand rupees for each day during which such	Penalty

## Working Group Report

Section	Section Title	Provision	Nature
		default continues or one lakh rupees, whichever is less.	
26(9)	Matters to be stated in prospectus	If a prospectus is issued in contravention of the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees and every person who is knowingly a party to the issue of such prospectus shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees,	Fine
33(3)	Issue of application forms for securities	If a company makes any default in complying with the provisions of this section, it shall be liable to a penalty of fifty thousand rupees for each default.	Penalty
39(5)	Allotment of securities by company	In case of any default under sub-section (3) or sub-section (4), the company and its officer who is in default shall be liable to a penalty, for each default, of one thousand rupees for each day during which such default continues or one lakh rupees, whichever is less.	Penalty
40(5)	Securities to be dealt with in stock exchanges	If a default is made in complying with the provisions of this section, the company shall be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees,	Fine
42 (9) & (10)	Offer or invitation for subscription of securities on private placement	(9) If a company defaults in filing the return of allotment within the period prescribed under sub-section (8), the company, its promoters and directors shall be liable to a penalty for each default of one thousand rupees for each day during which such default continues but not exceeding twenty-five lakh rupees.  (10) Subject to sub-section (11), if a company makes an offer or accepts monies in contravention of this section, the company, its promoters and directors shall be liable for a penalty which may extend to the amount raised through the private placement or two crore rupees, whichever is lower, and the company shall also refund all monies with interest as specified in sub-section (6) to subscribers within a period of thirty days of the order imposing the penalty.	Penalty

## Working Group Report

Section	Section Title	Provision	Nature
46(5)	Certificate of shares	If a company with intent to defraud issues a duplicate certificate of shares, the company shall be punishable with fine which shall not be less than five times the face value of the shares involved in the issue of the duplicate certificate but which may extend to ten times the face value of such shares or rupees ten crores whichever is higher and every officer of the company who is in default shall be liable for action under section 447.	Fine
53 (3)	Prohibition on issue of shares at discount	Where any company fails to comply with the provisions of this section, such company and every officer who is in default shall be liable to a penalty which may extend to an amount equal to the amount raised through the issue of shares at a discount or five lakh rupees, whichever is less, and the company shall also be liable to refund all monies received with interest at the rate of twelve per cent. per annum from the date of issue of such shares to the persons to whom such shares have been issued	Penalty
56(6)	Transfer and transmission of securities	Where any default is made in complying with the provisions of sub-sections (1) to (5), the company and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees	Penalty
57	Punishment for personation of shareholder	If any person deceitfully personates as an owner of any security or interest in a company, or of any share warrant or coupon issued in pursuance of this Act, and thereby obtains or attempts to obtain any such security or interest or any such share warrant or coupon, or receives or attempts to receive any money due to any such owner, he shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to three years and with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.	Fine
58 (6)	Refusal of registration and appeal against refusal	If a person contravenes the order of the Tribunal under this section, he shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to three years and with fine which shall not be less than	Fine

## Working Group Report

Section	Section Title	Provision	Nature
		one lakh rupees but which may extend to five lakh rupees.	
60 (2)	Publication of authorised, subscribed and paid-up capital	If any default is made in complying with the requirements of sub-section (1), the company shall be liable to pay a penalty of ten thousand rupees and every officer of the company who is in default shall be liable to pay a penalty of five thousand rupees, for each default	Penalty
64 (2)	Notice to be given to Registrar for alteration of share capital	Where any company fails to comply with the provisions of sub-section (1), such company and every officer who is in default shall be liable to a penalty of five hundred rupees for each day during which such default continues subject to a maximum of five lakh rupees in case of a company and one lakh rupees in case of an officer who is in default.	Penalty
67 (5)	Restriction on purchase by company or giving of loans by it for purchase of its shares	If a company contravenes the provisions of this section, it shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years and with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees.	Fine
68 (11)	Power of company to purchase its own securities	If a company makes any default in complying with the provisions of this section or any regulation made by the Securities and Exchange Board, for the purposes of clause (f) of sub-section (2), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees	Fine
74 (3)	Repayment of deposits, etc., accepted before commencement of this Act	If a company fails to repay the deposit or part thereof or any interest thereon within the time specified in sub-section (1) or such further time as may be allowed by the Tribunal under sub-section (2), the company shall, in addition to the payment of the amount of deposit or part thereof and the interest due, be punishable with fine which shall not be less than one crore rupees but which may extend to ten crore rupees and every officer of the company who is in default shall be punishable with imprisonment which may extend	Fine

## Working Group Report

Section	Section Title	Provision	Nature
		to seven years or with fine which shall not be less than twenty-five lakh rupees but which may extend to two crore rupees, or with both.	
76A	Punishment for contravention of section 73 or section 76	(a) the company shall, in addition to the payment of the amount of deposit or part thereof and the interest due, be punishable with fine which shall not be less than one crore rupees or twice the amount of deposit accepted by the company, whichever is lower but which may extend to ten crore rupees; and (b) every officer of the company who is in default shall be punishable with imprisonment which may extend to seven years and with fine which shall not be less than twenty-five lakh rupees but which may extend to two crore rupees	Fine
86	Punishment for contravention	(1) If any company is in default in complying with any of the provisions of this Chapter, the company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.  2) If any person willfully furnishes any false or incorrect information or knowingly suppresses any material information, required to be registered in accordance with the provisions of section 77, he shall be liable for action under section 447.	Penalty
88 (5)	Register of members, etc.	If a company does not maintain a register of members or debenture-holders or other security holders or fails to maintain them in accordance with the provisions of sub-section (1) or sub-section (2), the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.	Penalty
89(5) & (7)	Declaration in respect of beneficial interest in any share.	(5) If any person fails, to make a declaration as required under sub-section (1) or sub-section (2) or sub-section (3), he shall be liable to a penalty of fifty thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees	Penalty

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Section	Section Title	Provision	Nature
		(7) If a company, required to file a return under sub-section (6), fails to do so before the expiry of the time specified therein, the company and every officer of the company who is in default shall be liable to a penalty of one thousand rupees for each day during which such failure continues, subject to a maximum of five lakh rupees in the case of a company and two lakh rupees in case of an officer who is in default	
91 (2)	Power to close register of members or debenture-holders or other security holders	If the register of members or of debenture-holders or of other security holders is closed without giving the notice as provided in sub-section (1), or after giving shorter notice than that so provided, or for a continuous or an aggregate period in excess of the limits specified in that sub-section, the company and every officer of the company who is in default shall be liable to a penalty of five thousand rupees for every day subject to a maximum of one lakh rupees during which the register is kept closed.	Penalty
92 (5) & (6)	Annual return	(5) If a company fails to file its annual return under sub-section (4), before the expiry of the period specified therein such company and its every officer who is in default shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of two lakh rupees in case of a company and fifty thousand rupees in case of an officer who is in default  (6) If a company secretary in practice certifies the annual return otherwise than in conformity with the requirements of this section or the rules made thereunder, he shall be liable to a penalty of two lakh rupees.	Penalty
94 (4)	Place of keeping and inspection of registers, returns, etc.	If any inspection or the making of any extract or copy required under this section is refused, the company and every officer of the company who is in default shall be liable, for each such default, to a penalty of one thousand rupees for every day subject to a maximum of one lakh rupees during which the refusal or default continues.	Penalty

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Section	Section Title	Provision	Nature
99	Punishment for default in complying with provisions of sections 96 to 98	If any default is made in holding a meeting of the company in accordance with section 96 or section 97 or section 98 or in complying with any directions of the Tribunal, the company and every officer of the company who is in default shall be punishable with fine which may extend to one lakh rupees and in the case of a continuing default, with a further fine which may extend to five thousand rupees for every day during which such default continues.	Fine
102 (5)	Statement to be annexed to notice	Without prejudice to the provisions of subsection (4), if any default is made in complying with the provisions of this section, every promoter, director, manager or other key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees or five times the amount of benefit accruing to the promoter, director, manager or other key managerial personnel or any of his relatives, whichever is higher.	Penalty
105 (3) & (5)	Proxies	(3) If default is made in complying with subsection (2), every officer of the company who is in default shall be liable to penalty of five thousand rupees  (5) If for the purpose of any meeting of a company, invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the company's expense to any member entitled to have a notice of the meeting sent to him and to vote thereat by proxy, every officer of the company who issues the invitation as aforesaid or authorizes or permits their issue, shall be liable to a penalty of fifty thousand rupees	Penalty
109 (1)(a)	Demand for poll	in the case a company having a share capital, by the members present in person or by proxy, where allowed, and having not less than one-tenth of the total voting power or holding shares on which an aggregate sum of not less than five lakh rupees or such higher amount as may be prescribed has been paid-up and	Threshold

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Section	Section Title	Provision	Nature
111 (5)	Circulation of members' resolution	If any default is made in complying with the provisions of this section, the company and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees.	Penalty
115	Resolutions requiring special notice	Where, by any provision contained in this Act or in the articles of a company, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the company by such number of members holding not less than one per cent. of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been paid-up and the company shall give its members notice of the resolution in such manner as may be prescribed.	Threshold
117 (2)	Resolutions and agreements to be filed	If any company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, such company shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees and every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of fifty thousand rupees	Penalty
118 (11) & (12)	Minutes of proceedings of general meeting, meeting of Board of Directors and other meeting and resolutions passed by postal ballot.	(11) If any default is made in complying with the provisions of this section in respect of any meeting, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.  (12) If a person is found guilty of tampering with the minutes of the proceedings of meeting, he shall be punishable with imprisonment for a term which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees.	Penalty  Fine

