Implications of New Companies Act 2013

Member (For Private Companies): Section 2(68)
Maximum number restricted to 200.

Corporate Identity Number (CIN) (For Both Private and Public Company): Section 12(3) (c)
Every company shall get its name, address of its registered office and the Corporate Identity Number along with telephone number, fax number, if any, e-mail and website addresses, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications.

Obligation to indicate Director Identification Number (For Both Private and Public Company): Section 158
Every person or company, while furnishing any return, information or particulars as are required to be furnished under this Act, shall mention the Director Identification Number in such return, information or particulars in case such return, information or particulars relate to the director or contain any reference of any director.

Financial year (For Both Private and Public Company): Section 2(41)
There should be uniform financial year i.e. 31st March and annual return is also required to be prepared on that date.

Note: Provided further that a company or body corporate, existing on the commencement of this Act, shall, within a period of two years from such commencement, align its financial year as per the provisions of this section.

Resident Director (For Both Private and Public Company): Section 149(3)
All companies including private companies must have atleast one director who has stayed in India for a minimum period of 182 days during the previous calendar year.

Consent to act as Director (For Both Private and Public Company): Section 152(5)
A person appointed as a Director shall not act as a director unless he gives his consent to hold office as a director and such consent has been filed with the Registrar within 30 days of his appointment.

Limit on number of directorship (For Both Private and Public Company): Section 165
A person can act as Director in a maximum of 20 companies at any given point of time out of which not more than 10 could be public companies.

Minimum Attendance in Board Meeting (For Both Private and Public Company): (Section 167)
Every director must attend at least one board meeting in a financial year otherwise such person shall cease to be director.

Contents of Financial Statements (For Both Private and Public Company): Section 2(40)

- Balance Sheet
- Statement of Profit and loss account
- Cash Flow Statement
- Statement of changes in the Equity, if applicable and
- Notes to the Accounts

Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement.

Consolidation of Accounts (For Both Private and Public Company): Section 129(3)

- All companies having subsidiary(s) needs to prepare consolidated accounts.
- Subsidiary includes associates and joint ventures.

Term of Auditor (For Both Private and Public Company): Section 139

- Appointment of auditor will be for 5 years term in each appointment subject to the ratification every year in AGM.
- Individual auditor can serve maximum 5 years and firm for maximum 10 years followed cooling period of 5 years.

Appointment of Internal Auditor:

The following class of companies shall be required to appoint an internal auditor or a firm of internal auditors, namely:-

- Every **Listed Company;**
- Every **Unlisted Public Company** having-

(i) Paid up share capital of **fifty crore rupees or more** during the preceding financial year; or
(ii) Turnover of **two hundred crore rupees or more** during the preceding financial year; or
(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
(iv) Outstanding deposits of **twenty five crore rupees or more** at any point of time during the preceding financial year; and

- Every **Private Company** having-

(i) Turnover of **two hundred crore rupees or more** during the preceding financial year; or
(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.

Notes:

1. The internal auditor may or may not be an employee of the company;
2. The Internal Auditor shall be chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.
3. The term "Chartered Accountant" shall mean a Chartered Accountant whether engaged in practice or not.

4. The Audit Committee of the company or the Board shall, in consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.

Signing of Annual Return: Section 92

- **For One Person Company and Small Company**:

Annual Return shall be signed by Company Secretary and where there is no Company Secretary, then by one director of the Company.

- **For Companies other than small company and OPC:**

Annual Return shall be signed by Company Secretary + Director. And where there is no Company Secretary then by PCS (company secretary in practice) + Director.

- **Certification of Annual Return by PCS:**

The annual return, filed by a listed company or, by a company having such paid-up capital of Rs.10 Crores or more OR turnover of Rs.50 Crores or more shall be certified by a PCS in Form **No. MGT-8** stating that the annual return discloses the facts correctly and adequately and that the company has complied with all the provisions of this Act.

Inter Corporate Investments\Loans\Guarantee: Section 186

Except sub section (1) of section 186, other provisions on Inter Corporate Investments/loans/guarantee are applicable.

Signature of Directors Report: Section 134

Chairperson, if he is authorised by Board or 2 directors out of which one shall be Managing Director or by the director where there is one director.

Authentication of Financial Statements: Section 134

- The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board at least by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed.

- In case of a One Person Company, only by one director, for submission to the auditor for his report thereon.

Postal Ballot for passing the resolutions (For Both Private and Public Company): Section 110

Postal ballot is applicable to private limited companies also for certain transactions after the amendment prescribed by the central government by notification.