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# **Provisions relating to Loans, Borrowings and Deposits**

*(Practical issues and reporting requirements,  
Impact on Private Limited Companies)*

**Intensive Study Course on  
Companies Act, 2013  
WIRC of ICAI**

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- Provisions relating to:
  - Acceptance of Deposits by Companies [Sec 73 to 76 Chapter V]
  - Important provision of Companies( Acceptance of Deposit) Rules, 2014
  - Loans to Directors [Sec185 Chapter XII]
  - Loans and Investments [Sec186 Chapter XII]
- Reporting requirements

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# **Provisions Regarding**

## **Acceptance of Deposits by Companies**

### **[Chapter V]**

Fix Deposit



# Acceptance Of Deposits By Companies w.e.f. 01.04.2014 (Section – 73)



## Section 73 Corresponding to Sec 58A

(1) On and after the commencement of this Act, no company shall invite, accept or renew deposits under this Act from the public except in a manner provided under this Chapter.

### Exclusions:

- (a) Banking Company
- (b) Non- Banking Finance Company registered with RBI
- (c) Any other Company specified by CG after consultation with RBI

# Deposit Definitions:



- Section 2(31) : "deposit" includes any receipt of money by way of deposit or loan or in any other form by a company, but does not include such categories of amount as may be prescribed\* in consultation with the Reserve Bank of India;
- Rule 2(c) - “deposit includes any receipt of money by way of deposits or loan or in any other form, by a company, but does not include the following: .....”
- **Therefore , the three elements which will constitute as deposit**
  - Any receipt of money by way of deposit;
  - Any loan; and
  - Any receipt of money in any other form .



- Certain types of monies received by a company are excluded from the definition of 'deposit'- Following amount received **shall not be considered as "Deposit"**
  - i. From Central Government /State Government/ local authority ;
  - ii. Foreign or international banks/multilateral financial institution, foreign authorities and persons resident outside India subject to provisions of FEMA,1999 ;
  - iii. Banking Companies and Banking Institution notified under Banking Regulation Act including co-operative banks;
  - iv. Public Financial Institution /Regional Financial Institutions / Insurance Companies / Scheduled Banks ;
  - v. Commercial paper or any other instruments issued in accordance with the guidelines of Reserve Bank of India.

# Deposit: Rule 2(c) of CAD Rules 2014



- vi. any other Company
- vii. Subscription for securities including share application money
- viii. a director or relative of director of private company
- ix. issue of bonds or debentures secured by first charge on any assets / listed unsecured NCDs
- ixa any listed NCD issued without any charge on assets
- x. an employee of the company not exceeding his annual salary in the nature of non interest bearing security.
- xi. a Non- interest bearing amount received and held in trust
- xii. Any amount received in the course of or the purpose of the business for the following:
  - (a) As advance for the supply of goods or provision of services



# Deposit: Rule 2(c) of CAD Rules 2014



- b) As advance received in connection with consideration for immovable property under an agreement or arrangement,
- c) As security deposit for the performance of the contract for supply of goods or provision of services.
- d) As advance received under long term projects for supply of capital goods.
- e) As advance towards consideration for providing future service
- f) As advance Received and as allowed by any sectoral regulator from CG/SG
- g) advance for subscription towards publication
- xiii. Any amount brought in by the promoters themselves or their relatives by way of unsecured loan in pursuance of a stipulation of any lending institution on the promoters

# Deposit: Rule 2(c) of CAD Rules 2014



- xiv. any amount accepted by a Nidhi Company in accordance with rules made U/s 406 of the Act
- xv. any amount received by way of subscription by Chit fund company
- xvi. any amount received by company under collective investment scheme framed by SEBI
- xvii. an amount of twenty five lakh rupees or more received by a start-up company, by way of a convertible note in a single tranche, from a person.
- xviii. any amount received by a company from Alternate Investment Funds, Domestic Venture Capital Funds, **Infrastructure Investment Funds** and Mutual Funds registered with the SEBI in accordance with regulations made by it.

