



# Definition of Private Company

As per Section 2(68) of the Companies Act, 2013, Private companies are those companies whose articles of association;

- Limits the number of its members to 200 (except in case of one person company)

(Provided that,

a. person who are in the employment of the Company and

b. person who have been formerly in the employment of the Company, were members of the Company while in the employment and have continued to be members after the employment ceased, shall not be included in the number of members)

- Restrict the transferability of shares;
- Prohibits any invitation to the public to subscribe to any securities of the Company;

# Start-up Private Company

Upto a period of 10 years from the date of incorporation/registration if it is incorporated as a

Private Limited Company

Partnership firm

Limited Liability Partnership

Turnover of the entity for any FY shall not exceed 100 crore rupees

Entity is working towards

Innovation, development, improvement of products or processes or services

It is scalable business model with high potential of employment generation or wealth creation

## Small Company does not include:

1. Holding or a Subsidiary company.
2. Section 8 Company
3. A body corporate or company governed by any special act

## DEFINITION – SMALL COMPANY

A Company, other than a public company

Section 2(85)  
of  
Companies  
Act, 2013

**PAID UP CAPITAL**

**TURNOVER**

Paid-up share capital equal to or below Rs. 4 crores or such a higher amount specified not exceeding more than Rs.10 crores.

Turnover equal to or below Rs.40 crores or such a higher amount specified not exceeding more than Rs.100 crore.

## Deemed Public Company



As per section 2(71) of the Company Act, 2013, Public Company means a Company which

- a) Is not a private Company
- b) Has a minimum paid up capital as prescribed



Proviso to the definition states that a Company which is a subsidiary of a Company, not being a private Company, shall be deemed to be a Public Company for the purpose of this Act even where such subsidiary company continues to be a Private Company in its Articles.

# Features of Private Companies

A private Company must have minimum 2 members and maximum 200 members

Private Companies cannot freely transfer their shares to the Public.

All the Private Companies to include the words “Private Limited” in their names

The Private Company can also be a One person Company and Small Company

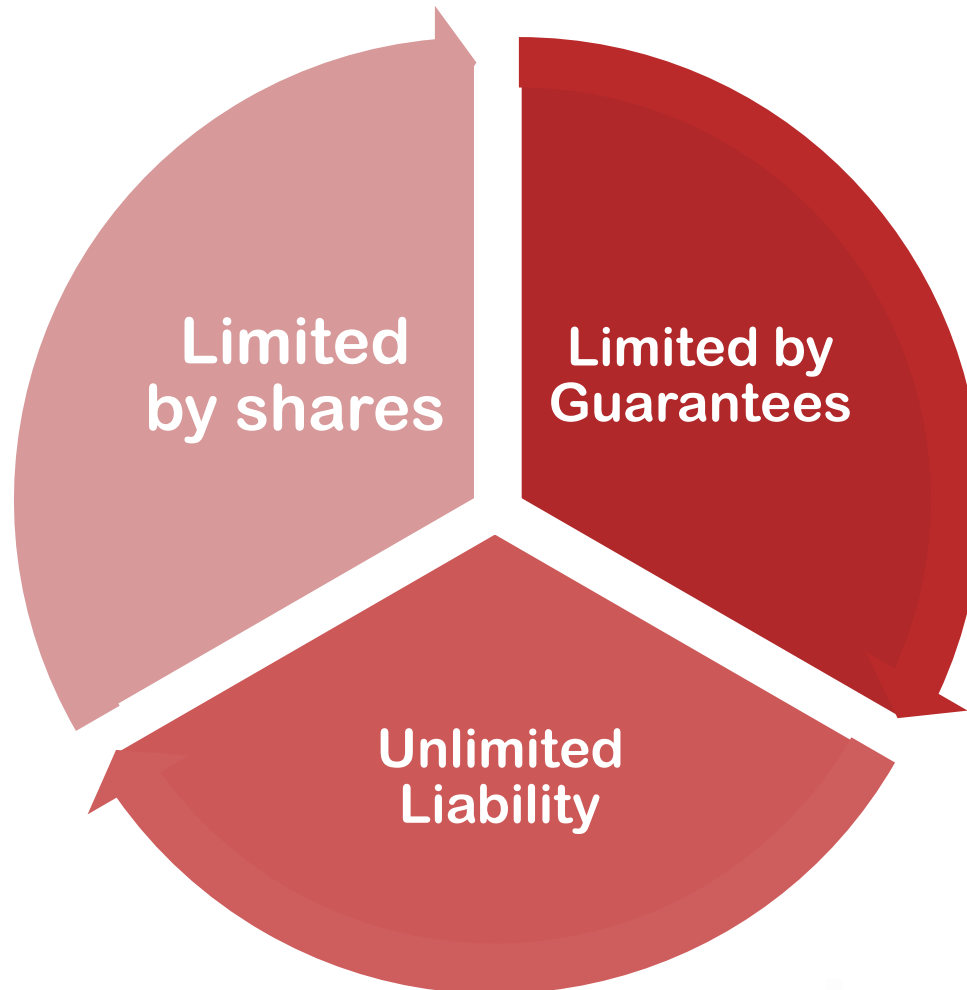
The Private Company needs to have only two directors as against the minimum of three directors in a case of Public Company

The Private Company can start a business as soon as it receives the certificate of incorporation and does not have to wait for the receipt of a certificate of commencement of business

# Types of Private Companies

## METHODS OF ISSUING SECURITIES:

1. Through Private Placement
2. Rights Issue
3. Bonus Issue
4. Preferential Issue



## PRIVATE PLACEMENT (Section 42)

Private Placement shall be made to selected group of persons who have been identified by the Board through private placement offer letter.

Shareholders approval shall be obtained by means of Special Resolution.

The Company shall issue private placement offer in Form PAS-4 within 30 days of recording name and shall maintain a complete record of private placement offers in PAS-5.

The Company shall file PAS-3 upon allotment.

A Private Company shall not make any offer to more than 200 persons.



# BONUS ISSUE (Section 53)

Sources for issue of Bonus Shares:

1. Free Reserves
2. Securities Premium Account
3. Capital redemption Reserve Account

- Only full paid up bonus shares can be issued.
- Issue of Bonus Shares shall be authorized by AOA.

- Once the Board has decided to issue bonus shares, it cannot be withdrawn.
- Convene a Board Meeting and issue of bonus shares shall be recommended to Members.

