
***Companies Act 2013:
Directors***

Are you geared up for the
new regime?



Are you aware of your new responsibilities?

Are you aware of the new mandatory disclosures in the Directors' Report ?

Are internal processes robust enough to enable you to confidently make such disclosures?

Are you aware of your duties enshrined in the mandatory code of conduct?

Do you know that the company may have to reconstitute its board?

Are you aware of the enhanced role of the audit committee?

Have you built in adequate safeguards?

Does your company 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!

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

Independent directors

- Independent directors (ID) mandatory for unlisted large public companies
- Stricter criteria for independence
- Significant implications on governance processes because of mandatory code of conduct for IDs
- Mandatory performance evaluation of IDs
- Immunity from prosecution under certain circumstances

Audit committee

- Approval of related party transactions
- Scrutiny of inter-corporate loans and investments
- Evaluation of internal financial controls and risk management systems
- Vigil mechanism for specified class of companies (including private companies)
- Revised charter of the audit committee

Other key changes

- At least one woman director mandatory for listed and large unlisted public companies
- Rotation of auditors made mandatory
- Automatic vacation on continued absence from board meetings
- Meetings through video conferencing or other audio visual means allowed
- Stricter regime for private limited 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?

Risk management	Does your framework identify significant business risks and ways to mitigate them?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	How confident are you to report adequacy of such a framework?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Legal compliance	Is there an inventory of all applicable laws?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Is it being monitored and updated regularly?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Is there a periodic compliance reporting process to identify non compliances?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Financial controls	Have you adequately identified and documented key financial controls?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Have you set up a process for monitoring operating effectiveness of these controls?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Board evaluation	Do you have a framework for board evaluation?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Do you consider the board's performance evaluation in the appointment process?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Related party transactions	Do you have a robust process for identifying related party transactions?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Are your RPTs supported by adequate documentation for arms length pricing?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Do you have a robust process for preventing RPTs without adequate approvals?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Corporate social responsibility	Has a CSR strategy been defined?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Have you laid down a strategy implementation roadmap?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Do you have monitoring process to ensure effective implementation?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Maturity levels: *Lowest to highest*

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

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Data Classification:

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