# Deposit accepted under Co's Act, 1956 and renewed after 01.04.2014



***Issue: Whether deposit accepted under Co's Act, 1956 renewed after 01.04.2014 need to comply with the provision of this section?***

- Clarification regarding applicability of Act in Circular 5 /2015 dated 30.03.2015

# Acceptance of Deposits (Section – 73)



**S.73(2)** - The Company may "accept" deposit from its members on such terms and conditions including security and interest as may be agreed upon between the company and its members:

- By passing resolution in general meeting and
- Rules as may be prescribed in consultation with RBI\*

## Requirements:

- Issue a circular giving all the relevant details like for e.g. Financial Position, Credit rating, total depositors, amts. due etc.
- Filing the copy of the circular with registrar within 30 days before date of issue of circular.

## . Proviso:

- *In case of unsecured or partially secured deposits – such shall be so quoted in all documents, circulars etc*



## Additional Requirements (As amended by Companies (Amendment) Act, 2017 - Yet to be notified by Central Government):

- Depositing before the 30<sup>th</sup> April each year not less than 20% ~~15%~~ maturing during following ~~two~~-FY - separate bank account of a scheduled - deposit repayment reserve account
- ~~Insurance as may be prescribed~~
- Certification - no default in the repayment of deposits & interest - before or after the commencement of this Act and where a default had occurred, the company made good the default and a period of five years had lapsed since the date of making good the default
- providing security, if any and creation of charge on the property or assets of the company



## ➤ Notification dated 13th June, 2017

**Clauses (a) to (e) of Sec 73 (2) – not applicable to a Private Co:**

- **Accepts monies from members not exceeding 100% (PSC+ FR+SP); OR**
- **Is a 'start-up', for five years from date of its incorporation; OR**
- **Which fulfils the following:**
  - (a) which is not an associate or a subsidiary company of any other company;
  - (b) if the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital **or fifty crore rupees, whichever is lower; and**
  - (c) such a company has not **defaulted** in the repayment of such borrowings subsisting at the time of accepting deposits under this section:

Such company shall file the details of monies so accepted to the Registrar in such manner as may be specified



## Notification dated 4<sup>th</sup> January 2017

- Clauses (a) to (e) of subsection (2) of section 73 Shall not apply to a Specified IFSC public company which accepts from its members, monies not exceeding one hundred per cent. of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified

# Deposit from members (Section 73)



## Conditions:

- S. 73(3) - repay with interest in accordance with the terms and conditions
- S. 73(4) - Failure - the depositor may apply to the NCLT repayment or for any loss or damage
- S. 73(5) - Deposit repayment reserve account not be used for any purpose other than repayment of deposits.



# Repayment of deposits, etc., accepted before commencement of this Act (Section – 74)



- **Section 74 new provision enforced on 01.04.2014**

Clause (1) - any deposit accepted by a company before commencement of the Act, the amount of deposit or any interest due thereon remains unpaid on such commencement or becomes due at any time thereafter, the company shall:

- a) file within a period of three months from such commencement or from the date on which such payments, are due, with the registrar, a statement\*, and;
- b) repay within three years from such commencement or on or before expiry of the period for which the deposits were accepted, whichever is earlier ~~repay within one year from such commencement or from the date on which such payments are due, whichever is earlier~~ - yet to be notified.

# Repayment of deposits, etc., accepted before commencement of this Act (Section – 74)



- (2) The Tribunal may on application made by the Company, after considering financial condition of the company, allow further time as considered reasonable to the company to repay the deposit.
- (3) If company fails to repay the deposit or interest thereon within a time specified in sub section (1) and (2), be punishable with:
- For Company - Fine – Rs. 1 crore to Rs. 10 crore
  - For every officer in default – imprisonment upto 7 years or with the fine of Rs. 25 lakhs to Rs. 2 crores or with both.



- **Section 75 new provision enforced w.e.f. 01.06.2016**
  - 1) It is proved that deposit accepted with intent to defraud the depositors or for any fraudulent purposes, every officer responsible for accepting deposits, will be personally liable without any limitation of liability, for all or any of the losses or damages that may have been incurred by the depositor.
  - 2) Any suit, proceedings or other action may be taken by any person or any group of persons or any association of persons.