- Bonus issue shall be approved by the members.
- Upon obtaining approval, issue bonus shares in Board Meeting and PAS-3 has to be filed within 30 days of issue.

# PREFERENCE SHARES (Section 55)

A Company limited by shares shall issue preference shares if authorized by AOA.

No Company shall issue preference shares which are irredeemable.

Preference shares are liable to be redeemed within a period of 20 years from the date of issue. Company engaged in infrastructure projects may issue preference shares exceeding 20 years but not exceeding 30 years.

Approval of shareholders by way of Special Resolution is required to be obtained.

At the time of issue of preference shares, the company should not have any subsisting default in the redemption of preference shares issued before.

# RIGHTS ISSUE (Section 62)

Further issue of share capital made by a company having share capital to its existing equity share holders in proportion to their existing shareholding.

Convene Board Meeting and obtain approval for issue and draft letter of offer. Offer Period- Minimum 15 days and maximum 30 days.

After dispatching letter of offer, conduct Board Meeting and allot securities.

Within 30 days from Board Meeting, file return of allotment in PAS-3 with ROC.

Minimum offer period is exempted for private Companies if consent is obtained from 90% of its members.

## PREFERENTIAL ISSUE (Section 62(1)(c))

A Company limited by shares shall issue shares on preferential basis if authorized by AOA.

Issue of shares by a company to any selected person or group of persons on a preferential basis and does not include rights issue, bonus issue, sweat equity.

Approval of shareholders by way of Special Resolution is required to be obtained.

Allotment of shares on preferential basis should be completed within a period of 12 months from the date of passing Special Resolution.

Securities should be allotted as fully paid up at the time of allotment.

# BOARD OF DIRECTORS AND MEETINGS



# Composition of the Board of Directors

## Private Company

Minimum of 2 Directors

Maximum of 15 Directors – it can be increased further by passing a Special resolutions

Directorship in the private company shall be considered for calculating the maximum no. of directorship reckoning the limit of Twenty companies

## Small Company

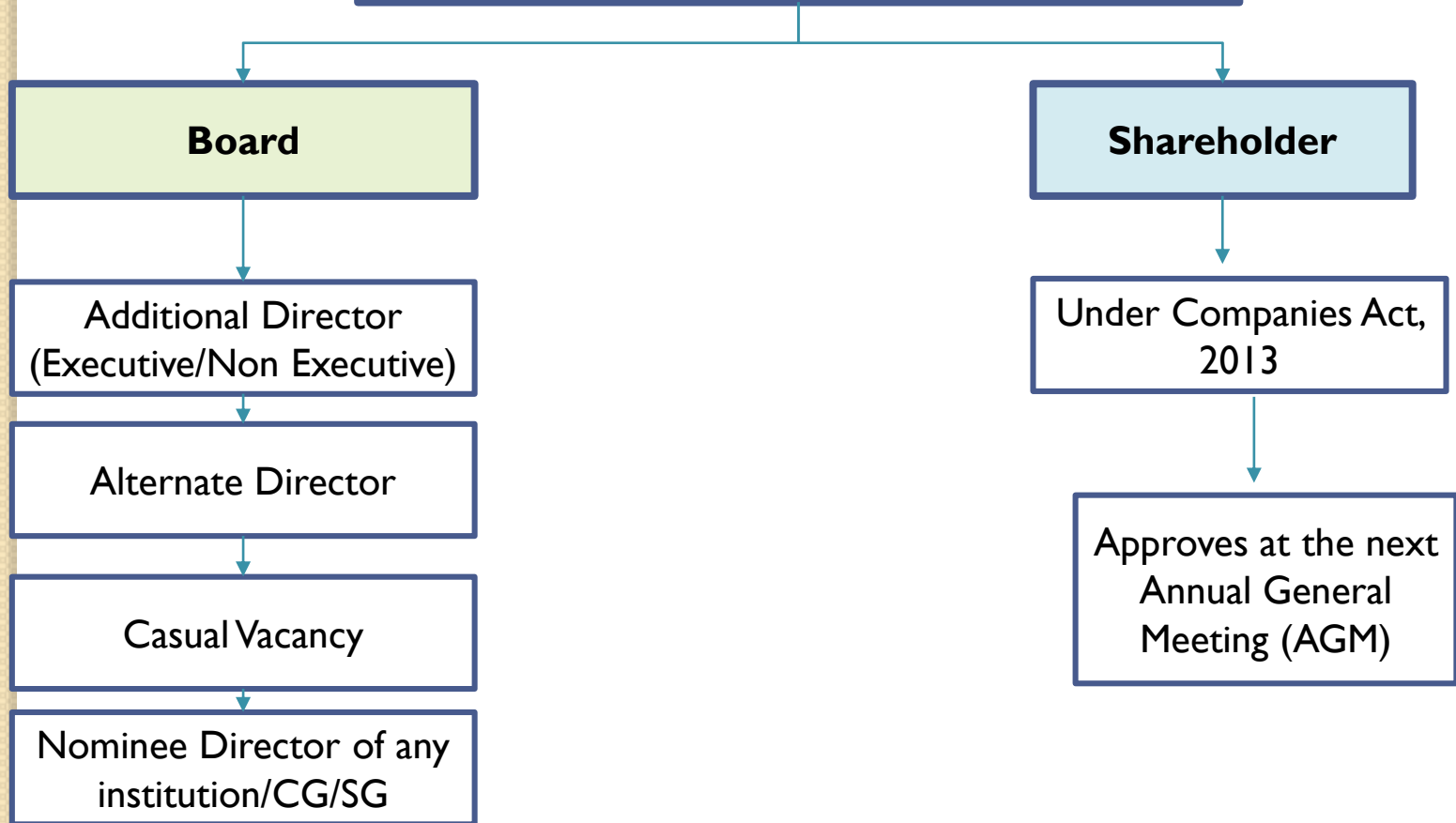
Minimum of 2 Directors

Maximum of 15 Directors –it can be increased further by passing a Special resolutions

Directorship in the small company shall be considered for calculating the maximum no. of directorship reckoning the limit of twenty Companies

**Resident Director:** A director who has stayed in India for a total Period of not less than 182 days in the previous calendar year.

