

#### (iv) Companies (Acceptance of Deposits) Rules, 2014:

##### Rule 3(1): Tenure for deposits:

- A company is not permitted to accept or renew the deposits, which are repayable:
  - On demand; or
  - within a period less than 6 months or more than 36 months from date of acceptance or renewal of such deposits.
- However, to meet any short-term requirement, a company may accept or renew the deposits which is repayable within a period less than 6 months, subject to the following conditions:
  - (a) Deposit shall not exceed 10% of aggregate of PUSC, free reserves and securities premium.  
and
  - (b) Deposits are repaid not earlier than 3 months from the date of acceptance of such deposits or renewal.

##### Rule 3(2): Joint deposits:

Deposits may be accepted in joint names, but not exceeding '3'.

✓ Rule 3 (3): Maximum amount:

= 35% of Aggregate of PUSC, free reserves and securities premium.

Exceptions:

(i) Specified IFSC Public Company and Private Companies may accept deposits upto 100% of aggregate of PUSC, free reserves and securities premium.

(ii) Maximum limit shall not apply over the private companies which:

(a) is a start-up company for 10 years from the date of incorporation.

(b) satisfies 3 conditions:

✓ (i) not an Associate or subsidiary of other company;

✓ (ii) borrowings from banks / F.I. / body corporates are less than twice of PUSC or ₹ 50 Crores, whichever is lower; and

✓ (iii) no default in repayment of subsisting borrowings.

Note: Companies accepting deposits shall file the details of deposits with the Registrar in form No. DPT-3.

Rule 3(6): Rate of Interest and brokerage:

shall not exceed maximum rate as prescribed by RBI.

Rule 3(7): Right to alteration:

Company shall not reserve for itself, directly or indirectly, a right to alter any terms or condition of deposit, deposit trust deed which may prove detrimental to interests of depositors

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after circular is issued and deposits are accepted.

Rule 4: Circular to be issued before accepting deposit: already covered

Rule 5: Deposit Insurance: Not in syllabus

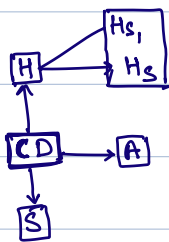
Rule 6: Creation of charge:

- W.r.t. secured deposits, a charge shall be created on tangible assets (movable or immovable) of the company in favour of deposit trustee.
- Charge cannot be created on intangible assets, like goodwill, trade mark etc.
- Total value of security shall not be lower than the amount of deposits accepted and interest payable thereon.

Imp:

## Rule 7 : Appointment of deposit trustee:

- (i) For creating security of deposits, one or more trustees for depositors, shall be appointed.
- (ii) Before appointment, a written consent shall be obtained.
- (iii) Statement of consent shall appear in the circular with reasonable prominence.
- (iv) Deposit trust deed shall be executed at least 7 days before date of issue of circular in form No. DPT-2.
- (v) Following persons cannot be appointed as trustee:



- (a) Directors, KMPs, officers or employees of the company, its holding co, subsidiary co, associate co. or depositor; or relatives of such directors, KMPs, officers or employees <sup>depositor</sup>.
- (b) A person who is indebted to C/H/S/A subsidiary of holding company.
- (c) A person who has material pecuniary relationship with the company.
- (d) A person who has given any guarantee in respect of deposits or interest thereon.

- (vi) A trustee cannot be removed before expiry of his tenure except with consent of all directors present in the meeting.

In case company is required to have independent directors, at least one independent director shall be present in the meeting.

Rule 8: Duties of Trustees

Rule 9: Meetings of Depositors

Not covered in syllabus.

Rule 10: Filing of Application Form:

Rule 11: Nomination:

Rule 12: Deposit Receipt: to be issued within 21 days.

Rule 13: Deposit Repayment Reserve: already covered

Rule 14: Register of Deposit:

- to be maintained at Regd. office of the company
- must incorporate the specified particulars
- preserved for at least 8 years from the end of FY in which latest entry is made in the Register.
- Entries shall be made within 7 days of issue of deposit receipt.

Rule 15: Premature payments:

- In case of premature payments rate of interest payable will be 1% lower than the rate payable for the period for which deposit has actually run.
- period of 6 months or more will be considered as one year.
- period less than 6 months to be ignored.
  - $\Rightarrow$  6 months - < 1 year 6 Month = 1 year
  - $\Rightarrow$  1 yr. 6M - < 2 year 6 Month = 2 years
  - $\Rightarrow$  2 year 6M - = 3 years

Ex: Mr. A - deposit ₹ 3 Lakh @ 10% for 3 years ]  
 8% for 2 years ]  
 6% " 1 year ]

Situation - I : 4 Mouth = Not allowed

$$9 \text{ Mouth} = 3,00,000 \times 5\% \times \frac{9}{12}$$

$$15 \text{ Mouth} = 3,00,000 \times 5\% \times \frac{15}{12}$$

$$25 \text{ Mouth} = 3,00,000 \times 7\% \times \frac{25}{12}$$

$$34 \text{ Mouth} = 3,00,000 \times 9\% \times \frac{34}{12}$$

Rule 16: Filing of return of deposits with the Registrar:

Return to be filed for every financial year in form DPT-3, with the Registrar, by 30th June of following year.

Rule 16A: Disclosures in the financial statements:

Public Company - Money recd. from the directors.

Private " - " " " " " and their relatives.

Rule 17: Penal rate of interest: @ 18% p.a. for overdue period.

Rule 18: Powers of C.G.

Rule 19: Applicability of Sec. 73/Sec. 74 over Eligible Co.

Rule 20: Transitional Provision

Rule 21: Punishment for contravention: If no penalty is provided in the Act - - - - -

[Sec 76A of Companies Act, 2013 prescribes the penalties]

H.W.  
MTP - March 21

Not in syllabus