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Section	Section Title	Provision	Nature
119 (3)	Inspection of minute-books of general meeting	If any inspection under sub-section (1) is refused, or if any copy required under sub-section (2) is not furnished within the time specified therein, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees for each such refusal or default, as the case may be.	Penalty
121 (3)	Report on annual general meeting	If the company fails to file the report under sub-section (2) before the expiry of the period specified therein, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty which shall not be less than twenty-five thousand rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees.	Penalty
124 (7)	Unpaid Dividend Account	If a company fails to comply with any of the requirements of this section, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of ten lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees	Penalty
127	Punishment for failure to distribute dividends	Where a dividend has been declared by a company but has not been paid or the warrant in respect thereof has not been posted within thirty days from the date of declaration to any shareholder entitled to the payment of the dividend, every director of the company shall, if	Fine

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Section	Section Title	Provision	Nature
		he is knowingly a party to the default, be punishable with imprisonment which may extend to two years and with fine which shall not be less than one thousand rupees for every day during which such default continues and the company shall be liable to pay simple interest at the rate of eighteen per cent. per annum during the period for which such default continues:	
128 (6)	Books of account, etc., to be kept by company.	If the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with the duty of complying with the provisions of this section, contravenes such provisions, such managing director, whole-time director in charge of finance, Chief Financial officer or such other person of the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees	Fine
129 (7)	Financial statement	If a company contravenes the provisions of this section, the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person charged by the Board with the duty of complying with the requirements of this section and in the absence of any of the officers mentioned above, all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.	Fine
132 (4)(C )	Constitution of Natural Financial Reporting Authority	(c) where professional or other misconduct is proved, have the power to make order for—  (A) imposing penalty of—(I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and  (II) not less than five lakh rupees, but which may extend to ten times of the fees received, in case of firms.	Penalty
134 (8)	Financial statement, Board's report, etc	If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.	Penalty

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Section	Section Title	Provision	Nature
135 (1)	Corporate Social Responsibility	Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.	Threshold
135 (9)	Corporate Social Responsibility	Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.	Threshold
136 (3)	Right of member to copies of audited financial statement.	If any default is made in complying with the provisions of this section, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.	Penalty
137 (3)	Copy of financial statement to be filed with Registrar	If a company fails to file the copy of the financial statements under sub-section (1) or sub-section (2), as the case may be, before the expiry of the period specified therein, the company shall be [liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of two lakh rupees and the managing director and the Chief Financial Officer of the company, if any, and, in the absence of the managing director and the Chief Financial Officer, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, and, in the absence of any such director, all the directors of the company, shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of fifty thousand rupees.	Penalty

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Section	Section Title	Provision	Nature
140 (3)	Removal, resignation of auditor and giving of special notice	If the auditor does not comply with the provisions of sub-section (2), he or it shall be liable to a penalty of fifty thousand rupees or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees	Penalty
141 (3)(d)	Eligibility, qualifications and disqualifications of auditors.	(d) a person who, or his relative or partner— (i) is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company:  Provided that the relative may hold security or interest in the company of face value not exceeding one thousand rupees or such sum as may be prescribed;	Threshold
143 (15)	Powers and duties of auditors and auditing standards	If any auditor, cost accountant or company secretary in practice does not comply with the provisions of sub-section (12), he shall  (a) in case of a listed company, be liable to a penalty of five lakh rupees; and  (b) in case of any other company, be liable to a penalty of one lakh rupees.	Penalty
147 (1) & (2)	Punishment for contravention	(1) If any of the provisions of sections 139 to 146 (both inclusive) is contravened, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than ten thousand rupees but which may extend to one lakh rupees,  (2) If an auditor of a company contravenes any of the provisions of section 139, section 144 or section 145, the auditor shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five	Fine

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Section	Section Title	Provision	Nature
		<p>lakh rupees or four times the remuneration of the auditor, whichever is less:</p> <p>Provided that if an auditor has contravened such provisions knowingly or wilfully with the intention to deceive the company or its shareholders or creditors or tax authorities, he shall be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees or eight times the remuneration of the auditor, whichever is less.</p>	
149 (6) (d)	Company to have Board of Directors	<p>None of whose relatives</p> <p>(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:</p> <p>Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;</p> <p>(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;</p> <p>(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or</p> <p>(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii)</p>	Threshold

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Section	Section Title	Provision	Nature
151	Appointment of director elected by small shareholders	<p>A listed company may have one director elected by such small shareholders in such manner and with such terms and conditions as may be prescribed.</p> <p>Explanation.- For the purposes of this section “small shareholders” means a shareholder holding shares of nominal value of not more than twenty thousand rupees or such other sum as may be prescribed.</p>	Threshold
157 (2)	Company to inform Director Identification Number to Registrar	If any company fails to furnish Director Identification Number under sub-section (1), such company shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees, and every officer of the company who is in default shall be liable to a penalty of not less than twenty-five thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees	Penalty
159	Penalty for Default of Certain Provisions	If any individual or director of a company, makes any default in complying with any of the provisions of section 152, section 155 and section 156, such individual or director of the company shall be liable to a penalty which may extend to fifty thousand rupees and where the default is a continuing one, with a further penalty which may extend to five hundred rupees for each day after the first during which such default continues	Penalty
160 (1)	Right of persons other than retiring directors to stand for directorship	A person who is not a retiring director in terms of section 152 shall, subject to the provisions of this Act, be eligible for appointment to the office of a director at any general meeting, if he, or some member intending to propose him as a director, has, not less than fourteen days before the meeting, left at the registered office of the company, a notice in writing under his hand signifying his candidature as a director or, as the	Payment of deposit

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Section	Section Title	Provision	Nature
		case may be, the intention of such member to propose him as a candidate for that office, along with the deposit of one lakh rupees or such higher amount as may be prescribed which shall be refunded to such person or, as the case may be, to the member, if the person proposed gets elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution.	
165 (6)	Number of directorships	If a person accepts an appointment as a director in violation of this section, he shall be liable to a penalty of two thousand rupees for each day after the first during which such violation continues, subject to a maximum of two lakh rupees.	Penalty
166 (7)	Duties of directors	If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.	Fine
167 (2)	Vacation of office of director	If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in subsection (1), he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees,	Fine
172	Punishment	If a company is in default in complying with any of the provisions of this Chapter and for which no specific penalty or punishment is provided therein, the company and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees, and in case of continuing failure, with a further penalty of five hundred rupees for each day during which such failure continues, subject to a maximum of three lakh rupees in case of a company and one lakh rupees in case of an officer who is in default	Penalty
173 (4)	Meetings of Board	Every officer of the company whose duty is to give notice under this section and who fails to do so shall be liable to a penalty of twenty-five thousand rupees	Penalty
177 (4) (iv)	Audit Committee	(iv) approval or any subsequent modification of transactions of the company with related parties;	Threshold

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Section	Section Title	Provision	Nature
		<p>Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed;</p> <p>Provided further that in case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:</p> <p>Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it:</p> <p>Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.</p>	
178 (8)	Nomination and Remuneration Committee and Stakeholders Relationship Committee.	In case of any contravention of the provisions of section 177 and this section, the company shall be [liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of one lakh rupees .	Penalty
184 (4)	Disclosure of interest by director	If a director of the company contravenes the provisions of sub-section (1) or subsection (2), such director shall be liable to a penalty of one lakh rupees.	Penalty
185 (4)	Loan to directors, etc	<p>If any loan is advanced or a guarantee or security is given or provided or utilised in contravention of the provisions of this section,—</p> <p>(i) the company shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees;</p>	

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Section	Section Title	Provision	Nature
		<p>(ii) every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees; and</p> <p>(iii) the director or the other person to whom any loan is advanced or guarantee or security is given or provided in connection with any loan taken by him or the other person, shall be punishable with imprisonment which may extend to six months or with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees, or with both.</p>	
186 (13)	Loan and investment by company	If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees	Fine
187 (4)	Investments of company to be held in its own name	If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.	Penalty
188 (5)	Related party transactions	<p>Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—</p> <p>(i) in case of listed company, liable to a penalty of twenty-five lakh rupees; and</p> <p>(ii) in case of any other company, be liable to a penalty of five lakh rupees</p>	Penalty
189 (5) & (6)	Register of contracts or arrangements in which directors are interested	(5) Nothing contained in sub-section (1) shall apply to any contract or arrangement— (a) for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed five lakh rupees in the aggregate in any year; or (b) by a banking company for the	Threshold

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Section	Section Title	Provision	Nature
		collection of bills in the ordinary course of its business. (6) Every director who fails to comply with the provisions of this section and the rules made thereunder shall be liable to a penalty of twenty-five thousand rupees.	Penalty
190 (3)	Contract of employment with managing or whole-time directions.	If any default is made in complying with the provisions of sub-section (1) or sub-section (2), the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees for each default.	Penalty
191 (5)	Payment to director for loss of office, etc., in connection with transfer of undertaking, property or shares	If a director of the company makes any default in complying with the provisions of this section, such director shall be liable to a penalty of one lakh rupees.	Penalty
194 (2)	Prohibition on forward dealings in securities of company by director or key managerial personnel		
197 (15)	Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits	If any person makes any default in complying with the provisions of this section, he shall be liable to a penalty of one lakh rupees and where any default has been made by a company, the company shall be liable to a penalty of five lakh rupees.	Penalty
203 (5)	Appointment of key managerial personnel.	If a company makes any default in complying with the provisions of this section, such company shall be liable to a penalty of five lakh rupees and every director and key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees and where the default is a continuing one, with a further penalty of one thousand rupees for each day after the first during which such default continues but not exceeding five lakh rupees.	Penalty

