

# Presentation on few sections of Companies act 2013

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## Section 180 of Companies act 2013, Restrictions on powers of Board.

The Board of Directors of a company shall exercise the following powers only with the consent of the company by a special resolution, namely:-

- (a) To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.

Explanation, - For the purposes of this clause, -

- i. “undertaking” shall mean an undertaking in which the investment of the company exceeds twenty percent. Of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty percent of the total income of the company during the previous financial year;
- ii. the expression “substantially the whole of the undertaking” in any financial year shall mean **twenty percent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year;**

# Section 180 of Companies Act 2013, Restrictions on powers of Board.

(b) **to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;**

(c) **to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business:.**

- Provided that the acceptance by a **banking company, in the ordinary course of** its business, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise, **shall not be deemed to be a** borrowing of monies by the banking company within the meaning of this clause.

Explanation.—For the purposes of this clause, the expression “temporary loans” means **loans repayable on demand or within six months from the date of the loan**

# Section 180 of Companies Act 2013, Restrictions on powers of Board.

Such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but **does not include loans raised for the purpose of financial expenditure of a capital nature;**

(d) to **remit, or give time for the repayment of, any debt due from a director.**

(2) Every special resolution passed by the company in general meeting in relation to the exercise of the powers referred to in clause (c) of sub-section (1) shall **specify the total amount up to which monies may be borrowed by the Board of Directors.**

(3) Nothing contained in clause (a) of sub-section (1) shall affect—

(a) the title of a buyer or other person who buys or takes on lease any property, investment or undertaking as is referred to in that clause, in good faith; or

(b) the sale or lease of any property of the company where the ordinary business of the company consists of, or comprises, such selling or leasing.

## Section 180 of Companies Act 2013, Restrictions on powers of Board.

(4) Any special resolution passed by the company consenting to the transaction as is referred to in clause (a) of sub-section (1) may stipulate such conditions as may be specified in such resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transactions:

Provided that this sub-section shall not be deemed to authorise the company to effect any reduction in its capital except in accordance with the provisions contained in this Act.

(5) No debt incurred by the company in excess of the limit imposed by clause (c) of sub-section (1) shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

# Section 180 of Companies Act 2013, Restrictions on powers of Board.

## Section 293

### Companies Act, 1956

1. Applicable only to public companies.
2. Required ordinary resolution.
3. Undertaking and substantially the whole of the undertaking were not defined.
4. Covered the power to invest the amount of compensation received by the company in respect of compulsory acquisition of any undertaking

## Section 180

### Companies Act, 2013

1. Applicable to both public and **private companies**.
2. Requires special resolution.
3. 'Undertaking' and 'substantially the whole of the undertaking' are defined.
4. Covers the power to invest the amount of compensation received as a result of merger or amalgamation.





## Section 181 of Companies Act 2013, Company to contribute to *bonafide and charitable funds, etc.*

- ◎ **\*\*The Board of Directors of a company may contribute to bona fide charitable**  
and other funds:
- ◎ **\*\* Provided that prior permission of the company in general meeting shall be** required for such contribution in case any amount the aggregate of which, in any financial year, exceed five percent of its average net profits for the three immediately preceding financial years.

Section 181 of Companies Act 2013, Company to contribute to *bonafide and charitable funds, etc.*

## **Section 293 (1)(e) Companies Act 1956**

1. A specific limit of **Rs 50,000 or 5%** of its average net profits of last three financial years as determined in accordance with provisions of 349 and 350 of the Act.

## **Section 181 Companies Act 2013**

1. Act specific limit of 5% of average net profits for the three preceeding years.



## Section 182 of Companies Act 2013, Prohibitions and restrictions regarding political contributions.

(1) Notwithstanding anything contained in any other provision of this Act, a **company, other than a Government company and a company which has been in existence for less than three financial years, may contribute any amount directly or indirectly to any political party:**

- Provided that the amount referred to in sub-section (1) or, as the case may be, the aggregate of the amount which may be so contributed by the company in any financial year shall not exceed seven and a half per cent. of its average net profits during the three immediately preceding financial years:
- Provided further that no such contribution shall be made by a company unless a **resolution authorizing the making of such contribution is passed at a meeting of the Board of Directors** and such resolution shall, subject to the other provisions of this section, be deemed to be justification in law for the making and the acceptance of the contribution authorised by it.

## Section 182 of Companies Act 2013, Prohibitions and restrictions regarding political contributions.

2) Without prejudice to the generality of the provisions of sub-section (1),—

The amount of expenditure incurred, directly or indirectly, by a company on an advertisement in any publication, being a publication in the nature of a souvenir, brochure, tract, pamphlet or the like, shall also be deemed,—

- (i) where such publication is by or on behalf of a political party, to be a contribution of such amount to such political party, and
- (ii) where such publication is not by or on behalf of, but for the advantage of a political party, to be a contribution for a political purpose.

## Section 182 of Companies Act 2013, Prohibitions and restrictions regarding political contributions.

- (3) Every company shall disclose in its profit and loss account any amount or amounts contributed by it to any political party during the financial year to which that account relates, giving particulars of the total amount contributed and the name of the party to which such amount has been contributed.
- (4) If a company makes any contribution in **contravention of the provisions of this section**, the company shall be punishable with fine which may extend to **five times** the amount so contributed and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to **six months and** with fine which may extend to **five times the amount so contributed**.

