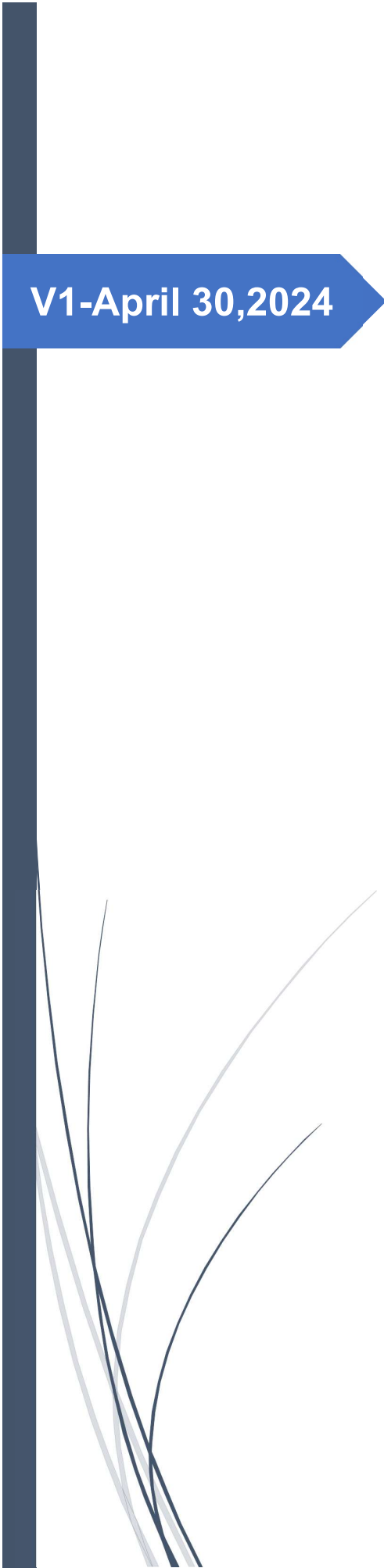


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V1-April 30,2024

**HANDBOOK ON
COMPANIES ACT
WITH SPECIFIC
REFERENCE TO
“PRIVATE, START-
UP, PUBLIC & NON-
PROFIT SECTION-8
COMPANIES”**

Preface

Companies Act, 2013 is transaction-based compliance, in order to support the professionals, both in Practice and employment, we @ Nagdev & Associates, Company Secretaries have prepared a handbook for understanding company law compliance in plain language with help of tables with easy interpretation and covered various aspects of compliances for private, Start-up, public and non – profit making section-8 companies. Our object for the drafting the same that handbook be your handy tool for navigating the company law effortlessly.

In compiling the handbook efforts have been put by trainees of Nagdev & Associates. We look forward your comments and feedback for improvement on e-mail id's cskarannagdev@gmail.com / info@nagdevassociates.com.

Reference: We have prepared this handbook on the basis of relevant provisions of the Companies Act, 2013 read with rules, Circulars & Notification for the time being enforced.

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CHAPTER 1

THRESHOLD LIMITS FOR ADDITIONAL COMPLIANCES

The Companies Act, 2013 has many compliances to be observed by the Company on the basis of the threshold limits. These threshold limits are found across the Act / Rules and are different for different companies. Following is the list of various threshold limits and compliances to be observed/implemented there on.

Sr. No.	Particulars	
1	Small Company	Paid up Share Capital having Rs. 4 crores or more and Turnover of Rs. 40 Crores or more <u>Following are Not small companies:</u> (A) a holding company or a subsidiary company (B) a company registered under section 8 (C) a company or body corporate governed by any special Act, (RBI, SEBI, IRDA)
2	Certificate from Practicing Company Secretary in FORM MGT-8.	• Listed company OR • Any other Company having; ✓ Paid up Share Capital of Rs. 10 crore or more OR ✓ Turnover of Rs. 50 crore or more
3	Applicability of E-Voting	• Listed Company on BSE / NSE AND Company having 1000 Members or more Exemptions: 1) Nidhi Companies 2) Companies equity listed on SME Stock Exchanges 3) Companies Equity listed on Institutional Trading Platform
4	Listed Company	“listed company” means a company which has any of its securities listed on BSE / NSE <u>Following Companies will not consider as listed companies:</u> (a) Public companies which have not listed their equity shares on a recognized stock exchange but have listed their – (i) non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or (ii) non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or