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Section	Section Title	Provision	Nature
204 (4)	Secretarial audit for bigger companies.	If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section, the company, every officer of the company or the company secretary in practice, who is in default, shall be [liable to a penalty of two lakh rupees	Penalty
206 (7)	Power to call for information, inspect books and conduct inquiries	If a company fails to furnish any information or explanation or produce any document required under this section, the company and every officer of the company, who is in default shall be punishable with a fine which may extend to one lakh rupees and in the case of a continuing failure, with an additional fine which may extend to five hundred rupees for every day after the first during which the failure continues.	Fine
207 (4)	Conduct of inspection and inquiry.	(i) If any director or officer of the company disobeys the direction issued by the Registrar or the inspector under this section, the director or the officer shall be punishable with imprisonment which may extend to one year and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees ...	Fine
214	Security for payment of costs and expenses of investigation	Where an investigation is ordered by the Central Government in pursuance of clause (b) of subsection (1) of section 210, or in pursuance of an order made by the Tribunal under section 213, the Central Government may before appointing an inspector under subsection (3) of section 210 or clause (b) of section 213, require the applicant to give such security not exceeding twenty-five thousand rupees as may be prescribed, as it may think fit, for payment of the costs and expenses of the investigation and such security shall be refunded to the applicant if the investigation results in prosecution.	Payment of security amount
217 (6) & (8)	Procedure, powers, etc., of inspectors	(6)(i) If any director or officer of the company disobeys the direction issued by the Registrar or the inspector under this section, the director or the officer shall be punishable with imprisonment which may extend to one year and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees. (ii) If a director or an officer of the company has been convicted of an offence under this section, the director or the officer shall, on and from the date on which he is so convicted, be deemed to	Fine

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Section	Section Title	Provision	Nature
		<p>have vacated his office as such and on such vacation of office, shall be disqualified from holding an office in any company.</p> <p>(8) If any person fails without reasonable cause or refuses— (a) to produce to an inspector or any person authorised by him in this behalf any book or paper which is his duty under sub-section (1) or sub-section (2) to produce;            (b) to furnish any information which is his duty under sub-section (2) to furnish;            (c) to appear before the inspector personally when required to do so under subsection (4) or to answer any question which is put to him by the inspector in pursuance of that sub-section; or            (d) to sign the notes of any examination referred to in sub-section (7),            he shall be punishable with imprisonment for a term which may extend to six months and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, and also with a further fine which may extend to two thousand rupees for every day after the first during which the failure or refusal continues</p>	
221 (2)	Freezing of assets of company on inquiry and investigation	In case of any removal, transfer or disposal of funds, assets, or properties of the company in contravention of the order of the Tribunal under sub-section (1), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.	Fine
222 (2)	Imposition of restrictions upon securities.	Where securities in any company are issued or transferred or acted upon in contravention of an order of the Tribunal under sub-section (1), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but	Fine

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Section	Section Title	Provision	Nature
		which may extend to five lakh rupees, or with both.	
232 (8)	Merger and amalgamation of companies.	If a company fails to comply with sub-section (5), the company and every officer of the company who is in default shall be liable to a penalty of twenty thousand rupees, and where the failure is a continuing one, with a further penalty of one thousand rupees for each day after the first during which such failure continues, subject to a maximum of three lakh rupees.	Penalty
238 (3)	Registration of offer of schemes involving transfer of shares	The director who issues a circular which has not been presented for registration and registered under clause (c) of sub-section (1), shall be liable to a penalty of one lakh rupees	Penalty
242 (8)	Powers of Tribunal	If a company contravenes the provisions of sub-section (5), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees,	Fine
243 (2)	Consequences of termination or modification of certain agreements.	Any person who knowingly acts as a managing director or other director or manager of a company in contravention of clause (b) of sub-section (1), or sub-section (1A) and every other director of the company who is knowingly a party to such contravention, shall be punishable with fine which may extend to five lakh rupees,	Fine
245 (7) & (8)	Class action	(7) Any company which fails to comply with an order passed by the Tribunal under this section shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees.  (8) Where any application filed before the Tribunal is found to be frivolous or vexatious, it shall, for reasons to be recorded in writing, reject the application and make an order that the applicant shall pay to the opposite party such	Fine

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Section	Section Title	Provision	Nature
		cost, not exceeding one lakh rupees, as may be specified in the order.	
247 (3)	Valuation by registered valuers	<p>If a valuer contravenes the provisions of this section or the rules made thereunder, the valuer shall be liable to a penalty of fifty thousand rupees</p> <p>Provided that if the valuer has contravened such provisions with the intention to defraud the company or its members, he shall be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees</p>	Penalty
249 (2)	Restrictions on making application under section 248 in certain situations	If a company files an application under sub-section (2) of section 248 in violation of sub-section (1), it shall be punishable with fine which may extend to one lakh rupees.	Fine
274 (4)	Directions for filing Statement of Affairs	If any director or officer of the company contravenes the provisions of this section, the director or the officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both.	Fine
336 (1) (d) & (h) (2)	Offences by officers of companies in liquidation	<p>(1) If any person, who is or has been an officer of a company which, at the time of the commission of the alleged offence, is being wound up, by the Tribunal under this Act or which is subsequently ordered to be wound up by the Tribunal under this Act –</p> <p>(a) _____</p> <p>(b) _____</p> <p>(c) _____</p> <p>(d) _____</p> <p>(e) _____</p> <p>(f) _____</p> <p>(g) _____</p> <p>(h) _____</p> <p>(i) _____</p> <p>he shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to five years and with fine</p>	Fine

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Section	Section Title	Provision	Nature
		<p>which shall not be less than one lakh rupees but which may extend to three lakh rupees:</p> <p>(2) Where any person pawns, pledges or disposes of any property in circumstances which amount to an offence under sub-clause (viii) of clause (d) of sub-section (1), every person who takes in pawn or pledge or otherwise receives the property, knowing it to be pawned, pledged, or disposed of in such circumstances as aforesaid, shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to five years and with fine which shall not be less than three lakh rupees but which may extend to five lakh rupees</p>	
337	Penalty for frauds by officers	he shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to three years and with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees.	Fine
338 (1)	Liability where proper accounts not kept.	Where a company is being wound up, if it is shown that proper books of account were not kept by the company throughout the period of two years immediately preceding the commencement of the winding up, or the period between the incorporation of the company and the commencement of the winding up, whichever is shorter, every officer of the company who is in default shall, unless he shows that he acted honestly and that in the circumstances in which the business of the company was carried on, the default was excusable, be punishable with imprisonment for a term which shall not be less than one year but which may extend to three years and with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees	Fine
344 (2)	Statement that company is in liquidation.	If a company contravenes the provisions of sub-section (1), the company, and every officer of the company, the Company Liquidator and any receiver or manager, who wilfully authorises or permits the non-compliance, shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees.	Fine
347 (4)	Disposal of books and papers of company	If any person acts in contravention of any rule framed or an order made under sub-section (3),	Fine

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Section	Section Title	Provision	Nature
		he shall be punishable with fine which may extend to fifty thousand rupees,	
350 (2)	Company Liquidator to deposit monies into scheduled bank.	If any Company Liquidator at any time retains for more than ten days a sum exceeding five thousand rupees or such other amount as the Tribunal may, on the application of the Company Liquidator, authorise him to retain, then, unless he explains the retention to the satisfaction of the Tribunal, he shall - a) pay interest on the amount so retained in excess, at the rate of twelve per cent. per annum and also pay such penalty as may be determined by the Tribunal; (b) be liable to pay any expenses occasioned by reason of his default; and (c) also be liable to have all or such part of his remuneration, as the Tribunal may consider just and proper, disallowed, or may also be removed from his office.	Amount retained by Company Liquidator; and Penalty
361 (1)	Summary procedure for liquidation	Where the company to be wound up under this Chapter, — (i) has assets of book value not exceeding one crore rupees; and (ii) belongs to such class or classes of companies as may be prescribed, the Central Government may order it to be wound up by summary procedure provided under this Part.	Threshold
375 (4)(a)	Winding up of unregistered companies.	if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding one lakh rupees then due, has served on the company, by leaving at its principal place of business, or by delivering to the secretary, or some director, manager or principal officer of the company, or by otherwise serving in such manner as the Tribunal may approve or direct, a demand under his hand requiring the company to pay the sum so due, and the company has, for three weeks after the service of the demand, neglected to pay the sum or to secure or compound for it to the satisfaction of the creditor;	Threshold
392	Punishment for contravention.	Without prejudice to the provisions of section 391, if a foreign company contravenes the provisions of this Chapter, the foreign company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees and in the case of a continuing offence, with an additional fine which may extend to fifty thousand rupees for every day	Fine

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Section	Section Title	Provision	Nature
		after the first during which the contravention continues and every officer of the foreign company who is in default shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees,	
405 (4)	Power of Central Government to direct companies to furnish information or statistics	If any company fails to comply with an order made under sub-section (1) or subsection (3), or furnishes any information or statistics which is incorrect or incomplete in any material respect, the company and every officer of the company who is in default shall be liable to a penalty of twenty thousand rupees and in case of continuing failure, with a further penalty of one thousand rupees for each day after the first during which such failure continues, subject to a maximum of three lakh rupees.	Penalty
441 (1) & (5)	Compounding of certain offences	<p>(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), any offence punishable under this Act (whether committed by a company or any officer thereof) not being an offence punishable with imprisonment only, or punishable with imprisonment and also with fine, may, either before or after the institution of any prosecution, be compounded by— (a) the Tribunal; or (b) where the maximum amount of fine which may be imposed for such offence does not exceed twenty-five lakh rupees, by the Regional Director or any officer authorised by the Central Government, on payment or credit, by the company or, as the case may be, the officer, to the Central Government of such sum as that Tribunal or the Regional Director or any officer authorised by the Central Government, as the case may be, may specify:</p> <p>(5) If any officer or other employee of the company who fails to comply with any order made by the Tribunal or the Regional Director or any officer authorised by the Central Government under sub-section (4), the maximum amount of fine for the offence proposed to be compounded under this section shall be twice the amount provided in</p>	Fine