## Section 182 of Companies Act 2013, Prohibitions and restrictions regarding political contributions.

### **Section 293(A) Companies Act 1956**

1. Political Contribution of the company should not exceed **5% of its average net profit for last three preceding years.**

2. On contravention of this Section penalty could be  
i) **Three times of the amount** contributed by the Company.

&

ii) On every officer in default imprisonment of **Three Years.**

### **Section 182 Companies Act 2013**

1. Political Contribution of company should not exceed **7.5% in aggregate of average net profits for last three preceding years.**

2. On contravention of this Section penalty could be  
i) **Five times of the amount** contributed by the Company.

&

ii) On every officer in default imprisonment upto **Six Months and fine upto five times of the amount** contributed.

# Section 183 : Power of Board and other persons to make contribution to National Defence Fund



Section 183 of Companies Act 2013, Power of Board and other persons to make contributions to National Defence fund, etc.

- (1) The Board of Directors of any company or any person or authority exercising the powers of the Board of Directors of a company, or of the company in general meeting may, contribute such amount as it thinks fit to the **National Defence Fund or any other** Fund approved by the **Central Government for the purpose of National Defence.**
- (2) Every company shall disclose in its profits and loss account the total amount or amounts contributed by it to the Fund referred to in sub-section (1) during the financial year to which the amount relates.

Section 183 of Companies Act 2013, Power of Board and other persons to make contributions to National Defence fund, etc.

**Section 293B  
Companies Act 1956**

**Section 183  
Companies Act 2013**

No Change



# Section 185 Of Companies Act 2013, Loan to Directors, etc.

No company shall, directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person:

Provided that nothing contained in this sub-section shall apply to—

the giving of any loan to a **managing or whole-time director**—

- (i) as a part of the conditions of service extended by the company to all its employees; or
- (ii) pursuant to any scheme approved by the members by a special resolution; or
- (b) a company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and in respect of such loans an interest is charged at a rate not less than the bank rate declared by the Reserve Bank of India.

# Section 185 Of Companies Act 2013, Loan to Directors, etc.

Explanation.—For the purposes of this section, the expression “to any other person in whom director is interested” means—

- (a) any director of the lending company, or of a company which is its holding company or any partner or relative of any such director;
- (b) any firm in which any such director or relative is a partner;
- (c) any private company of which any such director is a director or member;
- (d) any body corporate at a general meeting of which not less than twenty-five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or
- (e) any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

## Section 185 Of Companies Act 2013, Loan to Directors, etc.

(2) If any loan is advanced or a guarantee or security is given or provided in **contravention of the provisions of sub-section (1), the company shall be punishable with** fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees, and the director or the other person to whom any loan is advanced or guarantee or security is given or provided in connection with any loan taken by him or the other person, shall be punishable with imprisonment which may extend to six months or with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees, or with both. **( 5 Lakhs to 25 Lakhs or imprisonment upto 6Months or both)**

## Section 185 Of Companies Act 2013, Loan to Directors, etc.

### **Section 295/296 Companies Act 1956**

1. It was applicable only to public Companies.

2. Previously it was restricted.

It was allowed with the previous approval of central government.

3. Imprisonment could be avoided by fully repaying the Loan.

### **Section 185 Companies Act 2013**

1. This Section is applicable to  
**all Companies including Private Company.**

2. Now it is Strictly prohibited.

3. In spite of repayment of the full amount imprisonment is still be inflicted.

# Section 185 Of Companies Act 2013, Loan to Directors, etc.

## **Section 295 Companies Act 1956**

4. The word Book Debt is **not** included.

5. No such exemption

## **Section 185 Companies Act 2013**

4. The word Book Debt is included.

5. Managing Director or Whole time director are exempted from purview of section on certain conditions.

### **KEY CONDITION:**

i. Special Resolution by members is required.

i. service extended by the company to all its employees.





## Section 192: Restriction on non-cash transactions involving directors

(1) No company shall enter into an arrangement by which—

- (a) a **director of the company or its holding, subsidiary or associate company or a person connected with him acquires or is to acquire assets for consideration other than cash, from the company; or**
- (b) the company acquires or is to acquire assets for consideration other than cash, from such director or person so connected, unless prior approval for such arrangement is accorded by a resolution of the company in general meeting of the Company and also the holding company (where ever applicable)

## Section 192: Restriction on non-cash transactions involving directors

- (2) The notice for approval of the **resolution by the company or holding company** in general meeting shall include the particulars of the arrangement along with the value of the assets involved.
- (3) Any arrangement entered into by a company or its holding company in contravention of the provisions of this section shall be voidable at the instance of the company.

## Section 192: Restriction on non-cash transactions involving directors

Companies Act, 1956

No corresponding provision

Section 192

Companies Act, 2013

New Provision



## Section 195: Prohibition on insider trading of securities

- (1) No person including any director or key managerial personnel of a company shall enter into insider trading. It **does not include any communication required in the ordinary course of business or** profession or employment or under any law.
- (2) In case of contravention, the person shall be punishable with **imprisonment upto 5 years or with fine not less than Rs. Five Lakhs but** which may extend to Rs. Twenty-five Crores or three times the amount of profits made out of insider trading, whichever is higher, or with both. ( five lakh – 25 Crores or 3 times of profit due to insider trading, whichever is higher) or ( imprisonment upto 5 years ) or Both.

# Section 195: Prohibition on insider trading of securities

(a) “Insider trading” means—

- (i) an act of subscribing, buying, selling, dealing or agreeing to do so by any director or key managerial personnel or any other officer either as principal or agent, if such a person is expected to have access to any non-public **price sensitive information in respect of securities of company; or**
- (ii) an act of counseling about procuring or communicating directly or indirectly any non-public price-sensitive information to any person; Where Price Sensitive information means any information which relates, directly or indirectly, to a company and which if published is likely to materially affect the price of securities of the company.

# Section 195: Prohibition on insider trading of securities

Companies Act, 1956

Section 195 Companies Act, 2013

No corresponding provision

New Provision



***Thank you***