		(iii) both categories of (i) and (ii) above. (b) Private companies which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; (c) Public companies which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on a stock exchange in a foreign jurisdiction.
5	Applicability of Postal Ballot	Applicable to all Companies, other than OPC whether Private or Public having 200 or more members.
6	Applicability and Constitution of CSR committee Also Refer Chapter-5	Applicable to all companies [including foreign companies] having: - • Net Worth of Rs. 500 crore or more OR • Turnover of Rs. 1000 Crore or more OR • Net Profit of Rs. Crore or more In immediate preceding financial year <u>Constitution of CSR Committee:</u> Not applicable If spending toward CSR activities in any financial year is not exceeding Rs. 50 Lakhs
7	Applicability of CSR Impact Assessment	Not Applicable if having average CSR obligation of ten crore rupees or less.
8	Appointment of Internal Auditors	• Listed Company • Unlisted Public Company ✓ Paid up Share Capital of Rs. 50 Crore or more OR ✓ Turnover of Rs. 200 Crore or more OR ✓ Outstanding Loans from Banks of Rs. 100 Crore or more OR ✓ Outstanding Deposits of Rs. 25 Crore or more • Unlisted Private Company ✓ Turnover of Rs. 200 Crore or more OR ✓ Outstanding Loans from banks of Rs. 100 Crore or more
9	Rotation of Auditors	• Listed Company • Unlisted Public Company ✓ Paid up Share Capital of Rs. 10 Crore or more • Unlisted Private Company ✓ Paid up Share Capital of Rs. 50 Crore or more • All Companies ✓ Outstanding Loans from banks/ Deposits of Rs. 50 Crore or more
10	Appointment of Woman Director	• Listed Company • Unlisted Public Company ✓ Paid up Share Capital of Rs. 100 Crore or more OR ✓ Turnover of Rs. 300 Crore or more

11	Appointment of Independent Directors	- Listed Company (1/3 of total directors) - Unlisted Public Company (Minimum Two) having; ✓ Paid up Share Capital of Rs. 10 Crore or more OR ✓ Turnover of Rs. 100 Crore or more OR ✓ Outstanding Loans and Deposits more than of Rs. 50 Crore Exemption: Joint Venture, A Wholly Owned Subsidiary & A dormant Company
12	Constitution of Audit and Nomination Remuneration Committee	- Listed Public Company - Unlisted Public Company having; ✓ Paid up Share Capital of Rs. 10 Crore or more OR ✓ Turnover of Rs. 100 Crore or more OR ✓ Outstanding Loans or Borrowings or debentures or deposits of Rs. 50 crore or more <u>Constitution for Audit Committee:</u> Minimum 3 Directors comprising majority of Independent Directors <u>Constitution for Nomination and Remuneration Committee:</u> Minimum 3 Directors and not less than half of the committee to be Independent Directors Exemption: - Joint Venture A Wholly Owned Subsidiary - A dormant Company
13	Constitution of Stakeholders Relationship Committee	Applicable to All Companies having more than 1000 shareholders, debenture -holders, deposit-holders and any other security holders at any time during a financial year
14	Establishment of Vigil Mechanism	- Listed Company OR - Companies who accept deposits from the public OR - Borrow money from Bank and Public Financial Institution of Rs. 50 Crore or more
15	Appointment of Key Managerial Personnel (KMP)	KMP'S - MD, CEO, MANAGER, WTD - CS and - CFO ➤ Listed Company ➤ Unlisted Public company having Paid up Share Capital of Rs. 10 Crore or more
16	Appointment of Whole Time CS	Private Companies having Paid up Share Capital of Rs. 10 Crore or more
17	Applicability of Secretarial Audit	- Listed Company - Public Company

		✓ Paid up Share Capital of Rs. 50 crores or more OR ✓ Turnover of Rs. 250 Crores or more Any other Company outstanding loans or borrowings from banks of Rs. 100 Crores or more
18	Applicability of XBRL	• Listed companies in India and their Indian subsidiaries • Other companies having ✓ Paid up Share Capital of Rs. 5 Crore or more OR ✓ Turnover more than of Rs. 100 Crore OR ✓ Companies which are required to prepare their financial statements in accordance with Companies (Indian Accounting Standards) Rules, 2015 Exemptions: - 1. Banking Companies 2. Insurance Companies 3. Housing Finance Companies 4. Non-Banking Financial Companies
19	Start-up Company	An entity is considered a “Startup” only if it is incorporated as a Private Limited company and fulfils all the following conditions: ✓ Upto period of 10 Years from the date of incorporation ✓ Turnover not exceeding of Rs. 100 Crores in any financial year ✓ Entity is working towards innovation, development or improvement of products or processes or services, OR if it is a scalable business model with a high potential of employment generation or wealth creation. Note: Company formed by splitting up or reconstruction of an existing business shall not be considered a Startup
20	Applicability of Cost Audit and records	COST RECORDS Companies, including foreign companies having an overall turnover from all its products and services of Rs. 35 crore or more during the immediately preceding financial year. COST AUDIT 1. Every company specified in the item (A) Regulated Sectors of rule 3 shall be required to get its cost records audited: If the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees fifty crore or more and the aggregate

