

(iii) Acceptance of deposits from the members: (Sec. 73)

Sec. 73 (1): - No company shall accept or renew deposits from the public except in the manner as provided under the Act. [Refer Sec. 76]

- This prohibition is not applicable over:

- ✓ (a) Banking Companies
- ✓ (b) NBFC
- ✓ (c) HFC regd. with NHB.
- ✓ (d) Other specified companies.

✓ Sec. 73 (2): Conditions for accepting deposits from members:

- ✓ (i) A resolution is passed in the general meeting of the company.
- ✓ (ii) A Circular is issued to members including therein a statement showing specified particulars. [Refer Rule 4]
- (iii) A copy of the circular shall be filed with ROC within 30 days before the date of issue of circular.
- ✓ (iv)  $\geq 20\%$  of deposits maturing during the year should be deposited in a scheduled bank in Deposit Repayment Reserve (DRR) A/c, on or before 30th April of each FY.
- (v) Company shall certify that company has not committed any default in repayment of deposits or payment of interest on such deposits or both, at any time.

Note: In case of any default, company shall make good the default and 5 years elapsed since the date of making good the default.

(vi) Security may be provided for due repayment of deposits or interest thereon by creation of charge on the assets of the company.

Exception: Condition as stated above shall not be applicable over a private co.

✓ (a) If deposits  $\leq$  Aggregate of PUC + Free reserves + securities premium a/c.

(b) Which is a start up, for five years from the date of incorporation.

(c) which fulfills 3 conditions:

(i) Not a subsidiary or associate of other company; (+)

(ii) Borrowings from banks / financial institutions or body corporates are less than the lower of following: (a) twice of PUC (+) (b) ₹ 50 Crores.

(iii) No default in repayment of any subsisting borrowings.

Note: Such private companies shall file the details of money accepted to the Registrar in form No. DPT-3.

Sec. 73(3): Deposits accepted shall be repaid with interest as per terms and conditions on which deposited were accepted.

Sec. 73(4): If company fails to repay the deposit or part thereof or any interest thereon

↓

depositor may apply to Tribunal for an order directing the company — to pay the sum due or for any loss or damage incurred or such order as Tribunal may deem fit.

Sec. 73(5): DRR A/c shall not be used by the company for any purpose other than the repayment of deposits.