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Section	Section Title	Provision	Nature
		the corresponding section in which punishment for such offence is provided.	
446B	Lesser penalties for one person companies and small companies	Notwithstanding anything contained in this Act, if penalty is payable for non-compliance of any of the provisions of this Act by a One Person Company, small company, start-up company or Producer Company, or by any of its officer in default, or any other person in respect of such company, then such company, its officer in default or any other person, as the case may be, shall be liable to a penalty which shall not be more than one-half of the penalty specified in such provisions subject to a maximum of two lakh rupees in case of a company and one lakh rupees in case of an officer who is in default or any other person, as the case may be.	Penalty
449	Punishment for false evidence	he shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to seven years and with fine which may extend to ten lakh rupees.	Fine
450	Punishment where no specific penalty or punishment is provided	If a company or any officer of a company or any other person contravenes any of the provisions of this Act or the rules made thereunder, or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, and for which no penalty or punishment is provided elsewhere in this Act, the company and every officer of the company who is in default or such other person shall be liable to a penalty of ten thousand rupees, and in case of continuing contravention, with a further penalty of one thousand rupees for each day after the first during which the contravention continues, subject to a maximum of two lakh rupees in case of a company and fifty thousand rupees in case of an officer who is in default or any other person	Penalty
452 (1)	Punishment for wrongful withholding of property	he shall, on the complaint of the company or of any member or creditor or contributory thereof, be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.	Fine
453	Punishment for improper use of	If any person or persons trade or carry on business under any name or title, of which the	Fine

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Section	Section Title	Provision	Nature
	—Limitedll or —Private Limitedll	word —"Limited" or the words —"Private Limited" or any contraction or imitation thereof is or are the last word or words, that person or each of those persons shall, unless duly incorporated with limited liability, or unless duly incorporated as a private company with limited liability, as the case may be, punishable with fine which shall not be less than five hundred rupees but may extend to two thousand rupees for every day for which that name or title has been used.	
454 (8)	Adjudication of penalties	(8) (i) Where company fails to comply with the order made under sub-section (3) or sub-section (7), as the case may be within a period of ninety days from the date of the receipt of the copy of the order, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.  (ii) Where an officer of a company or any other person who is in default fails to comply with the order made under sub-section (3) or sub-section (7), as the case may be within a period of ninety days from the date of the receipt of the copy of the order, such officer shall be punishable with imprisonment which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both.	Fine
464 (3)	Prohibition of association or partnership of persons exceeding certain number.	Every member of an association or partnership carrying on business in contravention of subsection (1) shall be punishable with fine which may extend to one lakh rupees and shall also be personally liable for all liabilities incurred in such business.	Fine
469 (3)	Power of Central Government to make rules	Any rule made under sub-section (1) may provide that a contravention thereof 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 during which such contravention continues.	Fine
SCHEDULE I	TABLE –A	5th The share capital of the company is.....rupees, divided into.....shares of.....rupees each.	<b>Capital structure related</b>

Section	Section Title	Provision	Nature
	TABLE -B	5th Every member of the company undertakes to contribute: (i) to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the company or of such debts and liabilities as may have been contracted before he ceases to be a member; and (ii) to the costs, charges and expenses of winding up (and for the adjustment of the rights of the contributories among themselves), such amount as may be required, not exceeding.....rupees.	<b>(Changes may be required)</b>
TABLE -C	<p>5th Every member of the company undertakes to contribute: (i) to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the company or of such debts and liabilities as may have been contracted before he ceases to be a member; and (ii) to the costs, charges and expenses of winding up (and for the adjustment of the rights of the contributories among themselves), such amount as may be required, not exceeding.....rupees.</p> <p>6th The share capital of the company is.....rupees, divided into.....shares of.....rupees each</p>		
TABLE -E	The share capital of the company is.....rupees, divided into.....shares of.....rupees each.		
TABLE -F	<p>2 (i)(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.</p> <p>3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is</p>		

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Section	Section Title	Provision	Nature						
		lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.							
Schedule I	GENERAL INSTRUCTIONS	3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.	Payment						
Schedule III	4(i)	Depending upon the Total Income of the company, the figures appearing in the Financial Statements shall be rounded off as given below:- <table border="1" data-bbox="651 1020 1187 1287"> <thead> <tr> <th>Total Income</th> <th>Rounding Off</th> </tr> </thead> <tbody> <tr> <td>less than one hundred crore rupees</td> <td>To the nearest hundreds, thousands, lakhs or millions, or decimals thereof</td> </tr> <tr> <td>one hundred crore rupees or more</td> <td>To the nearest lakhs, millions or crores, or decimals thereof.</td> </tr> </tbody> </table>	Total Income	Rounding Off	less than one hundred crore rupees	To the nearest hundreds, thousands, lakhs or millions, or decimals thereof	one hundred crore rupees or more	To the nearest lakhs, millions or crores, or decimals thereof.	Threshold
Total Income	Rounding Off								
less than one hundred crore rupees	To the nearest hundreds, thousands, lakhs or millions, or decimals thereof								
one hundred crore rupees or more	To the nearest lakhs, millions or crores, or decimals thereof.								
Schedule III	PART I — BALANCE SHEET	(Rupees in.....)	Capital structure related  (Changes may be required)						
Schedule III	PART II – STATEMENT OF PROFIT AND LOSS	(Rupees in.....)	Capital structure related  (Changes may be required)						
SCHEDULE V	PART I	he had not been sentenced to imprisonment for any period, or to a fine exceeding one thousand	Fine						

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Section	Section Title	Provision	Nature
		rupees, for the conviction of an offence under any of the following Acts, namely:	
SCHEDULE V	PART II REMUNERATION	-	Relating to remuneration to managerial person

**Rules made under the provisions of Companies Act, 2013**

	Rules	Rules Title	Provision	Nature
Companies (Significant Beneficial Owners) Rules, 2018	Rule 5	Register of significant beneficial owners	(1) The company shall maintain a register of significant beneficial owners in Form No. BEN-3. (2) The register shall be open for inspection during business hours, at such reasonable time of not less than two hours, on every working day as the board may decide, by any member of the company on payment of such fee as may be specified by the company but not exceeding fifty rupees for each inspection	Fees
Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	Rule 7	Refund to claimants from Fund.	(3) The company shall, within thirty days from the date of receipt of claim, send an online verification report to the Authority after verification of details in Form No. IEPF-5 in the format specified by the Authority along with all the documents submitted by the claimant and shall attach the scanned copy of all the original documents submitted by the claimant in physical form duly certified by its Nodal Officer alongwith the e-verification report along with a scanned copy of both sides of original physical share certificate or original bond or deposit or debenture certificate/s duly cancelled and certified: Provided that if the online verification report is not sent by the company within thirty days of filing of claim, the company may do so by paying additional fee of fifty rupees for every day subject to maximum of two thousand and five hundred rupees	Fees
Companies (Accounts) Rules, 2014	Rule 8	Matters to be Included in Board's Report	(4) Every listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors	Threshold
Companies (Accounts) Rules, 2014	Rule 11	Manner of Circulation of Financial Statements in Certain Cases	In case of all listed companies and such public companies which have a net worth of more than one crore rupees and turnover of more than ten crore rupees, the financial statements may be sent-	Threshold

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	Rules	Rules Title	Provision	Nature
			<p>(a) by electronic mode to such members whose shareholding is in dematerialised format and whose email ids are registered with Depository for communication purposes;</p> <p>(b) where Shareholding is held otherwise than by dematerialised format, to such members who have positively consented in writing for receiving by electronic mode; and</p> <p>(c) by despatch of physical copies through any recognised mode of delivery as specified under section 20 of the Act, in all other cases.</p>	
The Companies (Accounts) Rules, 2014	Rules 13	Companies Required to Appoint Internal Auditor	<p>(1) The following class of companies shall be required to appoint an internal auditor which may be either an individual or a partnership firm or a body corporate, namely:-</p> <p>(a) every listed company;</p> <p>(b) every unlisted public company having-</p> <p>(i) paid up share capital of fifty crore rupees or more during the preceding financial year; or</p> <p>(ii) turnover of two hundred crore rupees or more during the preceding financial year; or</p> <p>(iii) outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year; or</p> <p>(iv) outstanding deposits of twenty five crore rupees or more at any point of time during the preceding financial year; and</p> <p>(c) every private company having-</p> <p>(i) turnover of two hundred crore rupees or more during the preceding financial year; or</p> <p>(ii) outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year:</p> <p>Provided that an existing company covered under any of the above criteria shall comply with the requirements of section 138 and this rule within six months of commencement of such section.</p>	Threshold