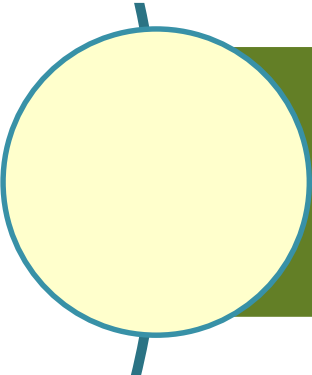
# Approval for appointment of Director



# Appointment of Directors and its compliances



**Appointment and Resignation of Directors-** changes in the board of directors, such as appointments, resignations, or changes in director details, must be filed within specified time – Form MGT – 14 and Form DIR -12



**Consent to act as a Director under Section 152(5) of the Companies Act, 2013 in DIR-2.**



**Disclosure of Interest by the Director to the Company – Form MBP - 1**



# Appointment of Directors and its compliances



Disclosure of Non-Disqualification by the Director to the Company – Form DIR 8

Declaration to Participate in the Board Meetings through Video Conference

General consent for giving Notes on items of Agenda which are in the nature of Unpublished Price Sensitive Information at a shorter Notice may be taken in the first Meeting of the Board held in each financial year and also whenever there is any change in Directors.

# VACATION OF OFFICE – Sec 167

- Absents himself from all the meetings of the Board of Directors in a FY (**with or without seeking leave of absence of the Board**)
- Entering into contracts or arrangements in which he is directly or indirectly interested
- Fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested
- Order of a court or the Tribunal
- Convicted by a court of any offence sentenced to imprisonment for not less than six months

## **RESIGNATION – Sec 168**

### **COMPLIANCE BY:**

**DIRECTOR:** Director may resign by giving notice in writing in Form DIR-11 (*Optional*) shall forward a copy of resignation along with reasons for resignation.

**COMPANY:** Within 30 days from the date of receipt of notice - Company to intimate Registrar in Form DIR-12.

✓ Effective date of resignation – from the date on which notice is received by the company OR the date as specified by the director in the notice - **WHICHEVER IS LATER**

## **REMOVAL – Sec 169**

May be removed (except director appointed by Tribunal) upon a receipt of Special Notice by passing an Ordinary Resolution after giving a reasonable opportunity of being heard.

✓ Special Notice - given by such number of members holding at least 1% of total voting power OR holding shares worth Rs.5 Lakhs, as may be prescribed.

✓ Send notice of representation to every member of the company

A director appointed in place of the removed director shall hold office till the date up to which his predecessor would have held office if he had not been removed.

# Section 185 – Loans to directors

Less than twice  
the paid-up share  
capital or fifty  
crore rupees  
**Which ever is  
lower**

Applicability – Section 185 of the  
Companies act, 2013 is applicable to  
Private Company



It is important to note that Section  
185 shall not be apply to the Private  
Company if the following conditions  
are fulfilled

If the borrowings of  
such company from  
banks and financial  
institutions or any  
body corporate is

In whose share  
capital no other  
body corporate has  
not invested any  
money

Such company has  
no default in  
repayment of such  
borrowings  
subsisting at the  
time of making  
transactions under  
this section

# Convening of Board Meetings

## Private Company

To hold four(4) Board Meetings in the Financial year

The Gap between the two meeting shall not exceed 120 days

Start up private companies shall hold 2 meeting at least one in each half of the calendar year

## Small Company

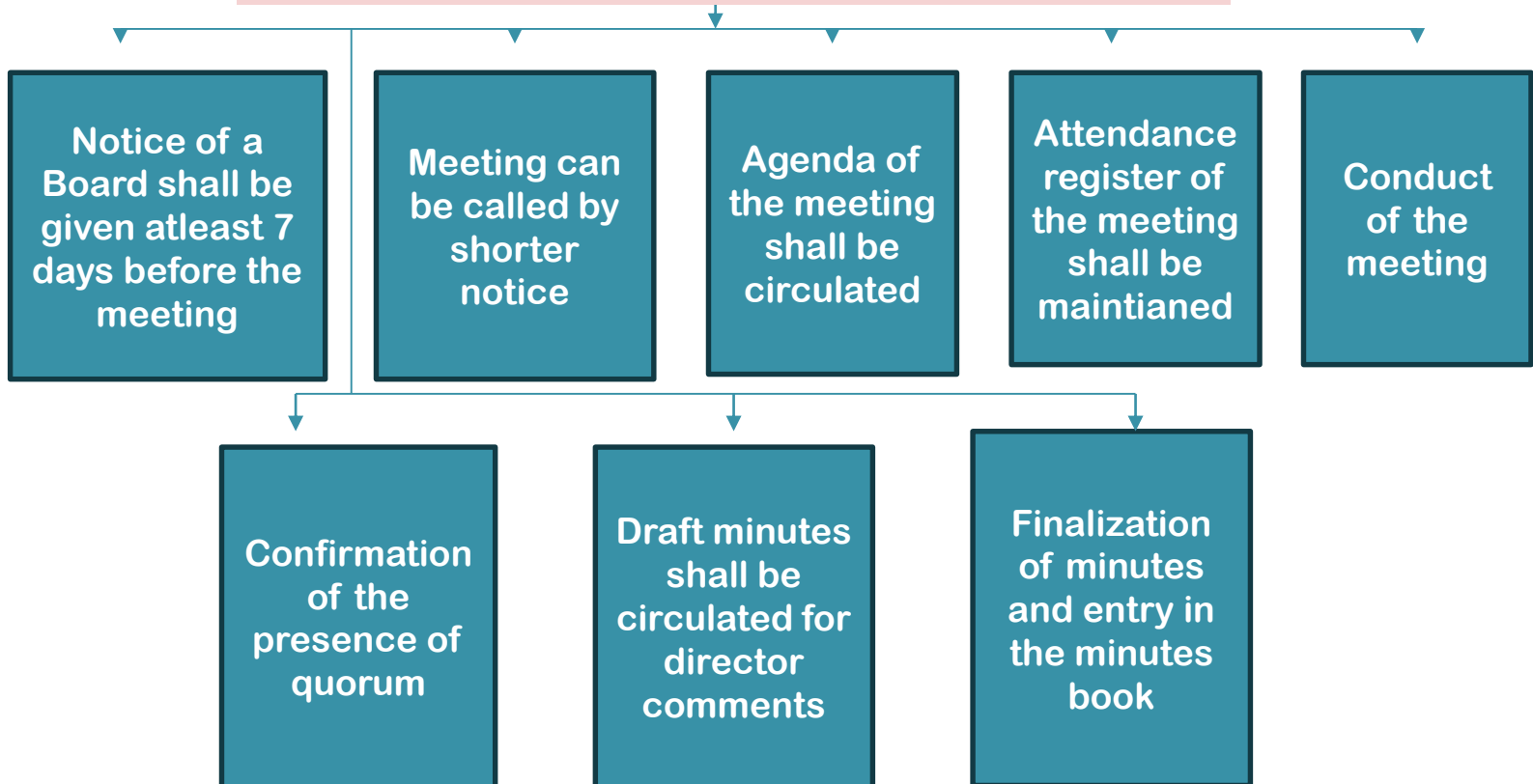
To Hold two (2) Board meetings atleast one in the each half of the Calendar year

