

Module	Corporations – Public Companies
Jurisdictions	India
Legal Expert	S K Kataria Chartered Accountant

Module Application

Does the public company adhere to the incorporation requirements, including shareholder liability limitations, board composition, and filing obligations with the Registrar of Companies?

Has the company established and maintained mandatory board committees such as the Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility (CSR) Committee?

Does the company comply with rules for raising and managing capital, including public offers, rights issues, and share issuance procedures?

Has the company taken appropriate steps for transparency in operations, including issuance of a prospectus, shareholder communication, and governance compliance?

Module Scope

The module provides guidance for public companies operating in India to understand and fulfil their legal obligations under the Companies Act, 2013. This module offers practical insights and compliance tools to establish and maintain a robust governance framework, meeting regulatory standards while leveraging the benefits of a public limited company.

This module applies to incorporated public companies that are structured to offer shares to the general public and to operate within stringent regulatory guidelines. Public companies must comply with extensive governance standards, disclosure requirements, and financial regulations. The module covers key compliance obligations, governance best practices, and regulatory filings necessary for public companies.

Key requirements

- › **Incorporation and shareholder liability:** Public companies must limit shareholder liability to unpaid share capital and add 'limited' to their names. Compliance with capital requirements and registration with the registrar is mandatory.
- › **Board composition and meetings:** Public companies must have a minimum of three directors and may appoint additional directors through special resolutions. Regular board meetings must be held to ensure compliance with statutory intervals and governance standards.

- › **Mandatory committees:** Public companies must establish and maintain the following committees:
 - Audit Committee
 - Nomination and Remuneration Committee
 - Stakeholders Relationship Committee
 - Corporate Social Responsibility (CSR) Committee (if applicable)
- › **Capital raising and issuance:** Public companies may raise capital through public offerings, rights issues, private placements, and other approved methods, subject to compliance with regulatory guidelines and shareholder approvals.
- › **Compliance with prospectus requirements:** Public companies must issue a prospectus to invite public subscriptions for shares and securities, adhering to stringent regulatory requirements.

Key benefits of public companies

- › **Separate legal entity:** Public companies have a distinct legal identity, allowing them to own assets, incur debts, and enter into contracts in their own name.
- › **Perpetual succession:** Public companies continue to exist independently of changes in ownership, providing stability and longevity.
- › **Access to capital markets:** Public companies can raise capital by issuing shares or debentures to the public, enhancing their growth and development potential.
- › **Transparency and governance:** Listing on stock exchanges and compliance with governance norms increases investor confidence and access to funding.

Compliance source

Obligations and compliance requirements are derived from the Companies Act, 2013, relevant rules, and amendments.

Consequences of non-compliance

Failure to comply with the Companies Act, 2013, exposes public companies to penalties, fines, and potential criminal liability for directors and officers. The module emphasises establishing a robust compliance framework to mitigate risks and ensure adherence to governance and financial regulations.

Our expert's profile



S.K. Kataria
Chartered Accountant

S K KATARIA, B.Com., LL.B., F.C.A., is a Chartered Accountant based in New Delhi and serves as an Independent Director, as well as the Chairman of the Audit Committee, Stakeholders Relationship Committee (SRC), and Nomination and Remuneration Committee (NRC) of listed companies. He has been a renowned author of commentaries and law books for over 39 years.

He has revised prominent commentaries, such as, Ramaiya's Guide to the Companies Act, M.C. Bhandari Company Law Procedures, Datta on the Company Law, Tannan's Banking Law & Practice, K. Krishnamurthy Indian Stamp Act, Parameswaran Powers of Attorney, NBFCs & company law modules for LexisNexis, Divekar's Deeds & Documents published by Thomson Reuters/Hind Law House, authored CA. S. K. Kataria's Company Law Manual published by Bloomsbury and vetted the App Decoding the Companies Act, 2013 (18 of 2013) vis-a-vis the Companies Act, 1956 (1 of 1956) of Haribhakti & Co. and Desai Haribhakti Consultants (dnc), Mumbai.

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