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	Rules	Rules Title	Provision	Nature
The National Financial Reporting Authority Rules 2018	Rule 3	Classes of companies and bodies corporate governed by the Authority	<p>(1) The Authority shall have power to monitor and enforce compliance with accounting standards and auditing standards, oversee the quality of service under sub-section (2) of section 132 or undertake investigation under sub-section (4) of such section of the auditors of the following class of companies and bodies corporate, namely:-</p> <p>(a) companies whose securities are listed on any stock exchange in India or outside India;</p> <p>(b) unlisted public companies having paid-up capital of not less than rupees five hundred crores or having annual turnover of not less than rupees one thousand crores or having, in aggregate, outstanding loans, debentures and deposits of not less than rupees five hundred crores as on the 31st March of immediately preceding financial year;</p>	Threshold
The National Financial Reporting Authority Rules 2018	Rule 10	Power to investigate	(2) If, during the investigation, the Authority has evidence to believe that any company or body corporate has not complied with the requirements under the Act or rules which involves or may involve fraud amounting to rupees one crore or more, it shall report its findings to the Central Government.	Threshold
The Companies (Corporate Social Responsibility Policy) Rules, 2014	Rule 8	CSR Reporting	<p>(1) The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.</p> <p>(2) In case of a foreign company, the balance sheet filed under clause (b) of sub-section (1) of section 381 of the Act, shall contain an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.</p> <p>(3) (a) Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an</p>	Threshold

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	Rules	Rules Title	Provision	Nature
			<p>independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.</p> <p>(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.</p> <p>(c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher .</p>	
The Companies (Indian Accounting Standards) Rules, 2015	Rule 4	Obligation to comply with Indian Accounting Standards (Ind AS)	<p>(1) The Companies and their auditors shall comply with the Indian Accounting Standards (Ind AS) specified in Annexure to these rules in preparation of their Financial statements and audit respectively, in the following manner, namely:-</p> <p>(i) any company and its holding, subsidiary, joint venture or associate company may comply with the Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning on or after 1st April, 2015, with the comparatives for the periods ending on 31st March, 2015, or thereafter;</p> <p>(ii) the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2016, with the comparatives for the periods ending on 31st March, 2016, or thereafter, namely:-</p> <p>(a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having Net worth of rupees five hundred crore or more;</p> <p>(b) companies other than those covered by sub-clause (a) of clause (ii) of sub-rule (1) and having net worth of rupees five hundred crore or more;</p>	Threshold

	Rules	Rules Title	Provision	Nature
			<p>(c) holding, subsidiary, joint venture or associate companies of companies covered by sub-clause (a) of clause (ii) of sub- rule (1) and sub-clause (b) Of clause (ii) of sub- rule (1) as the case may be; and</p> <p>(iii) the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2017, with the comparatives for the periods pending on 31st March, 2017, or thereafter, namely:-</p> <p>(a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore;</p> <p>(b) companies other than those covered in clause (ii) of sub- rule (1) and sub-clause (a) of clause (iii) of sub-rule (1), that is, unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore.</p> <p>(c) holding, subsidiary, joint venture or associate companies of companies covered under sub-clause (a) of clause (iii) of sub- rule (1) and sub-clause(b) of clause (iii) of sub- rule (1), as the case may be:</p> <p>Provided that nothing in this sub-rule, except clause (i), shall apply to companies whose securities are listed or are in the process of being listed on SME exchange as referred to in Chapter XB or on the Institutional Trading Platform without initial public offering in accordance with the provisions of Chapter XC of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.</p> <p>(iv) Notwithstanding the requirement of clauses (i) to (iii), Non-Banking Financial Companies (NBFCs) shall comply with the Indian Accounting Standards (Ind ASs) in preparation of their financial statements</p>	

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	Rules	Rules Title	Provision	Nature
			<p>and audit respectively, in the following manner, namely:-</p> <p>(a) The following NBFCs shall comply with the Indian Accounting Standards (Ind AS) for accounting periods beginning on or after the 1st April, 2018, with comparatives for the periods ending on 31st March, 2018, or thereafter—</p> <p>(A) NBFCs having net worth of rupees five hundred crore or more;</p> <p>(B) holding, subsidiary, joint venture or associate companies of companies covered under item (A), other than those already covered under clauses (i), (ii) and (iii) of sub-rule (1) of rule 4.</p> <p>(b) The following NBFCs shall comply with the Indian Accounting Standards (Ind AS) for accounting periods beginning on or after the 1st April, 2019, with comparatives for the periods ending on 31st March, 2019, or thereafter—</p> <p>(A) NBFCs whose equity or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having net worth less than rupees five hundred crore;</p> <p>(B) NBFCs, that are unlisted companies, having net worth of rupees two-hundred and fifty crore or more but less than rupees five hundred crore; and</p> <p>(C) holding, subsidiary, joint venture or associate companies of companies covered under item (A) or item (B) of sub-clause (b), other than those already covered in clauses (i), (ii) and (iii) of sub-rule (1) or item (B) of sub-clause (a) of clause (iv).</p>	
The Companies (Specification of Definitions Details) Rules, 2014	Rule 2	Definition	[(t) For the purposes of sub-clause (i) and sub-clause (ii) of clause (85) of section 2 of the Act, paid up capital and turnover of the small company shall not exceed rupees four crore and rupees forty crore respectively.]	Threshold

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	Rules	Rules Title	Provision	Nature
The Companies (Audit and Auditors) Rules, 2014	Rule 5	Class of Companies.	<p>For the purposes of sub-section (2) of section 139, the class of companies shall mean the following classes of companies excluding one person companies and small companies:-</p> <p>(a) all unlisted public companies having paid up share capital of rupees ten crore or more;</p> <p>(b) all private limited companies having paid up share capital of rupees fifty crore or more;</p> <p>(c) all companies having paid up share capital of below threshold limit mentioned in (a) and (b) above, but having public borrowings from financial institutions, banks or public deposits of rupees fifty crores or more.</p>	Threshold
The Companies (Audit and Auditors) Rules, 2014	Rule 10	Disqualification of Auditor	<p>(1) For the purpose of proviso to sub-clause (i) of clause (d) of sub-section (3) of section 141, a relative of an auditor may hold securities in the company of face value not exceeding rupees one lakh:</p> <p>Provided that the condition under this sub-rule shall, wherever relevant, be also applicable in the case of a company not having share capital or other securities:</p> <p>Provided further that in the event of acquiring any security or interest by a relative, above the threshold prescribed, the corrective action to maintain the limits as specified above shall be taken by the auditor within sixty days of such acquisition or interest.</p> <p>(2) For the purpose of sub-clause (ii) of clause (d) of sub-section (3) of section 141, a person who or whose relative or partner is indebted to the company or its subsidiary or its holding or associate company or a subsidiary of such holding company, in excess of rupees five lakh shall not be eligible for appointment.</p> <p>(3) For the purpose of sub-clause (iii) of clause (d) of sub-section (3) of section 141,</p>	Threshold

## Working Group Report

	Rules	Rules Title	Provision	Nature
			a person who or whose relative or partner has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of one lakh rupees shall not be eligible for appointment.	
The Companies (Audit and Auditors) Rules, 2014	Rule 13	Reporting of Frauds by Auditor and Other Matters	(1) If an auditor of a company, in the course of the performance of his duties as statutory auditor, has reason to believe that an offence of fraud, which involves or is expected to involve individually an amount of rupees one crore or above, is being or has been committed against the company by its officers or employees, the auditor shall report the matter to the Central Government.	Threshold
The Companies (Cost Records and Audit) Rules, 2014	Rule 3	Application of Cost Record	For the purposes of sub-section (l) of section 148 of the Act. the class of companies, including foreign companies defined in clause (42) of section 2 of the Act, engaged in the production of the goods or providing services, specified in the table below, having an overall turnover from all its products and services of rupees thirty five crore or more during the immediately preceding financial year, shall include cost records for such products or services in their books of account, namely	Threshold
The Companies (Cost Records and Audit) Rules, 2014	Rule 4	Applicability for Cost Audit	(1) Every company specified in item (A) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees fifty crore or more and the aggregate turnover of the individual product or products or services for which cost records are required to be maintained under rule 3 is rupees twenty five crore or more.  (2) Every company specified in item (B) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the	Threshold

## Working Group Report

	Rules	Rules Title	Provision	Nature
			immediately preceding financial year is rupees one hundred crore or more and the aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is rupees thirty five crore or more.	
Companies (Filing of Documents and Forms in XBRL) Rules, 2015	Rule 3	Filing of financial statements with Registrar	<p>1.The following class of companies shall file their financial statements and other documents under section 137 of the Act with the Registrar in e-form AOC-4 XBRL as per Annexure-I:-</p> <p>(i) companies listed with stock exchanges in India and their Indian subsidiaries;</p> <p>(ii) companies having paid up capital of five crore rupees or above;</p> <p>(iii) companies having turnover of one hundred crore rupees or above;</p> <p>(iv) all companies which are required to prepare their financial statements in accordance with Companies (Indian Accounting Standards) Rules, 2015</p>	Threshold
The Companies (Appointment and Qualifications of Directors) Rules, 2014	Rule 3	Woman Director on the Board	<p>The following class of companies shall appoint at least one woman director-</p> <p>(i) every listed company;</p> <p>(ii) every other public company having -</p> <p>(a) paid-up share capital of one hundred crore rupees or more; or</p> <p>(b) turnover of three hundred crore rupees or more;</p>	Threshold
The Companies (Appointment and Qualifications of Directors) Rules, 2014	Rule 4	Number of Independent Directors	<p>(1)] The following class or classes of companies shall have at least two directors as independent directors -</p> <p>(i) the Public Companies having paid up share capital of ten crore rupees or more; or</p> <p>(ii) the Public Companies having turnover of one hundred crore rupees or more; or</p>	Threshold