The Gap between the two meetings must not be less than 90 days

# Secretarial Standards – 1 – Board Meeting

**Secretarial Standards** issued by the ICSI shall be mandatorily followed by all Companies except;

1. One Person Company in which there is only one Director on its Board and;
2. by a Company licensed under Section 8 of the Company Act, 2013



# Secretarial Standards – 1 – Board Meeting

## VC Meetings

- Board Meetings can be conducted through VC/OAVM.
- Directors participating through VC shall be counted for the purpose of quorum.
- Any business can be considered by the Board/ Committees through VC

## Quorum

- Shall be  $1/3^{\text{rd}}$  of its total strength or 2 Directors whichever is higher.
- If the interest directors equal to or exceed  $2/3^{\text{rd}}$  of its total strength, the interested director may be counted for the purpose of quorum.
- Directors should be present throughout the meeting.

## Interested Directors

- The interested director can participate in the discussion after disclosing his/her interest in the item.

# Secretarial Standards – 1 – Board Meeting

## Attendance Register

- Leave Of Absence can be granted only if communication is made to Chairman / CS/ any other person authorized by board to issue notice of the Meeting.

## Circular Resolution

- Resolution-by-circulation means the resolution which is passed by the circulation among the directors or members of the Board.
- The Chairman of the Board or in his absence, the Managing Director or in their absence, any Director other than an Interested Director can circulate the resolution.
- Approval is required to be obtained by Majority of Directors.



# ANNUAL GENERAL MEETING (SECTION 96)

Meeting to be held **once** in a year.  
Time gap between two meetings: Not more than **15 Months**

**When to be held**  
- **1<sup>st</sup> AGM** – Within **9 Months** from the date of closing of the 1<sup>st</sup> FY

**When to be held**  
- within **6 months**, from the date of closing of the FY

**Provision of extension:** Up to 3 months by RoC for special reasons

**Time :** Only during Business hours, i.e. between 9.00 A.M. to 6.00 P.M. on any day that is not a National Holiday.

**Notice:** Clear 21 days

**Shorter Notice:** Consent from 95% of the members is required

**Where to be held-**  
At Registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated.

**Where to be held- Unlisted Company-** at any place in India if consent is given in writing or by electronic mode by all the members in advance

**Quorum:** Minimum 2 Members for Private Companies

# EXTRAORDINARY GENERAL MEETING (SECTION 100)

## **Who can convene-**

The Board may, whenever it deems fit, call an extraordinary general meeting of the Company.

## **Who can convene-**

The Board may convene at the requisition made by members holding 1/10<sup>th</sup> of paid up share capital.

## **Who can convene-**

The Board may convene at the requisition made by members holding 1/10<sup>th</sup> of total voting power.

**Notice:** Clear 21 days

## **Shorter Notice:**

Consent from 95% of the members or from members holding 95% of paid up share capital is required

## **Where to be held-**

At a place within India for all Companies other than the wholly owned subsidiary of a Company incorporated outside India.

**Quorum:** Minimum 2 Members for Private Companies

# SECRETARIAL STANDARDS

## SS-2

- Notice shall also be given to the Directors, Auditors, Secretarial Auditor, Debenture Trustees & other specified persons
- Notice shall contain – day, date, time, venue, **ROUTE MAP**, prominent land mark, etc.,
- Notice shall be given at least 21 days before the date of the meeting.
- If any Director is unable to attend the Meeting, the Chairman shall explain such absence at the Meeting.
- Quorum – Shall be present **not only at commencement but also while transacting business.**
- No gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Meeting.
- Director is entitled to inspect the Minutes of all General Meetings and Attendance Registers held prior to his directorship and also during his directorship.
- The Minutes shall be preserved permanently and it shall be kept in the custody of Director, if there is no Company Secretary.



# Threshold Based Applicability

# Appointment of Company Secretary

**Appointment of  
Whole Time  
Company Secretary**



**Every Private Company which has a Paid Up Share Capital of Rs. 10 Crores or more is required to appoint a whole time Company Secretary of the Company**

# Corporate Social Responsibility

## Constitution - CSR Committee

Every Company which has in the preceding Financial year;

1. Net worth of Rs. 500 crores or more, or
2. Turnover of Rs. 1000 crores or more, or
3. Net profit of Rs. 5 crores or more.

The amount to be spent by the Company does not exceed 50 lakhs rupees, the constitution of the Corporate Social Responsibility Committee shall not be applicable

# Establishment of Vigil Mechanism

**Accepts  
deposits from  
the Public**

**Money  
Borrowed from  
the banks and  
financial  
institution  
exceed 50  
crore rupees**

**Shall establish  
vigil  
mechanism for  
directors and  
employees to  
report genuine  
concerns.**





# FINANCIAL STATEMENTS

The financial statements shall give a true and fair view of the state of affairs of the Company.

The financial statements shall comply with the Accounting Standards (AS) or Indian Accounting Standards (Ind AS). Where the financial statements of a Company do not comply with the accounting standards, the Company shall disclose in its financial statements, the deviation from the accounting standards and the reasons for such deviation.

At every Annual General Meeting, the financial statements for the financial year need to be laid before the members by the Board of Directors.

# CONSOLIDATION OF FINANCIAL STATEMENTS

## Applicable to Private Companies

Where a company has one or more subsidiaries or associate companies, it shall prepare a consolidated financial statement in accordance with applicable accounting standards.

Consolidation of financial statements shall be made in accordance with Schedule III and applicable accounting standards

If the Company is not required to prepare consolidated financial statements under AS then the Company has to comply with Schedule III.

Consolidated financial statements shall also be filed with Register of Contracts.

