

LIMITS AND OBLIGATIONS UNDER THE COMPANIES ACT 2013

In the business and corporate world every one's desire is to grow and catch new numbers of capital, profit, turnover etc. a common businessman and also a professional must know the limits and obligations to estimate the liabilities, the formalities, the compliances and the overall cost while thinking of dreaming new numbers. Under the company's act 2013, there are various limits and concerned obligations which require attention in advance.

This article is must for the directors and fresh professionals. If you are an independent director or a woman director or a nominee director or even a family director in good faith then you must know the triggers of the obligations on the company under corporate laws so that according to the size of the transactions of the company the materiality may be analyzed by you.

This article supports only the trigger points and make you aware so that you may further raise questions from your consultants or advisors as to "why" and "why not" regarding any event in the company.

The overall paradigm of our country is going to be changed and as per the single line agenda of the government "**Minimum government and maximum governance**" everybody in the company should be diligent, proactive and self disciplined to avoid any unpleasant situation.

In our country due to frequent changes in the modus operandi of the concerned people, it becomes inevitable for the government to change the various corporate law frequently therefore the knowledge contents of the article is updated upto the date of its release.

The triggers are designed in terms of financial figure like in case if your company has crossed paid up capital of Rs 100 lacs, or the turnover of your company has crossed Rs 100 crores or the borrowing is crossed Rs 50 crores then what will be the additional obligations of the company.

The directors will be supported in their board room to ask KMP that what about the particular triggers and they will be able to make better governance.

The tabulated trigger figures with the indication of corresponding requirements pertaining to various classes of companies are as under:

	OBLIGATIONS	LIMITS
1	PRIVATE LIMITED COMPANY	
1.1	PAID UP CAPITAL i.XBRL Applicability ii.Rotation of Statutory Auditors	>= 5 Cr. >= 20 Cr. (50 Cr. w.e.f. 22/06/2017)
1.2	PAID UP CAPITAL & FREE RESERVES Applicability of Companies Auditor Report Order(CARO)	> 1 Cr.
1.3	BORROWING i.Companies Auditor Report Order (CARO) ii.Rotation of Statutory Auditors iii.Internal Audit	> 1 Cr. >= 50 Cr. >= 100 Cr.
1.4	TURNOVER i.Companies Auditor Report Order (CARO) ii.XBRL Applicability iii.Internal Audit iv.Corporate Social Responsibility (CSR)	> 10 Cr. >= 100 Cr. >= 200 Cr. >= 1000 Cr.
1.5	NET WORTH i.Applicability of Ind AS ii.Corporate Social Responsibility (CSR)	>= 250 Cr. But < 500 Cr. >= 500 Cr.
1.6	NET PROFIT Corporate Social Responsibility (CSR)	>= 5 Cr.
2	UNLISTED PUBLIC LIMITED COMPANY	
2.1	COMPULSORY Companies Auditor Report Order (CARO)	
2.2	PAID UP CAPITAL i.Rotation of Statutory Auditors ii.Audit and Remuneration Committee iii.At Least Two Independent Director iv.Whole Time Key Manegarial Personnel a. Managing Director/ Whole Time Director b. Chief Financial Officer c. Company Secretary v.Annual Evaluation in the Directors Report vi.Internal Audit vii.Secretarial Audit viii.At Least One Woman Director	>= 10 Cr. >= 10 Cr. >= 10 Cr. >= 10 Cr. >= 25 Cr. >= 50 Cr. >= 50 Cr. >= 100 Cr.
2.3	BORROWING i.Rotation of Auditors ii.Audit and Remuneration Committee iii.At Least Two Independent Director iv.Vigil Mechanism v.Internal Audit	>= 50 Cr. >= 50 Cr. >= 50 Cr. > 50 Cr. >= 100 Cr.
2.4	PUBLIC DEPOSIT Internal Audit	>= 25 Cr.
2.5	TURNOVER i.Circulation of Annual Financial Statement ii.Audit and Remuneration Committee iii.At Least Two Independent Director iv.Internal Audit v.Secretarial Audit vi.At Least One Woman Director vii.Corporate Social Responsibility	>= 10 Cr. >= 100 Cr. >= 100 Cr. >= 200 Cr. >= 250 Cr. >= 300 Cr. >= 1000 Cr.
2.6	NET WORTH i.Circulation of Annual Financial Statement ii.Applicability of Ind AS iii.Corporate Social Responsibility (CSR)	>= 1 Cr. >= 250 Cr. But < 500 Cr. >= 500 Cr.
2.7	NET PROFIT Corporate Social Responsibility (CSR)	>= 5 Cr.