# Acceptance of Deposits by certain companies (Section 76)



- Notwithstanding anything contained in Section 73, a public company, having such net worth or turnover as may be prescribed, may accept deposits from persons other than its members subject to compliance with the requirement provided in sub-section (2) of Section 73 and subject to rules as the CG may prescribe.
- First Proviso:  
*"such company need to obtain rating from recognized credit rating agency at the time of inviting the deposit and the rating shall be obtained every year during the tenure of deposit"\**
- Second Proviso:  
*"Every company accepting secured deposit from the public shall create a charge on its assets within 30 days from acceptance to the extent of amount of deposit accepted"*



➤ **Eligible company (Rule 2(e) of CAD Rules 2014):**

- Net worth –not less than INR 100 cr. **OR**
- Turnover – not less than INR 500 cr. **AND**
- Prior consent of the company in General meeting **(Special Resolution)**
- Filed a copy of Resolution before registrar before making invitation
- **Ordinary Resolution** of the deposit is within the limit of Section 180(1)(c)

➤ **Term of Deposit (Rule 3 of CAD Rules 2014): Members + Public**

- Repayable on demand OR
- Upon receiving notice in less than **6 months\*** OR
- Upon receiving notice in more than **36 months**
- From the date on which such deposits were taken

\* Certain exception for short term requirement of funds



## ▪ Limit \* on quantum of Deposits (Rule 3 of CAD Rules 2014):

### ➤ Limit on Deposit from Members:

- A company can take deposit from its members up to ~~25-35%\*\*~~ of the aggregate of the paid up share capital, free reserves and Securities Premium Account of the company
- **Specified IFSC Co. and Pvt. Co.-** 100% of PSC + FR + SP

### ➤ Limit on deposits for Eligible Company:

- From company's members – up to 10 % of PSC+FR+SP
- From Public- up to 25% of PSC + FR + SP

### ➤ Limit on deposit from public for Govt. Company:

- Up to 35% of PSC + FR + SP

# Section 76 r.w. CAD rules, 2014



- Deposits from members & public - Maximum interest rate brokerage regulated by RBI
- Alteration in terms and conditions (prejudice or disadvantage of the depositor) not possible

# Section-76A – Punishment for contravention of sec 73 or sec 76 (29/5/15)



- Any company that accepts or invites deposits in contravention of the manner or the conditions prescribed under section 73 or section 76.
- Or if a company fails to repay the deposit or any interest thereon within the time specified.
- *the company shall, in addition to the payment of the amount of deposit or part thereof and interest due, punishable with fine not less than ~~one crore~~ **one crore or twice the amount of deposit accepted by the company, which ever is lower** but which may extend to ten crore.*
- *Every officer in default with imprisonment of seven years ~~or~~ **and** with a fine which shall not be less than twenty five lakhs which may extend to two crores ~~or with both~~.*





## Disclosures in the financial statement.-

- (1) Every company, other than a private company, shall disclose in its financial statement, by way of notes, about the money received from the director.
  - (2) Every private company shall disclose in its financial statement, by way of notes, about the money received from the directors, or relatives of directors.”.
-



➤ Section 2(57) Definition is modified

"net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits, **securities premium account and debit or credit balance of profit and loss account**, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;



- Section 2(43) Definition is modified
- “free reserves” means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend;  
Provided that:
  - i. any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or
  - ii. any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.



## ➤ Section 2(91) New Definition

“turnover” means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year”



- Can a Private Company Accept deposit from its members?
  - If yes – upto what limit?
  - What are the compliances required?
- Can a Private Company Accept deposit from its directors and/or relatives of such directors?
  - If yes – upto what limit?
  - What are the compliances required?
- Can a Private Company Accept deposit from public?
  - What is the maximum limit



- Does deposits provisions cover debentures?
- Secured CCDs/OCDs/NCD – not a deposit
- Unsecured CCDs/OCDs/NCDs issued to a co.- not a deposit
- Unsecured CCDs/OCDs/NCDs issued to a resident - not a deposit if converted within 10 years
- Unsecured CCDs/OCDs/NCDs issued to a resident - not a deposit if listed otherwise deposit
- Unsecured CCDs/OCDs/NCDs issued to a foreign body - not a deposit

What happened  
Sharma Ji??