# FINANCIAL STATEMENTS

## Filing of Financial Statements

Form AOC-4- To be filed within 30 days from the Conclusion of Annual General Meeting

Form AOC-4 XBRL- To be filed within 30 days from the Conclusion of Annual General Meeting

## Applicability of AOC-4 XBRL

Paid up capital of Rs. 5 Crores or more

Turnover of Rs. 100 Crores or more

# APPLICABILITY OF IND AS

With effect  
from  
01.04.2016  
(Phase-I)

- Net worth is greater than or equal to Rs. 500 crore
- Net worth shall be checked for the previous three Financial Years (2013-14, 2014-15, and 2015-16).

With effect  
from  
01.04.2017  
(Phase-II)

- Net worth is greater than or equal to Rs. 250 crore but less than Rs. 500 crore
- Net worth shall be checked for the previous four Financial Years (2014-14, 2014-15, 2015-16, and 2016-17)

If IND AS becomes applicable to the company, then IND AS shall automatically become applicable to all the subsidiaries, holding companies, associate companies and joint ventures of that company

# CARO

- The following private companies are exempt from the requirements of CARO:

Whose gross receipts or revenue (including revenue from discontinuing operations) is less than or equal to Rs 10 crore in the financial year.

Not a holding or subsidiary of a Public company.

Whose borrowings is less than or equal to Rs 1 crore at any time during the FY.

Whose paid up share capital plus reserves is less than or equal to Rs 1 crore as on the balance sheet date

Small Companies, One Person Company.

Exemption to Other Companies:  
1. Insurance Company  
2. Banking Company  
3. Section 8 Company.

- Attached to financial statements laid before a company in general meeting
- ▶ Shall be signed by its chairperson of the company (authorized by the Board) if not authorized, shall be signed by at least two directors, one of whom shall be a managing director, or by the director where there is one director.



# DIRECTOR'S REPORT

SECTION 134 OF THE COMPANIES  
ACT, 2013

# DIRECTOR'S RESPONSIBILITY STATEMENT

❖ In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures

❖ The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period

❖ The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities

❖ The directors had prepared the annual accounts on a going concern basis

❖ The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively

❖ The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

# DIRECTOR'S Report - Contents

- ✓ Number of meetings of the Board
- ✓ Directors' Responsibility Statement
- ✓ details in respect of frauds reported by auditors
- ✓ company's policy on directors' appointment and remuneration
- ✓ Explanations on every qualification, reservation or adverse remark made by the Auditors.
- ✓ particulars of loans, guarantees or investments
- ✓ particulars of contracts or arrangements with related parties
- ✓ development and implementation of a risk management policy
- ✓ Policy on corporate social responsibility initiatives
- ✓ conservation of energy, technology absorption, foreign exchange earnings and outgo
- ✓ compliance with Secretarial Standards
- ✓ the state of the company's affairs
- ✓ Amount it proposes to carry to any reserves

## **PENALTY FOR CONTRAVENTION**

**Company: Rs. 3,00,000**

**Officer In Default: Rs. 50,000**



# DIVIDEND – Sec 123

- **Declared out of:** Profits – Current Year  
Profits – Previous Years  
Free Reserves
- **Prohibition on declaration of Dividend:** Default related to deposit and repayment of deposit or interest.
- **Punishment for Failure to Distribute Dividend:**  
Dividend declared but not paid within 30 days from date of declaration  
↓  
Every director – Imprisonment – 2 yrs+ Fine – Rs. 1000/day  
↓  
The company – Simple Interest -18%p.a

An illustration on a teal background showing a magnifying glass with the word "Audit" in the center. Surrounding the magnifying glass are various office-related items: a hand with a watch pointing, a calculator, a hand pointing at a document, a blue pen, a blue folder, and a document with a pie chart.

Audit

# STATUTORY AUDIT

Section 139 of  
Companies Act,  
2013

Applicable to Private and Small  
Companies



Mandatory irrespective of  
Turnover, Profit, etc. Even if the  
company is incurring loss;  
statutory audit is required to be  
conducted.

## **ROTATION OF AUDITORS:**

Not Applicable to  
Small Companies

- ✓ All Private Companies having a paid up share capital of **Rs. 50 Crores or more**;
- ✓ All Companies having public borrowings from financial institutions, banks or public deposits of **Rupees 50 crores or more**.

# SECRETARIAL AUDIT

**Section 204 of  
Companies Act,  
2013**

**Private Company**

Every Company having  
outstanding loans or borrowings  
from banks or public financial  
institutions of one hundred crore  
rupees or more

**Small Company**

Not Applicable

Section 148 of  
Companies  
Act, 2013 read  
with  
Companies  
(Cost Records  
and Audit)  
Rules, 2014

# **COST AUDIT**

Represents the verification of cost accounts and check on the adherence to cost accounting plan.

- **MAINTENANCE OF COST RECORDS**

The maintenance of cost records is applicable to the companies having an overall turnover from all its products & services of Rs.35 Cr Or more shall include cost records for such products or services in their books of account.

- **APPLICABILITY OF COST AUDIT**

Every company specified in item A of rule 3 - Cost Records & Audit rules,2014 shall get its cost records audited,

- if the overall annual turnover from all its products and services is Rs.50 Cr or more &
- the aggregate turnover of the individual product, for which the cost records are required to be maintained is Rs.25 Cr. Or more

# INTERNAL AUDIT

**Section 138  
of  
Companies  
Act, 2013**

**Not  
Applicable  
to Small  
Companies**

## Private Company

Turnover of Rs. 200 crore rupees or more during the preceding financial year or

Outstanding loans or borrowings from banks or public financial institutions exceeding Rs.100 crores or more at any point of time during the preceding financial year.

A Private Company which is licensed to operate by RBI or SEBI or IRDA from IFSC centre located in a SEZ setup is exempted.

# INTERNAL AUDITOR APPOINTMENT

Chartered Accountant (except  
Statutory and tax auditors)



Cost Accountant



Other professional as decided by Board



Internal Auditor may or may not be an employee of the Company.