## Working Group Report

	Rules	Rules Title	Provision	Nature
			(iii) the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees:	
The Companies (Appointment and Qualifications of Directors) Rules, 2014	Rule 5	Qualifications of Independent Director	<p>(ii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company,</p> <p>for an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year.</p>	Indebtedness
The Companies (Appointment and Qualifications of Directors) Rules, 2014	Rule 6	Compliances required by a person eligible and willing to be appointed as an independent director	<p>(4) Every individual whose name is so included in the data bank under sub-rule (1) shall pass an online proficiency self-assessment test conducted by the institute within a period of Two years from the date of inclusion of his name in the data bank, failing which, his name shall stand removed from the databank of the institute:</p> <p>Provided that an individual shall not be required to pass the online proficiency self-assessment test when he has served for a total period of not less than three years as on the date of inclusion of his name in the data bank,-</p> <p>(A) as a director or key managerial personnel, as on the date of inclusion of his name in the databank, in one or more of the following, namely:-</p> <p>(a) listed public company; or</p> <p>(b) unlisted public company having a paid-up share capital of rupees ten crore or more; or</p> <p>(c) body corporate listed on any recognized stock exchange or in a country which is a member State of the Financial Action Task Force on Money Laundering and the regulator of the securities market in such member State is a member of the</p>	Threshold

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	Rules	Rules Title	Provision	Nature
			<p>International Organization of Securities Commissions; or</p> <p>(d) bodies corporate incorporated outside India having a paid-up share capital of US\$ 2 million or more; or</p> <p>(e) statutory corporations set up under an Act of Parliament or any State Legislature carrying on commercial activities; or</p> <p>(5) Any individual whose name has been removed from the databank under sub-rule (4), may apply for restoration of his name on payment of fees of one thousand rupees and the institute shall allow such restoration subject to the following conditions, namely</p>	
Companies (Meeting of Board and its powers) Rules, 2014	Rule 6A	Omnibus Approval for Related Party Transactions on Annual Basis	<p>The omnibus approval shall contain or indicate the following: -</p> <p>(a) name of the related parties;</p> <p>(b) nature and duration of the transaction;</p> <p>(c) maximum amount of transaction that can be entered into;</p> <p>(d) the indicative base price or current contracted price and the formula for variation in the price, if any; and</p> <p>(e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:</p> <p>Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.</p>	Threshold
Companies (Meeting of Board and its powers) Rules, 2014	Rule 7	Establishment of Vigil Mechanism	(1)(b) the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees.	Threshold

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	Rules	Rules Title	Provision	Nature
Companies (Meeting of Board and its powers) Rules, 2014	Rule 12	Register	(6) The extracts from the register maintained under sub-section (9) of section 186 may be furnished to any member of the company on payment of such fee as may be prescribed in the Articles of the company which shall not exceed ten rupees for each page	Fees
Companies (Meeting of Board and its powers) Rules, 2014	Rule 15	Contract or Arrangement With a Related Party	(3)(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.	Threshold
Companies (Meeting of Board and its powers) Rules, 2014	Rule 16	Register of Contracts or Arrangements in Which Directors are Interested	(4) The company shall provide extracts from such register to a member of the company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the company but not exceeding ten rupees per page.	Fees
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Rule 4	Sitting Fees	A company may pay a sitting fee to a director for attending meetings of the Board or committees thereof, such sum as may be decided by the Board of directors thereof which shall not exceed one lakh rupees per meeting of the Board or committee thereof:	Fees
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Rule 5	Disclosure in Board's Report	(2) The board's report shall include a statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-  (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;  (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;  Proviso to sub rule 3  Provided that the particulars of employees posted and working in a country outside India, not being directors or their relatives,	Threshold

## Working Group Report

	Rules	Rules Title	Provision	Nature						
			drawing more than sixty lakh rupees per financial year or five lakh rupees per month, as the case may be, as may be decided by the Board, shall not be circulated to the members in the Board's report, but such particulars shall be filed with the Registrar of Companies while filing the financial statement and Board Reports:							
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Rule 8	Appointment of Key Managerial Personnel.	Every listed company and every other public company having a paid-up share capital of ten crore rupees or more shall have whole-time key managerial personnel.	Threshold						
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Rule 8A	Appointment of Company Secretaries in Companies Not Covered Under Rule 8	Every private company which has a paid up share capital of ten crore rupees or more shall have a whole -time company secretary	Threshold						
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Rule 9	Secretarial Audit Report	(1) For the purposes of sub-section (1) of section 204, the other class of companies shall be as under-  (a) Every public company having a paid-up share capital of fifty crore rupees or more; or  (b) Every public company having a turnover of two hundred fifty crore rupees or more; [or  (c) every company having outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more.	Threshold						
Companies (Inspection, Investigation and Inquiry) Rules, 2014	Rule 5	Security	(1) The Central Government may before appointing an inspector under sub-section (3) of section 210, require the applicant to give a security not exceeding twenty-five thousand rupees for payment of the costs and expenses of investigation as per the criteria given below-  <table border="1" data-bbox="760 1780 1232 1871"> <thead> <tr> <th>Sr No</th> <th>Turnover as per previous</th> <th>Amount of</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Sr No	Turnover as per previous	Amount of				Threshold
Sr No	Turnover as per previous	Amount of								

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	Rules	Rules Title	Provision			Nature
				year balance sheet (Rs.)	security (Rs.)	
			1	Turnover upto Rs. 50 crore	Rs. 10000	
			2	Turnover more than Rs. 50 crore and upto 200 crore	Rs. 15000	
			3	Turnover more than Rs. 200 crore	Rs. 25000	
The Companies (Mediation and Conciliation) Rules, 2016	Rule 6	Application for appointment of Mediator or Conciliator and his appointment	(2) The application to the Central Government or the Tribunal or the Appellate Tribunal, as the case may be, for referring the matter pertaining to any proceeding pending before it for mediation or conciliation shall be in Form MDC-2 and shall be accompanied with a fee of one thousand rupees.			Fees
The Companies (Restriction on Number of Layers) Rules, 2017	Rule 2	Restriction on number of layers for certain classes of holding companies	(5) If any company contravenes any provision of these rules the company and every officer of the company who is in default shall be punishable with fine which may extend to ten thousand rupees and where the contravention is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which such contravention continues.			Fine
The Companies (Registered Valuers and Valuation) Rules, 2017	Rule 6	Application for Certificate of registration	(1) An individual eligible for registration as a registered valuer under rule 3 may make an application to the authority in Form-A of Annexure-II along application fee of five thousand rupees in favour of the authority.  (2) A partnership entity or company eligible for registration as a registered valuer under rule 3 may make an application to the authority in Form-B of <b>Annexure-II</b> along with a non-refundable application fee of ten thousand rupees in favour of the authority .			Fees
The Companies (Registered Valuers and Valuation) Rules, 2017	Rule 13	Application for recognition	(1) An eligible organisation which meets the conditions specified in rule 12 may make an application for recognition as a registered valuers organisation for asset class or classes to the authority in Form-D of the Annexure-II alongwith a non-			Fees

## Working Group Report

	Rules	Rules Title	Provision	Nature
			refundable application fee of rupees one lakh in favour of the authority.	
The Companies (Registered Valuers and Valuation) Rules, 2017	Rule 16	Complaint against a registered valuer or registered valuers organisation	A complaint may be filed against a registered valuer or registered valuers organisation before the authority in person or by post or courier along with a rupees one thousand in favour of the authority and the authority shall examine the complaint and take such necessary action as it deems fit:	Fees
The Companies (Removal of Name of Companies from the Register of Companies) Rules, 2016	Rule 4	Application for removal of name of company	An application for removal of name of the company under sub-section (2) of section 248 shall be made in Form STK-2 along with the fee of ten thousand rupees:	Fees
The Companies (The Registration Offices and Fees) Rules, 2014	Rule 7	Manner and Conditions of Filing	Provided also that in respect of certain documents filed under the Act which are not covered for payment of stamp duty through the portal of the Central Government, and stamp duty payable on such documents in the respective State is equal to or less than one hundred rupees, the company shall scan such stamped documents complete in all respects and shall file electronically for evidencing by the Registrar and shall not be required to submit such documents, except those which are required to be filed for compounding of offences or adjudication of penalties or applications to Central Government or Regional Director in the physical form separately:	Stamp duty
The Companies (The Registration Offices and Fees) Rules, 2014	Rule 12	Fees Annexures	A. Table of Fees to be Paid to the Registrar	Fees
Nidhis Rules, 2014	Rule 7	Share Capital and Allotment	Every Nidhi shall issue fully paid up equity shares of the nominal value of not less than ten rupees each:	Threshold

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	Rules	Rules Title	Provision	Nature
			<p>Provided that this requirement shall not apply to a company referred to in sub-rules (a) and (b) of rule 2.</p> <p>(2) No service charge shall be levied for issue of shares.</p> <p>(3) Every Nidhi shall allot to each deposit holder at least a minimum of ten equity shares or shares equivalent to one hundred rupees:</p> <p>Provided that a savings account holder and a recurring deposit account holder shall hold at least one equity share of rupees ten.</p>	
Nidhis Rules, 2014	Rule 13	Deposits	(4) The maximum balance in a savings deposit account at any given time qualifying for interest shall not exceed one lakh rupees at any point of time and the rate of interest shall not exceed two per cent above the rate of interest payable on savings bank account by nationalised banks.	Threshold
Nidhis Rules, 2014	Rule 24	Penalty for Non-compliance	If a company falling under rule 2 contravenes any of the provisions of the rules prescribed herein, 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 during which the contravention continues.	Fine
The National Company Law Tribunal Rules, 2016	Rule 68	Petition under section 14.	(4) A duly authenticated copy of the list of creditors shall be kept at the registered office of the company and any person desirous of inspecting the same may, at any time during the ordinary hours of business, inspect and take extracts from the same on payment of the sum of rupees ten per page to the company.	Fees
The National Company Law Tribunal Rules, 2016	Rule 161	Filing of Order of the Tribunal with the Registrar of Companies.-	The certified copy of the order passed by the Tribunal shall be filed by the company in Form INC-28 alongwith fee of Rupees five hundred with the Registrar of Companies within the time specified in the Act or specified by the Tribunal. Where no time limit is prescribed by the Tribunal,	Fees