I lost my money  
in Company Fixed  
Deposit

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## **Loans to Directors**

### **[Sec. 185 Chapter XII]**





# Loans to Directors (section 185) (As Amended)



- Corresponding to Sec. 295 & 296 of the 1956 Act
- Entire provision of Section 185 of the Act substituted by Companies (Amendment) Act, 2017 and has been made effective from May 7, 2018.
- **In Clause (1) the words “Save as otherwise provided in this Act,” have been deleted.**

# Loans to Directors (section 185) (As Amended)



- No company shall directly or indirectly advance any loan, including any loan represented by a book debt to, or give any guarantee or provide any security in connection with any loan taken by,—
  - ✓ Any director of company; or
  - ✓ Any Director of holding company; or
  - ✓ Any partner or relative of any such director; or
  - ✓ firm in which any such director or relative is a partner.

# Loans to Directors (section 185) (As Amended)



- A company may advance any loan including any loan represented by a book debt or give any guarantee or provide any security in connection with loan taken by:
  - ✓ any private company of which such director is a director or member;
  - ✓ Any body corporate at GM of which not less than 25% is controlled by any such director;
  - ✓ Any body corporate- BOD are accustomed to act in accordance with instruction of the lending company.
  
- **Condition for granting loan to above 3 parties:**
  - ✓ special resolution is passed by the lending company [with explanatory details to disclose full details];
  - ✓ the loans are utilised by the borrowing company for its principal business activities.



## Exemptions:

- giving any loan to a managing director or whole time director;
  - ❖ as part of the **conditions of service** extended by the company to all its employees; or
  - ❖ pursuant to any **scheme approved by the members** by a Special Resolution
- Ordinary course of business to provide loans **and interest at GSec rates of comparable tenor**;
- Loan/Security/Guarantee by holding to subsidiary for any loan taken by Subsidiary company;
- Security/Guarantee by holding to subsidiary for any loan taken by Subsidiary company from Banks/ Financial Institution;



## ➤ Penal provision in contravention of section 185:

- ✓ The **company** shall be punishable with fine which shall not be less than five lakh rupees but which may extend to **twenty five lakhs;**
- ✓ **Director** or other person to whom any loan is advanced or guarantee or security is given or provided in connection with any loan by him or other person- **imprisonment of six months with minimum fine of five lakhs.**



- **Exemption to Private Companies:\***
  - Section 185 will not apply to Private Company -
  - ❖ In whose share capital no other "**body corporate**" has invested any money ;
  - ❖ If **borrowing** from Banks or FI's or any body corporate is less than **twice of paid up capital or fifty crore**, whichever is lower ;
  - ❖ Such a company has **no defaults in repayment of such borrowing** subsisting at the time of making transactions under this section.



- **Other Exemption :**
  - Section 185 shall not apply to Government company-\*
  - ❖ In case such company obtains approval of the Ministry or Department of the Central Government/State Government before making any loan or giving any guarantee or providing any security under the section ;
  
  - Section 185 shall not apply to Nidhi company-\*\*
  - ❖ The loan is given to a director or his relative in their capacity as members and such transaction is disclosed in the annual accounts by a note.



- **Other Exemption** (Notification Dated 4th January, 2017) :
  - **Explanation to clause (c) of Sec 185 (1)**
    - ✓ In case of Specified IFSC Public Company & In case of Specified IFSC Private Company
    - ❖ any private company of which any such director is a director or member in which director of the lending company do not have direct or indirect shareholding through themselves or through their relatives and a special resolution is passed to this effect;”;

International Financial Services Centre (IFSC)





- A Ltd. has two directors PM and AM , both holds 50% share each of company. A Ltd. wish to give loan to following and have asked your views on same.
  - Loan to Director PM
  - Loan to a relative of Director AM
  - Director of D Ltd. which is holding company of A Ltd.
  - A Partner of Director of Holding Company
  - A Partner of Director of A Ltd.
  - To a firm in which Mr. PM is partner
  - To a firm in which relative of Mr. AM is a Partner
  - To a LLP in which PM is partner



- Sec 2(77) - “**relative**”, with reference to any person, means anyone who is related to another, if—
  - (i) they are members of a Hindu Undivided Family;
  - (ii) they are husband and wife; or
  - (iii) one person is related to the other in such manner as may be prescribed\*;

\*- Father, mother, son, son’s wife, daughter, daughter’s husband, brother, sister, (including step relations)