# Website Disclosures



<b>Section no.</b>	<b>Action to be taken by the Company</b>
12	If the company has the website, it should print the website addressed in all its business letters, bill heads and in all its notice
92	Annual Return Form MGT – 7 to be uploaded on the website of the Company
124	Details of unpaid dividend, if any to be posted on website of the company
Rule 18 of chapter 7	Notice of general meetings sent through electronic mode should be simultaneously placed on the website of the Company
135 read with Rule 9	Display the following; <ol style="list-style-type: none"><li>1. Composition of the CSR Committee;</li><li>2. CSR policy;</li><li>3. Projects approved by the Board.</li></ol>
Rule 13 of Chapter XI	The notice of candidature of a person



# Website Disclosures

<b>Section no.</b>	<b>Action to be taken by the Company</b>
<b>Rule 15 of Chapter XI</b>	<b>Notice of resignation of director to be placed on the website of the Company</b>
<b>177</b>	<b>Details of establishment of vigil mechanism to be disclosed in website of the Company.</b>
<b>230</b>	<b>Notice of meeting of creditors in case of amalgamation of two or more Companies</b>

# Compliance of Private Companies

S.no	Particulars	Compliance	Due Date
<b>INITIAL DISCLOSURE</b>			
1.	Form DIR 2	Consent to act as a Director	Consent to be given by the director expressing his/her willingness to act as a director of the company.
2.	Form MBP-1	Disclosure of Directors Interest by Directors –	Every first Board Meeting of the of relevant Financial year Every Director is required to submit with the Company a fresh MBP-1 and whenever there is change in his interest from the earlier given MBP-1, the Director shall submit in the immediate next meeting held after the change in the interest.
3.	Form DIR-8	Disclosure of Non-Disqualification by Directors	Every Director of the Company in each Financial Year will file with the Company disclosure of non-disqualification.

## Compliance of private companies (contd)

S.no	Particulars	Compliance	Due Date
<b>ANNUAL DISCLOSURE</b>			
4.	Form MBP-1	Disclosure of Directors Interest by Directors –	Every first Board Meeting of the of relevant Financial year Every Director is required to submit with the Company a fresh MBP-1 and whenever there is change in his interest from the earlier given MBP-1, the Director shall submit in the immediate next meeting held after the change in the interest.
5.	Form DIR-8	Disclosure of Non-Disqualification by Directors	Every Director of the Company in each Financial Year will file with the Company disclosure of non-disqualification.

# Compliance of Private Companies (contd)

S.no	Particulars	Compliance	Due Date
<b>OTHER FORMS</b>			
6.	KYC of Directors – Form DIR – 3 KYC and Web KYC of all Directors	<ul style="list-style-type: none"> <li>• KYC of Directors requires verification of email OTP and mobile OTP both at a time.</li> <li>• If email or mobile number of Director is changed filing of DIR-3 KYC is required.</li> <li>• For change in other details of Director such as address form DIR-6 is required to be filed.</li> </ul>	On or before 30th September every year for all the directors of the Company.
7.	Return of Deposit: Form DPT-3	Return of deposits that companies must file to furnish information about deposits and/or outstanding receipt of loan or money other than deposits.	Every year on or before 30th June in respect of return of Deposit.

## Compliance of Private Companies (contd)

S.no	Particulars	Compliance	Due Date
8.	Form MSME – 1	Delay in Payment to MSME Vendor	Half yearly Return <ul style="list-style-type: none"> <li>• April to Sep – 30th October</li> <li>• October to March – 30th April</li> </ul> There is no filing fee for this form.
9.	Notice of Shareholders meeting (AGM/EGM)	The company shall send the notice of the Shareholders Meeting to all the Shareholders	At least 21 clear days before the date of the meeting.
10.	Directors' Report	Shall be prepared by mentioning all the information required for Company under Section 134 read with relevant rules and relevant provisions of other Act.	Company shall send to the Members of the Company approved Financial Statement, Directors' Report and Auditors' Report at least 21 clear days before the date of AGM.
11.	Financial Statement: Form AOC-4	Company is required to file its Balance Sheet along with Statement of Profit and Loss Account, Cash flow statement, Directors' Report and Auditors' Report in this form within 30 days of holding of Annual General Meeting.	Filing within 30 days of AGM.

## Compliance of Private Companies (contd)

S.no	Particulars	Compliance	Due Date
12.	Annual Return – Form MGT-7	Annual Return will be for the period 1st April to 31st March.	Filing within 60 days of AGM Last date of AGM
13.	Report from Practicing Company Secretary – Form MGT-8	Private Company having :- a. Paid up share capital of 10 Crore or more or b. turnover of Rs. 50 crore or more. Shall be certified by a Company Secretary in Practice.	Filing requires with Annual Return MGT-7. Certificate MGT – 8 With UDIN number.
14.	Appointment/Resignation/ Change in Designation – Form DIR-12 of Director	if there is change in designation of Director at the AGM or Appointment or Resignation of Director.	Due date of filing – within 30 days of Appointment/Resignation/ Change in

## Compliance of Private Companies (contd)

S.no	Particulars	Compliance	Due Date
15.	Filing Special Resolution Form MGT-14	Filing of resolution with the ROC regarding Board report and annual accounts.	Within 30 days of AGM
16.	Dematerialization of Shares	<p>Section 29 of the Companies Act, 2013 read with Rule 9 B – Every Private Companies other than the small company shall</p> <ul style="list-style-type: none"> <li>• issue the securities only in dematerialized form; and</li> <li>• Facilitate dematerialization of all its securities</li> </ul>	Within 18 months of closure of 31 <sup>st</sup> March, 2023 Financial year to comply with this provision

# POWERS OF THE BOARD – SEC 179

**Make calls on shareholders**

**Authorize buy-back of securities**

**Issue securities**

**To borrow monies**

**To make political contributions**

**Invest the funds of the company**

**Grant loans or give guarantee or provide security**

**Approve financial statement and the Board's report**

**To appoint or remove KMP**

**Diversify the business of the company**

**Approve amalgamation, merger or reconstruction**

**Take over a company or acquire control in another company**

For Private Companies, it is exempted to file MGT-14 with the Registrar of Companies for the above mentioned activities.

For Specified IFSC Private Company, the Company can exercise powers by passing resolution at Board Meetings or through Circulation.



## Restrictions on Powers of Board

Private Companies are not required to obtain shareholders approval by Special Resolution for the mentioned activities.

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.

To invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;

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, free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business

To remit, or give time for the repayment of, any debt due from a director.