## Working Group Report

	Rules	Rules Title	Provision	Nature
			such order shall be filed within thirty days from the date of receipt of certified copy of the order.	
The Companies (Incorporation) Rules, 2014	Rule 7A	Penalty	If a One Person Company or any officer of such company contravenes any of the provisions of these rules, the One Person Company or any officer of the such Company shall be punishable with fine which may extend to five thousand rupees and with a further fine which may extend to five hundred rupees for every day after the first offence during which such contravention continues;	Fine
The Companies (Incorporation) Rules, 2014	Rule 9A	Extension of reservation of name in certain cases	<p>Upon payment of fees provided below through the web service available at www.mca.gov.in, the Registrar shall extend the period of a name reserved under rule 9 by using web service SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32), upto:</p> <p>(a) forty days from the date of approval under rule 9, on payment of fees of rupees of one thousand rupees made before the expiry of twenty days from the date of approval under rule 9;</p> <p>(b) sixty days from the date of approval under rule 9 on payment of fees of rupees two thousand made before the expiry of forty days referred to in clause (a) above;</p> <p>(c) sixty days from the date of approval under rule 9 on payment of fees of rupees three thousand made before the expiry of twenty days from the date of approval under rule 9:</p>	Fees
The Companies (Incorporation) Rules, 2014	Rule 25A	Active Company Tagging Identities and Verification (ACTIVE)	(2) Where a company files "e-Form Active", on or after 16th June, 2019, the company shall be marked as "Active Compliant", on Payment of fee of ten thousand rupees	Fees
The Companies (Incorporation) Rules, 2014	Rule 30	Shifting of Registered office from one State or Union Territory to another state	(3) A duly authenticated copy of the list of creditors shall be kept at the registered office of the company and any person desirous of inspecting the same may, at any time during the ordinary hours of business, inspect and take extracts from the same on payment of a sum not	Fees

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	Rules	Rules Title	Provision	Nature
			exceeding ten rupees per page to the company.	
The Companies (Incorporation) Rules, 2014	Rule 38	Simplified Proforma for Incorporating Company 7,9[Electronically Plus (SPICe+)].	<p>(2) For the purposes of sub-rule (1), the application for allotment of Director Identification Number upto three Directors, reservation of a name, incorporation of company and appointment of Directors of the proposed for One Person Company, private company, public company and a company falling under section 8 of the Act. Shall be filed in SPICe+ (Simplified Proforma for Incorporating company Electronically Plus: INC-32),. with the Registrar, within whose jurisdiction the registered office of the company is proposed to be situated along with the fee of rupees five hundred in addition to the registration fee as specified in the Companies (Registration of Offices and Fees) Rules. 2014:</p> <p>Provided that where an applicant has applied for reservation of a name under Rule 9 and which has been approved therein, he may fill the reserved name as proposed name of the company.</p> <p>Provided further that in case of companies incorporated, with effect from the 26th day of January, 2018, with a nominal capital of less than or equal to rupees fifteen lakhs or in respect of companies not having a share capital whose number of members as stated in the articles of association does not exceed twenty, fee on INC-32 (SPICe) shall not be applicable</p>	Fees / Threshold
The Companies (Incorporation) Rules, 2014	Rule 41	Application under section 14 for conversion of public company into private company.	4) A duly authenticated copy of the list of creditors and debenture holders shall be kept at the registered office of the company and any person desirous of inspecting the same may, at any time during the ordinary hours of business, inspect, and take extracts from the same on payment of ten rupees per page to the company	Fees
		Schedule of Fees	Table	Fees
The National Company Law Tribunal	Rule 2	Form of application or petition for	(3) Copies of the list of creditors shall be kept at the registered office of the company and any person desirous of inspecting the	Fees

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	Rules	Rules Title	Provision	Nature
(Procedure for reduction of share capital of the Company) Rules, 2016		Reduction of share capital under section 66	same may, at any time during the ordinary hours of business, inspect and take extracts from the same on payment of the sum of rupees fifty for inspection and for taking extracts on payment of the sum of rupees ten per page to the company.	
The Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019	Rule 3	Creation and maintenance of data bank	8) In case of delay on the part of an individual in applying to the institute under sub-rule (7) for inclusion of his name in the data bank or in case of delay in filing an application for renewal thereof, the institute shall allow such inclusion or renewal, as the case may be, under rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 after charging a further fees of one thousand rupees on account of such delay.]	Fees
The Companies (Winding Up) Rules, 2020	Part II -26.	Inspection of statement of affairs and report.-	Every creditor or contributory, by himself, or by his agent, shall be entitled to inspect the statement of affairs submitted under sub-section (4) of section 272 or subsection (1) of section 274 and the report of the Company Liquidator submitted under sub-rule (1) of rule 25, on payment of a fee of one thousand rupees and to obtain copies thereof or extracts therefrom on payment of a fee of five rupees per page.	Fees
The Companies (Winding Up) Rules, 2020	Part II - 81.	All money to be paid into special bank account in a scheduled bank	(1) The Company Liquidator shall deposit into a special bank account in his official name opened in any scheduled bank or any other bank as may be permitted by the Tribunal (hereinafter referred to as the bank) , all moneys including cheques and demand drafts received by him as the Company Liquidator of the company, and the realisations of each day shall be deposited in the bank without deduction, not later than the next working day of the bank and the Company Liquidator may maintain a petty cash of five thousand rupees or such higher amount as may be permitted by the Tribunal to meet day to day expenses, and all payments out of the aforesaid account by the Company Liquidator above two thousand rupees shall be made by cheque drawn against the said account.	Threshold

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	<b>Rules</b>	<b>Rules Title</b>	<b>Provision</b>	<b>Nature</b>
The Companies (Winding Up) Rules, 2020	Part II - 91	Half-yearly accounts to be filed	Provided also that the accounts need not be got audited where the transaction during the period is for ten thousand rupees or less	Threshold
The Companies (Winding Up) Rules, 2020	Part II - 94	Registry to send copy of account to auditor.-	Provided that the accounts need not be got audited where the total transaction during the period is for ten thousand rupees or less.	Threshold
The Companies (Winding Up) Rules, 2020	Part II - 98	Inspection of account and certificate of audit.	Any creditor or contributory shall be entitled to inspect the accounts and the auditor's certificate in the office of the Tribunal on payment of fees of one hundred rupees and to obtain a copy thereof on payment of the charges at the rate of five rupees per page.	Fees
The Companies (Winding Up) Rules, 2020	Part III - 121	Notice of filing list and inspection of same.	Upon the filing of the list of creditors as settled by the Company Liquidator, the Registry shall notify the filing thereof on the Tribunal's notice board and on the website of the Tribunal, and the list of creditors as settled and the proofs relating thereto shall be open to the inspection of every creditor or contributory on payment of fee of one thousand rupees.	Fees
The Companies (Winding Up) Rules, 2020	Part III- 148.	Notes of examination. -	The notes of every examination shall, after being signed as required by sub-section (7) of section 300, form part of the records of winding up and the Company Liquidator, the person examined or contributory of the company, shall be entitled to obtain a copy thereof from the Tribunal on payment of five rupees per page.	Fees
The Companies (Winding Up) Rules, 2020	Part III-173	Payment of dividend or return of capital due to deceased creditor or contributory	Where a claim made in respect of a dividend due to a deceased creditor or a return of capital due to a deceased contributory is one lakh rupees or less, the Company Liquidator may, upon satisfying himself as to the claimant's right and title to receive the dividend or the return, as the case may be, apply to the Tribunal for sanctioning the payment of such dividend or return to the claimant without the production of a succession certificate or like authority, however, in respect of the claim mentioned above, pertaining to a deceased creditor or contributory where the claim amount is one lakh rupees or less, in lieu of succession certificate, the claimant shall produce Family Member	Threshold

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	Rules	Rules Title	Provision	Nature
			Certificate issued by competent authority in the State Government or Union territory, as the case may be, and where the Tribunal sanctions the payment, the Company Liquidator shall make the payment upon obtaining a personal indemnity as well as an affidavit duly stamped from the payee.	
The Companies (Winding Up) Rules, 2020	Part V - 190	Powers and functions of Official Liquidator	<p>(2) For the purpose of clause (ii) of sub-section (1) of section 361, the class of companies shall be as under, based on the latest audited Balance Sheet:-</p> <p>(a) the company which has taken deposit and total outstanding deposits is not exceeding twentyfive lakh rupees; or</p> <p>(b) the company of which the total outstanding loan including secured loan does not exceed fifty lakh rupees; or</p> <p>(c) the company of which turnover is upto fifty crore rupees; or</p> <p>(d) the company of which paid up capital does not exceed one crore rupees.</p>	Threshold
The Companies (Winding Up) Rules, 2020	Part VI - 191.	Inspection of file.	<p>(1) Every duly authorised officer of the Central Government and, save as otherwise provided by these rules, every person who has been a director or officer of a company which is being woundup, shall be entitled, free of charge, at all reasonable times to inspect the file of proceedings of the liquidation, and to take copies or extracts from any document therein on payment at the rate of five rupees per page, to be furnished with such copies or extracts.</p> <p>(2) Save as otherwise provided by these rules, every contributory and every creditor, whose claim or proof has been admitted, shall be entitled, at all reasonable times to inspect the file of proceedings on payment of one hundred rupees and to be furnished with copies and extracts from any document therein at the rate of five rupees per page.</p>	Fees
The Companies	Part II - 6	Copy of petition to be furnished	Every contributory of the company shall be entitled to be furnished by the petitioner or	Fees