- **No distinction between Private & Public company initially**
- Certain exemptions for Private coms brought back
- Even if a loan etc. obtained in contravention of the above provisions is repaid, the contravener would still be exposed to punishment by way of imprisonment
- Applicable prospectively and should not affect existing loans etc.
- Renewals of loan etc. needs to be in conformity with the 2013 Act
- **Section does not contain any remedial proviso**



- What happen to existing loans?
- Shares held by directors as “nominee”
- Rearrange or realign – shareholding and/or directorship
- Appoint new directors
- Convert to LLP
- Use of dependent relatives



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**Provisions Regarding**  
**Loans and Investments**  
**[Sec186 Chapter XII]**





- Sec 186 {corresponds to sec 372A of Old Act}
- **Investment through two layers of companies only [Section 186(1)]:** A company shall, unless otherwise prescribed, make investment through not more than two layers of investment companies.
- **Exception: However, this provision shall not affect—**
  - ✓ A company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country;
  - ✓ A subsidiary company from having any investment subsidiary for the purposes of meeting the requirements of any law or under any rule or regulation framed under any law for the time being in force.



- **Limit for making inter-corporate loan, guarantee, providing security or investment [Section 186(2)]:**
- A company can not, *directly or indirectly*-
  - ✓ give **loan** to any person\* or other body corporate.  
“person” does not include any individual who is in the employment of the company w.e.f. 7th May 2018
  - ✓ give any **guarantee** or provide **security** in connection with a loan to any body corporate or person; and
  - ✓ acquire by way of **subscription, purchase or otherwise**, the **securities** of any other body corporate.
- ***Exceeding:***
  - ❖ 60% of [Paid Up Share Capital (+) Free Reserves (+) Securities Premium Account]; or
  - ❖ 100% of [Free Reserves (+) Securities Premium Account],
- whichever is more





- **If:** Amounts Involved > Specified Limit
- **Then:** Prior Approval by way of Special Resolution is required [Section 186(3)]
- **CA Act 2017- Aggregate of loans and investment so far made + the amount for which guarantee or security so far provided+ Investment/Loans/Guarantee/ Security proposed to be made.**
- **Disclosure in F.S.:** Particulars & purposes of such loans, investments etc. required to be disclosed [Section 186(4)];
- **BOD Approval** always required: Consent by **All** the directors present in the BOD Meeting [Section 186(5)];
- **Public Financial Institution Approval** – when **required**: if any term loan is subsisting;
- **Public Financial Institution Approval** – when **not required**: If:
  - ❖ Amounts Involved [present (+) proposed]  $\leq$  Ceiling Limit; **and**
  - ❖ No default in repayment of their loan installments or payment of interest thereon



- **NO:** Loan can be given under this section at a rate of interest lower than the prevailing yield of one/three/five or ten year Government Security closest to the tenor of the loan – **186(7)**
- **Default in the repayment of any deposits[section 186(8):**  
Company prohibited to give any loan or give any guarantee or provide security or make an acquisition till such default is subsisting;



- **Register of loan, guarantee, security, or acquisition [section 186(9) & (10)]:**
  - To be kept at the registered office, in manual or e-mode, in Form MBP 2 & to be updated within 7 days of such transactions;
  
- **S. 186(2) to (10) not to apply in certain cases [Section 186(11)]:**
  - ✓ Loan, Guarantee, Security by Banking Co./ Insurance Co./ HFC/ Company engaged in business of financing companies or providing infra facilities;
  - ✓ Acquisitions made by NBFC in ordinary course of business;
  - ✓ Acquisitions through Right Issue
  - ✓ Acquisition made by banking company or any insurance company or HFC in ordinary course of business.\*



- **Contravenes the provisions [section 186(13)]:**
  - ✓ **Company** shall be punishable not less than twenty five thousand rupees but which may extend to five lakh rupees;
  - ✓ Every officer in default shall be punishable with imprisonment for term which may extend to two years **and** with fine not less than twenty five thousand rupees but which may extend to one lakh rupees;
  
- **Section 186 is not applicable to :**
  - ✓ Govt. company engaged in defense production;
  - ✓ Govt. company , other than listed company, in case such company obtains approval of the Ministry/ Department of CG/ SG before making any loans or giving any guarantee.