# Political Contributions



These are the Companies which are prohibited to make political contribution:

A. Government Company and

B. A company which has been in existence for less than 3 financial years

Can Contribute directly or Indirectly to any Political party

Thus the Private Company which has been in existence for more than 3 FY can make political contribution

# Section 186 - Loan and Investment by Company

## Restrictions:

- Investments through not more than 2 layers of investment companies
- Not give loans or provide guarantees and securities or make subscription to shares exceeding:
  - 60% of paid up capital + free reserves + securities premium
  - or
  - 100% of free reserves + securities premium
- Unless prior approval by way of SR is passed

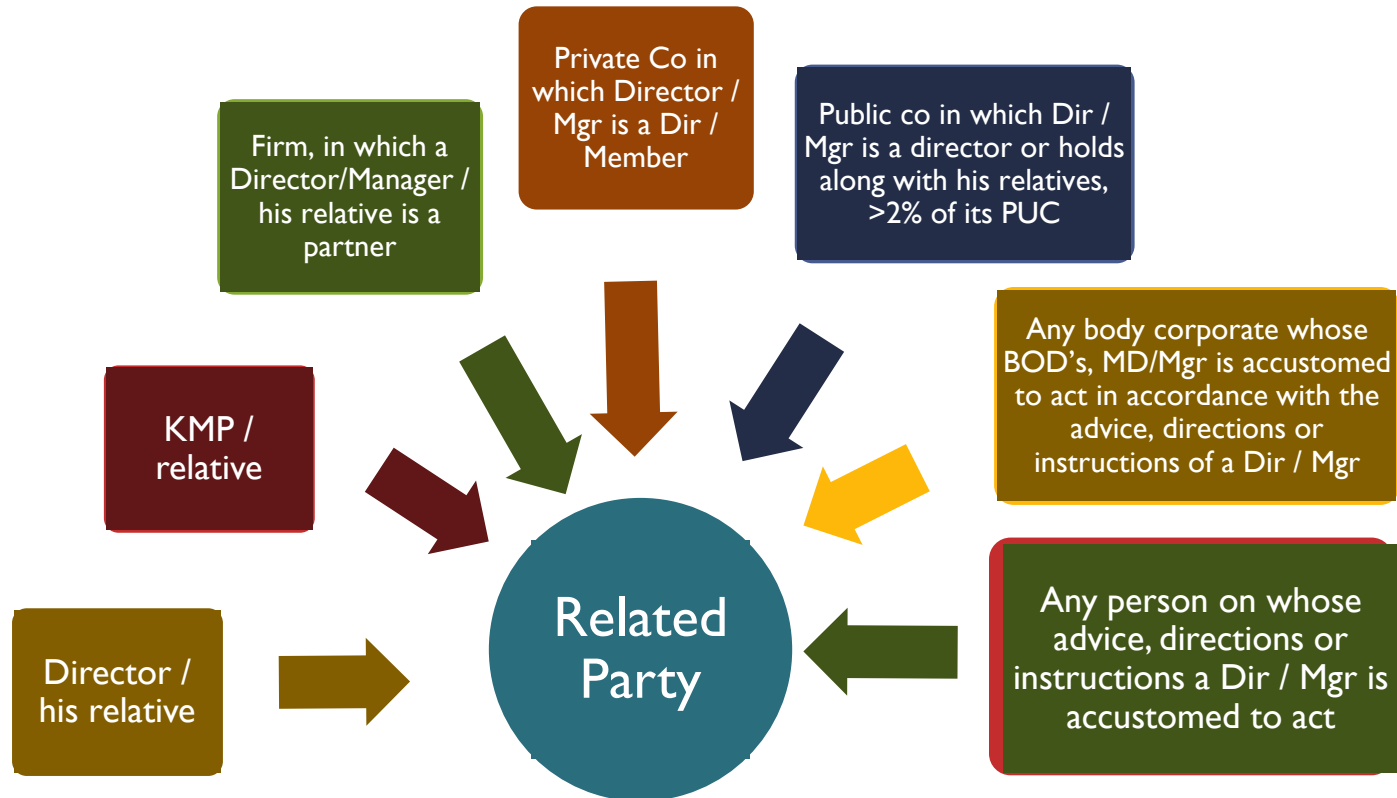
## Exemptions to :

- Banking, insurance, Housing Finance company, Finance companies engaged in financing of companies
- NBFCs
- Investment companies exempted from limits on acquisition of shares
- Government Companies

Register shall be in Form MBP -2

No exemption is given to private company

# RELATED PARTY – COMPANIES ACT, 2013



# RELATED PARTY TRANSACTIONS – SECTION 188 – COMPANY Approval

**Sale, purchase or supply of any goods or materials – <10% of T/O**

**Selling or otherwise disposing of, or buying, property of any kind -<10% of Net Worth**

**Leasing of property of any kind --<10% of Net Worth**

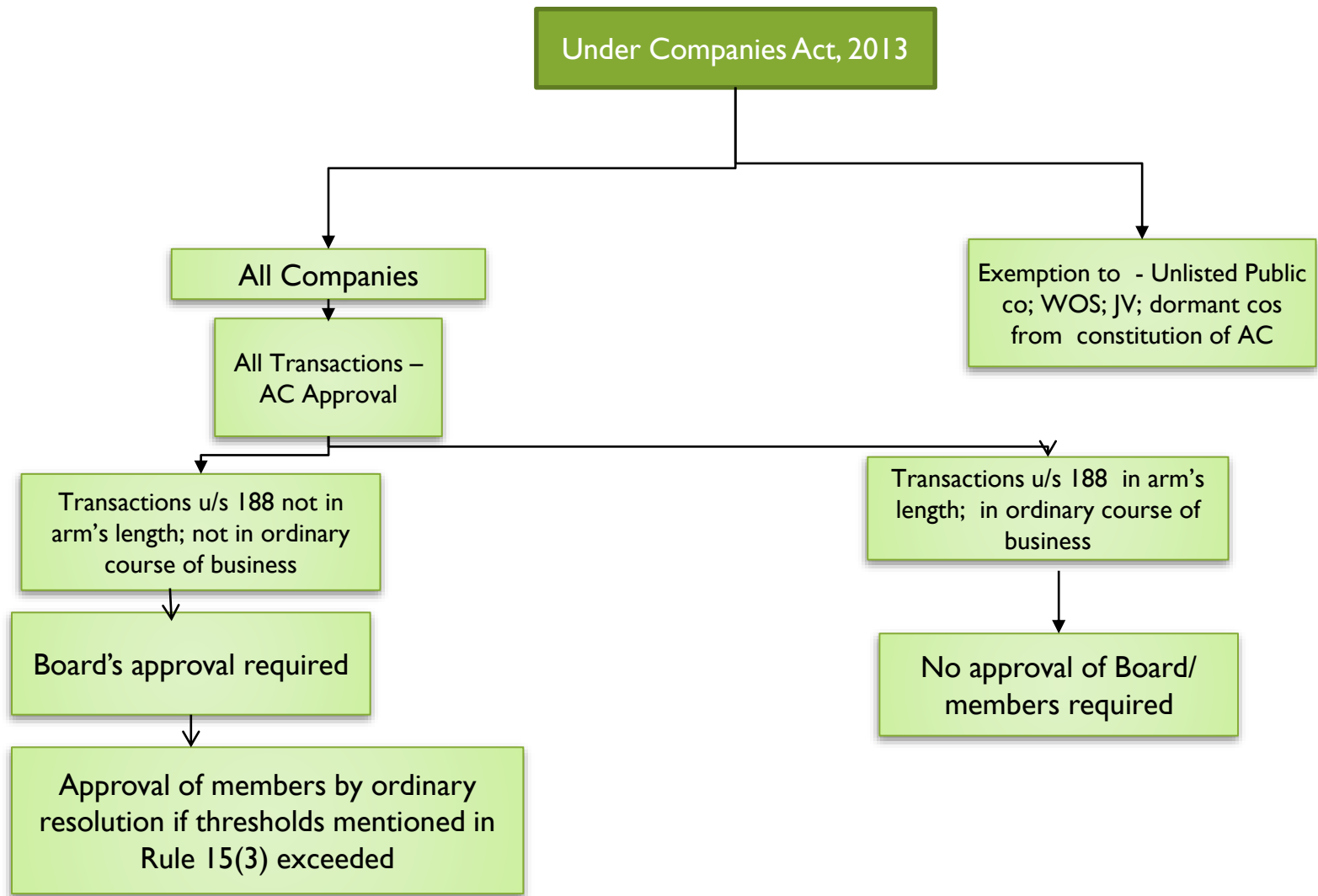
**Availing or rendering of any services - <10% of T/O**