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	Rules	Rules Title	Provision	Nature
(Winding Up) Rules, 2020			by his authorised representative with a copy of the petition within twenty four hours of his requiring the same on payment of five rupees per page.	
The Companies (Winding Up) Rules, 2020	Part II - 11.	Affidavit-in-objection	Any affidavit in objection to the petition under sub-section (1) of section 272 shall be filed within thirty days from the date of order, and a copy of the affidavit shall be served on the petitioner or his authorised representative forthwith and copies of the affidavit shall also be given to any contributory appearing in support of the petition who may require the same on payment of five rupees per page within three working days.	Fees
The Companies (Auditor's Report) Order, 2020	Ministry of Corporate Affairs Order	Companies (Auditor's Report) Order, 2020.	(v) a private limited company, not being a subsidiary or holding company of a public company, having a paid up capital and reserves and surplus not more than one crore rupees as on the balance sheet date and which does not have total borrowings exceeding one crore rupees from any bank or financial institution at any point of time during the financial year and which does not have a total revenue as disclosed in Scheduled III to the Companies Act (including revenue from discontinuing operations) exceeding ten crore rupees during the financial year as per the financial statements.	Threshold
The Companies (Auditor's Report) Order, 2020	Rule 3(ii)	Matters to be included in auditor's report	(b) whether during any point of time of the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details;	Threshold
The Companies (Accounting Standards) Rules, 2021	Rule 2	Definitions	(e) "Small and Medium Sized Company" (SMC) means, a company-  (i) whose equity or debt securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India;	Threshold

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	Rules	Rules Title	Provision	Nature
			<p>(ii) which is not a bank, financial institution or an insurance company;</p> <p>(iii) whose turnover (excluding other income) does not exceed two hundred and fifty crore rupees in the immediately preceding accounting year;</p> <p>(iv) which does not have borrowings (including public deposits) in excess of fifty crore rupees at any time during the immediately preceding accounting year; and</p> <p>(v) which is not a holding or subsidiary company of a company which is not a small and medium-sized company.</p>	
The Companies (Share Capital and Debentures) Rules, 2014	Rule 6	Issue of Renewed or Duplicate Share Certificate	<p>(1) the certificate of any share or shares shall not be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, mutilated, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the company:</p> <p>Provided that the company may charge such fee as the Board thinks fit, not exceeding fifty rupees per certificate issued on splitting or consolidation of share certificate(s) or in replacement of share certificate(s) that are defaced, mutilated, torn or old, decrepit or worn out:</p> <p>(2)(a) The duplicate share certificate shall be not issued in lieu of those that are lost or destroyed, without the prior consent of the Board and without payment of such fees as the Board thinks fit, not exceeding rupees fifty per certificate and on such reasonable terms, such as furnishing supporting evidence and indemnity and the payment of out-of-pocket expenses incurred by the company in investigating the evidence produced:</p>	Fees

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	Rules	Rules Title	Provision	Nature
The Companies (Share Capital and Debentures) Rules, 2014	Rule 8	Issue of Sweat Equity Shares.	(4) The company shall not issue sweat equity shares for more than fifteen percent of the existing paid up equity share capital in a year or shares of the issue value of rupees five crores, whichever is higher:	Threshold
The Companies (Share Capital and Debentures) Rules, 2014	Rule 18	Debentures	(c) A person shall not be appointed as a debenture trustee, if he-.....  (vi) has any pecuniary relationship with the company amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;	Threshold
The Companies (Acceptance of Deposits) Rules, 2014	Rule 2	Definitions	(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 of 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 resolution and also filed the said resolution with the Registrar of Companies before making any invitation to the Public for acceptance of deposits:  (xvii) an amount of twenty five lakh rupees or more received by a start-up company, by way of a convertible note (convertible into equity shares or repayable within a period not exceeding ten years from the date of issue) in a single tranche, from a person.  Explanation.- For the purposes of this sub-clause,-  I. "start-up company" means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognised as such in accordance with notification number G.S.R. 127 (E), dated the 19th February, 2019 issued by the Department for Promotion of Industry and Internal Trade	Threshold
The Companies	Rule 3	Terms and Conditions of	(b) the borrowings of such a company from banks or financial institutions or any body	Threshold

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	Rules	Rules Title	Provision	Nature
(Acceptance of Deposits) Rules, 2014		Acceptance of Deposits by Companies	corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is less ; and	
The Companies (Acceptance of Deposits) Rules, 2014	Rule 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.	Fine
The Companies (Management and Administration) Rules, 2014	Rule 11	Annual Return	(1) Every company shall file its annual return in Form No.MGT-7 except One Person Company (OPC) and Small Company. One Person Company and Small Company shall file annual return from the financial year 2020-2021 onwards in Form No.MGT-7A.  (2) The annual return, filed by a listed company or a company having paid-up share capital of ten crore rupees or more or turnover of fifty crore rupees or more, shall be certified by a Company Secretary in practice and the certificate shall be in Form No. MGT.8.	Threshold
The Companies (Management and Administration) Rules, 2014	Rule 14	Inspection of Registers, Returns etc.	(1) The registers and indices maintained pursuant to section 88 and copies of returns prepared pursuant to section 92, shall be open for inspection during business hours, at such reasonable time on every working day as the board may decide, by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of such fee as may be specified in the articles of association of the company but not exceeding fifty rupees for each inspection.  Explanation.- For the purposes of this sub-rule, reasonable time of not less than two	Fees

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	Rules	Rules Title	Provision	Nature
			<p>hours on every working day shall be considered by the company.</p> <p>(2) Any such member, debenture holder, security holder or beneficial owner or any other person may require a copy of any such register or entries therein or return on payment of such fee as may be specified in the articles of association of the company but not exceeding ten rupees for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.</p>	
The Companies (Management and Administration) Rules, 2014	Rule 16	Copies of the Registers and Annual Return	Copies of the registers maintained under section 88 or entries therein and annual return filed under section 92 shall be furnished to any member, debentureholder, other security holder or beneficial owner of the company or any other person on payment of such fee as may be specified in the Articles of Association of the company but not exceeding rupees ten for each page and such copy shall be supplied by the company within a period of seven days from the date of deposit of fee to the company.	Fees
The Companies (Management and Administration) Rules, 2014	Rule 23	Special Notice.	(1) A special notice required to be given to the company shall be signed, either individually or collectively by such number of members holding not less than one percent of total voting power or holding shares on which an aggregate sum of not less than five lakh rupees has been paid up on the date of the notice.	Threshold
The Companies (Management and Administration) Rules, 2014	Rule 26	Copy of Minute Book of General Meeting	Any member shall be entitled to be furnished, within seven working days after he has made a request in that behalf to the company, with a copy of any minutes of any general meeting, on payment of such sum as may be specified in the articles of association of the company, but not exceeding a sum of ten rupees for each page or part of any page:	Fees
The Companies (Management and Administration) Rules, 2014	Rule 29	Inspection and Copies of Records Maintained in Electronic Form	Where a company maintains its records in electronic form, any duty imposed by the Act or rules made there under to make those records available for inspection or to provide copies of the whole or a part of those records, shall be construed as a duty	Fees

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	<b>Rules</b>	<b>Rules Title</b>	<b>Provision</b>	<b>Nature</b>
			to make the records available for inspection in electronic form or to provide copies of those records containing a clear reproduction of the whole or part thereof, as the case may be on payment of not exceeding ten rupees per page	
The Companies (Management and Administration) Rules, 2014	Rule 30	Penalty	If any default is made in compliance with any of the provisions of this rule, the company and every officers or such other person 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 during which such contravention continues.	Fine

### Accounting Standard References

- Accounting Standard (AS) 11, *The Effects of Changes in Foreign Exchange Rates*, prescribes as follows:

*3. This Standard does not specify the currency in which an enterprise presents its financial statements. However, an enterprise normally uses the currency of the country in which it is domiciled. If it uses a different currency, this Standard requires disclosure of the reason for using that currency. This Standard also requires disclosure of the reason for any change in the reporting currency.*

*4. This Standard does not deal with the restatement of an enterprise's financial statements from its reporting currency into another currency for the convenience of users accustomed to that currency or for similar purposes.*

*41. When the reporting currency is different from the currency of the country in which the enterprise is domiciled, the reason for using a different currency should be disclosed. The reason for any change in the reporting currency should also be disclosed.*

- Ind AS 21, *The Effects of Changes in Foreign Currency Rates*, prescribes as follows:

*Functional currency is the currency of the primary economic environment in which the entity operates.*

*Presentation currency is the currency in which the financial statements are presented.*

*17 In preparing financial statements, each entity—whether a stand-alone entity, an entity with foreign operations (such as a parent) or a foreign operation (such as a subsidiary or branch)—determines its functional currency in accordance with paragraphs 9–14. The entity translates foreign currency items into its functional currency and reports the effects of such translation in accordance with paragraphs 20–37 and 50.*

*Translation to the presentation currency*

*38 An entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency. For example, when a group contains individual entities with different functional currencies, the results and financial position of each entity are expressed in a common currency so that consolidated financial statements may be presented.*

*50 When the presentation currency is different from the functional currency, that fact shall be stated, together with disclosure of the functional currency and the reason for using a different presentation currency.*

