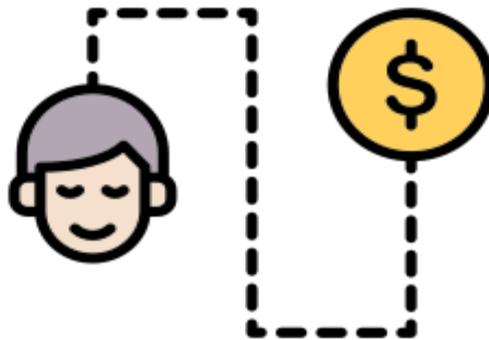




## Appointment of CFO under Companies Act, 2013

CFO as the name itself suggests is an officer chief of the finances of the company. A Chief Financial Officer (CFO) is a senior executive primarily responsible for the management of Finances of the company. His duties include optimizing the financial performance of the company, internal and external financial reporting, tracking cash flows, financial planning, etc.

The concept of CFO was introduced for the first time in the Companies Act, 2013. There was no such concept in the Companies Act, 1956.



### Meaning of Chief Financial Officer (CFO)

**Section 2(19):** “*Chief Financial Officer*” means a person appointed as the chief financial officer of a company.

#### 1. Who can appoint a CFO in a company?

A CFO may be appointed either by the Board of Directors or by the Managing Director of the Company.

#### 2. Who is required to appoint a CFO under the Companies Act, 2013?

As per Section 203 of the Companies Act, 2013, every public company having paid-up share capital of Rs. 10 Crore or more shall have a whole time Key Managerial Personnel, which includes the whole time Chief Financial Officer.



Following companies are required to appoint a CFO:

1. Every listed company;
2. Every other public company having paid-up share capital of Rs. 10 Crore or more.

### **3. What is the qualification required to be appointed as a CFO?**

The act does not prescribe any qualification for the appointment of a CFO.

### **4. What is the position of a CFO in the company?**

The position of the CFO is recognised for the first time in the Companies Act, 2013. He is a person occupying the position of CFO and is responsible for overseeing the Financial activities of the entire company. Due to his role in the company he has been included in the Officer in default. To be a CFO one need not be the director of the company. Although, he has been recognised as the Key Managerial Personnel (KMP).

A CFO cannot hold office as a CFO in more than one company except in its subsidiary company at the same time. However, he can hold office in another company as a director with the permission of the Board.

### **5. What is the remuneration of a CFO?**

The remuneration payable to a CFO is not regulated by the provisions of Section 197 Read with Schedule V of the Companies Act, 2013, unless he is a part of the Board of Directors or appointed as a manager in addition to his position as the CFO.

### **6. What are the responsibilities of a CFO?**

A CFO is responsible for the following:

1. Overseeing the financial activities of the company.
2. Signing the Financial Statements of the company whether he is a KMP or not.
3. Presenting Financial Statements truly & Fairly.
4. Keeping a track on the day to day financial operations of the company.