**Appointment of any agent for purchase or sale of goods, materials, services or property - <10% of T/O**

**Such RP's appointed to any office or place of profit in the co, its subs co/ associate co - <Rs.2,50,000/month**

**Underwriting the subscription of any securities or derivatives thereof, of Co - <1% of Net Worth**

# APPROVAL PROCESS OF REALTED PARTY TRANSACTIONS



# GENERAL EXEMPTIONS

Financial Statement with respect to OPC, Small company dormant company and start-up private company **may not include cash flow statement.**

Private Companies **can accept deposits** from its members without having to comply with the procedural requirements prescribed under Section 73.

The Annual Return of the start up private companies can be **signed by the Company Secretary or by one of the Directors.**

Applicable to only public Companies having PUC of Rs. 10 Crores or more, Turnover of Rs. 100 Crores or more or in aggregate having loans, deposits of Rs. 50 Crores or more.

# GENERAL EXEMPTIONS

**Section 177 and 178- Constitution of Audit Committee and Nomination and Remuneration Committee is not applicable to Private Companies.**

**Section 162 - A private Company can pass a single resolution for appointment of 2 or more persons as directors.**

**•Section 160 seeking deposit of Rs. 1 lakh for proposing the candidature shall not apply to private company.**



# GENERAL EXEMPTIONS

Section 143(3) – **Reporting of Internal Financial Controls** is not applicable to Private Companies which has turnover less than Rs. 50 Crores or aggregate borrowings of less than Rs. 25 Crores.

Section 91- **Closure of Register of Members** is not applicable to Private Companies.

Section 110 – **Postal Ballot is not applicable** to Small Companies and other companies having members up to two hundred.

# GENERAL EXEMPTIONS

Section 108- **Electronic Voting is not applicable** to Private Companies as it has less than 1000 members.

Section 149- **Appointment of Woman Director and Independent Director is not applicable** to Private Companies.

Section 152 – **Retiring by rotation of Directors** at every Annual General Meeting is not applicable to Private Companies.

# PRIVILEGES ENJOYED BY SMALL COMPANIES

## Signing of Annual Return

- The Annual return can be signed by Company Secretary alone or by a single Director.

## Financial Statement

- Cash Flow Statement is exempted from attaching as a part of Financial Statements.

## Internal Financial Controls

- Not required to report on the adequacy of the internal financial controls and its operating effectiveness in the auditors report.

# PRIVILEGES ENJOYED BY SMALL COMPANIES

## Filing of Annual Return

- The Annual return shall be filed in Abridged Form i.e. Form MGT-7A within 60 days from the conclusion of Annual General Meeting.

## Pre-certification of Forms

- No requirement of pre-certification by Professionals for filing of Forms with ROC including Annual Return

## Penalties

- For contravention of any offences punishable with penalties, shall be liable for half of the penalties applicable to normal companies and subject to maximum cap of Rs. 2 lacs for Companies and Rs 1 lac for officer in default.



# REGISTERS

# Types of Registers to be maintained

## REGISTERS

Register of renewed and duplicate share certificate  
SH-2

Register of Sweat Equity Shares  
SH-3

Register of Employee Stock Options  
SH-6

Register of Shares or other Securities bought back  
SH-10

Register of Deposits

Register of Charges  
CHG-7

Register of Members  
MGT-1

Register of Debentures Holders/ other Security Holder  
MGT-2

Foreign Register of Members, Debenture Holders or other Security Holders  
-MGT-3

Register of Significant Beneficial owners  
BEN - 3

Register of Directors and KMP

Register of loans, guarantees and security  
MBP - 3

Register of contract  
MBP- 4

Register of investments  
MBP-3

## Private Company can list debt securities

A private company issuing debt securities through private placement



May also get its securities listed on the stock exchange platform



And comply with SEBI (LODR) Regulation, 2015

# ONE PERSON COMPANY

Section 2(62)  
of Companies  
Act, 2013

One Person  
Company means a  
Company which has  
only one person as a  
Member.

The member and nominee  
shall be natural persons,  
Indian citizens.

No minor shall become  
member or nominee of OPC  
or can hold shares.

Minimum 1 Director and  
maximum 15.

SS-1 and SS-2 is not  
applicable if there is only one  
Director.



# ONE PERSON COMPANY

One Board Meeting must be held in each half of the calendar year and the gap between two meetings should not be less than 90 days.

Abridged Form of Annual return shall be filed i.e. Form MGT-7A.

The Annual return can be signed by Company Secretary alone or by a single Director.



R.Sridharan & Associates  
Company Secretaries

**THANK  
YOU**

