
***Companies Act 2013:
C suite***

Are you geared up for the
new regime?



Are you aware of your new responsibilities?

Are you aware of the new governance and compliance requirements?

Are your internal processes robust enough to provide required assurance to the board and audit committee?

Have you thought about your CSR strategy and spends?

Are you aware about your new responsibilities and related liabilities as a KMP (Key Managerial Personnel)?

How do you plan to deal with areas of conflict vis-à-vis the new regime for auditors?

Have you identified your fraud-prone areas and set up a preventive framework?

Do you have a roadmap for smooth transition to the new regime?



With the notification of 98 sections, the new Companies Act 2013 has come into force.

For now, the Companies Act 1956 and Companies Act 2013 (with overriding sections and clauses issued in part) will co-exist.

The Companies Act 2013 is expected to be fully notified soon along with the issuance of all related Rules and Forms.

What's new!

Key managerial personnel (KMP)

- Full-time KMPs (i.e. CEO/MD/ WTD, CFO and CS) mandatory for all listed companies and companies with more than 5 cr INR capital
- Officer in default includes KMP
- KMP not to hold office in any other company (except subsidiary)

New disclosures in Directors' Report

- Risk management policy
- Process to ensure legal compliance
- Operating effectiveness of financial controls *
- Related party contracts with their justification
- Details of CSR initiatives
- Board evaluation

Corporate social responsibility (CSR)

- Applies to all large public and private companies
- Spend at least 2% of avg. net profits for last three years
- CSR committee to formulate policy
- Boundaries defined for permissible activities in CSR

Related party (RP) transactions

- KMP / relative , holding / subsidiaries covered in RP
- Central government approval not required, instead shareholder approval required in specified cases
- Routine transaction at arm's length exempted

Accounts and audit

- Consolidation of accounts of subsidiaries, JVs and associates
- Rotation of statutory auditors mandated
- Enhanced role of audit committee

Other key changes

- At least one woman director mandatory for listed and large unlisted public companies
- New guidelines for inter-corporate loans and investments
- Prohibition on interest-free loans to private companies
- Stricter regime for private companies

**Includes internal policies and procedures to ensure efficient conduct of business, prevention of frauds, safeguarding of assets and accuracy and completeness of accounting records.*

What do you need to think about?

Governance	Do you have a formal risk management and reporting framework?	<input type="checkbox"/> Y	<input type="checkbox"/> N
	Is there a structured process to track and ensure compliance with all applicable laws?	<input type="checkbox"/> Y	<input type="checkbox"/> N
	Have you adequately identified and documented key financial controls?	<input type="checkbox"/> Y	<input type="checkbox"/> N
	Have you done a fraud risk assessment and set up an anti fraud framework?	<input type="checkbox"/> Y	<input type="checkbox"/> N
Accounts and audit	Are your accounting processes geared to cater to new guidelines on reporting and consolidation?	<input type="checkbox"/> Y	<input type="checkbox"/> N
	Have you evaluated conflicts that may arise from availing other services from auditors?	<input type="checkbox"/> Y	<input type="checkbox"/> N
Loans and investments	Do you give interest-free loans to private companies and wholly owned subsidiaries or to private companies having common directors?	<input type="checkbox"/> Y	<input type="checkbox"/> N
Capital restructuring	Have you thought about restructuring legal entities to comply with restrictions with regard to multi-layer structuring?	<input type="checkbox"/> Y	<input type="checkbox"/> N
Board reconstitution	Have you evaluated your existing board constitution vis-à-vis the new requirements for the appointment of independent and woman directors?	<input type="checkbox"/> Y	<input type="checkbox"/> N
Related party transactions	Do you have a robust process for identifying related party transactions?	<input type="checkbox"/> Y	<input type="checkbox"/> N
Corporate social responsibility	Has a CSR strategy been defined ?	<input type="checkbox"/> Y	<input type="checkbox"/> N
	Have you laid down a strategy implementation roadmap?	<input type="checkbox"/> Y	<input type="checkbox"/> N

For a detailed assessment, please visit our website www.pwc.in

Yes Y No N

For further information, please connect with

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