## Exemption to subsidiary company/joint ventures – conditions thereof:

- As per Rule 11(1) of the Companies (Meetings of Board and Its Powers) Rules, 2014:
  - Where a **loan or guarantee** is given or where a **security** has been provided by a company to its:
    - ✓ wholly owned subsidiary company, or
    - ✓ a joint venture company, or
  - Where an **acquisition is made by a holding company**, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, the requirement of sub-section (3) of section 186 shall not apply.

**CA Act 2017- this has been added as 1<sup>st</sup> Proviso to Sub-section (3).**



- **Companies (Amendment) Act, 2017 changes in S.186(11) yet to be notified –**  
**Nothing contained in this section except sub-section (1) shall apply –**
  - to any investment made by an investment company – **yet to be notified**
  
- **Companies (Amendment) Act, 2017 changes in explanation to S.186 effective 7<sup>th</sup> May 2018–**  
  

Investment company= explanation (a) + Deemed investment company engaged in business of acquisition of shares/debentures/other securities > **50% of Total Assets & > 50% of Total Income.**

# Loans and Investments certain issues...



- Securities – defined under 2 (81) - means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956-
  - To include shares, bonds, stocks, debentures, warrants or other marketable securities of a similar nature offered by a corporate body
- Sec 2(11) “body corporate” or “corporation” includes a company incorporated outside India, but does not include—
  - a co-operative society registered under any law relating to co-operative societies; and
  - any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf;

# Notification Dated 4<sup>th</sup> January 2017



- Certain exemptions in case of Specified IFSC Public & Private Companies
- Section 186 (1) – layers of investment companies
- Section 186 (2) & (3) – BOD pass a circular resolution





# Layers of Investment Companies

- New Concept
- Only for investment companies –
- Operating cos – seems to be no problem
- Maximum two layers of investment companies
- “investment company” means a company whose principal business is the acquisition of shares, debentures or other securities
- Investments in all classes of assets covered – like land etc.
- Partnership firm, LLP may not be covered as investment companies?????
- Debate on principal business

# Layers of Investment Companies





- Is a private company exempt from Sec 186 of CA, 2013?
- Is loan to an employee covered within Sec 186?
- Will salary advances made by the Company for only one or two months (without interest) come within the preview of “Loan”?
- Is unanimous consent of the board required for entering into a transaction under Sec 186?
- When is the approval from the public financial institutions not required for entering into transactions under Section 186?
- Can Company provide interest free loans?

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# Reporting Requirements

# Reporting Requirement:



## ➤ **By the Company:**

- ✓ Section 186 (4) The company shall disclose to the members in the financial statement the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.
- ✓ Rule 16A- Every private company shall disclose in its financial statement, by way of notes, about the money received from the directors, or relatives of directors.

# Reporting Requirement:



## ➤ By the Auditor: CARO

- ✓ **Loan given by Company [Clause 3 (iii)]**
  - Whether the company has granted any loans, secured or unsecured to companies, firms, LLP or other parties covered in the registered maintained under Section 189 of the Companies Act, 2013. If so,
    - (a) Whether terms and conditions of the grant of such loan are not prejudicial to the company's interest.
    - (b) Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments and receipts are regular.
    - (c) If the amount is overdue, state the total amount overdue, state the total amount overdue for more than 90 days and whether reasonable steps have been taken by the company for recovery of principal.

# Reporting Requirement:



## ➤ **By the Auditor: CARO**

### ✓ **Loan to director and investment by the company [Clause 3 (iv)]**

In respect of loan, investment, guarantees and security whether provision of Sections 185 and 186 of the Companies Act, 2013 has been complied with. If not, provide the details thereof.

### ✓ **Deposits [Clause 3 (v)]**

**In case, the company has accepted deposits, whether the following has been complied with:**

- Directives issued by the Reserve Bank of India
- (a) The provision of sec 73 to 76 or any other relevant provision of Companies Act, 2013 and the rules framed there under, and
- (b) If the order has been passed by company law board (CLB) or National company law tribunal (NCLT) or RBI or any court or any other tribunal.
- (c) However, if any of the above are not complied with, the nature of contraventions should be stated.

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**Thank You!!!**

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