		turnover of the individual product or products or service or services is rupees 25 crore or more. 2. Every company specified in item (B) Non-regulated Sectors of rule 3 shall get its cost records audited: If the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees 100 crore or more and the aggregate turnover of the individual product or products or service or services is rupees thirty five crore or more. 3. Cost audit shall not apply to a company which is covered in rule 3, and- - Whose revenue from exports, in foreign exchange, exceeds seventy five percent of its total revenue; or - which is operating from a special economic zone - which is engaged in generation of electricity for captive consumption through Captive Generating Plant. Exemptions: Companies which are classified as a micro enterprise or a small enterprise are also excluded from the purview of the rules.
21	Applicability of CARO Report	CARO 2020 is applicable to all the companies except the <u>following companies</u> specifically excluded from its purview: One person company. Small companies (Companies with paid up capital less than/equal to Rs 4 Crore and with a last reported turnover which is less than/equal to Rs 40 crore). Banking companies. Section 25 / 8 Companies Insurance companies. - The following private companies are also exempt from the requirements of CARO, 2020: – - Whose gross receipts or revenue (including revenue from discontinuing operations) is less than or equal to Rs 10 crore in the financial year. And - whose paid-up share capital plus reserves is less than or equal to Rs 1 crore as on the balance sheet Date (i.e. usually at the end of the FY). and - Not a holding or subsidiary of a public company. And - Whose borrowings is less than or equal to Rs 1 crore at

		any time during the FY In other words, if any of the aforesaid condition is not fulfilled, CARO will become applicable to such companies.
22	Applicability of Significant Beneficial Owner (SBO) Also Refer Chapter-12	As per Section 90 of Companies Act, 2013: - Every individual, who acting alone or together , or through one or more persons or trust, including a trust and person's resident outside India, has (indirectly or indirect with direct holdings) following rights in reporting company: 1. Holds not less than 10% of the shares; 2. Holds not less than 10% of the voting rights in the shares; 3. Has right to receive or participate in not less than 10% of the total distributable dividend, or any other distribution, in a financial year on his holding 4. Has right to exercise, or actually exercises, significant influence or control, in any manner other than through direct holdings alone In such case he/she will be considered as Significant Beneficial Owner (SBO)
23	Audit Trail Function in accounting software	From the financial year commencing on or after 01.04.2023, Every company which uses accounting software for maintaining books of accounts, Company's shall use such accounting software; • Which has a feature of recording audit trail of each and every transaction • Creating an edit log of each change along with date in books and • ensuring that the audit trail cannot be disabled
24	Internal Financials Control Reporting by Auditor	Applicable to all companies except: - • One Person Company • Small Companies • Private companies with turnover less than INR 50 Crore and aggregate borrowings (FIs, Banks & Body Corporate) less than INR 25 Crore at any point of time during the financial year
25	Applicability of Dematerialistaion	Refer Chapter 6

CHAPTER 2

FILING OF RESOLUTIONS WITH REGISTRAR OF COMPANIES IN FORM MGT-14				
Sr. No.	Items	Private	Public	Section 8
MEMBERS MEETINGS – AGM / EGM				
1	Ordinary & Special resolutions passed at Virtual General meetings		✓	
2	Special resolutions passed at physical general meetings		✓	
BOARD MEETINGS				
3	Resolutions which have been agreed to by all the member of a company, but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as special resolutions		✓	
4	Any resolution of the Board of Directors of a company or agreement executed by a company, relating to the appointment, re-appointment or renewal of the appointment, or variation of the terms of appointment, of a managing director		✓	
5	Resolutions or agreements which have been agreed to by any class of members but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by a specified majority or otherwise in some particular manner; and all resolutions or agreements which effectively bind such class of members though not agreed to by all those members		✓	
6	Resolutions requiring a company to be wound up voluntarily passed in pursuance of section 59 of the Insolvency and Bankruptcy Code, 2016		✓	
7	To make calls on shareholders in respect of money unpaid on their shares	X	✓	✓
8	To authorize buy-back of securities under section 68	X	✓	✓
9	To issue securities, including debenture, whether in or outside India	X	✓	✓

10	#To borrow monies	X	✓	✓
11	#To invest the funds of the company	X	✓	✓
12	#To grant loans or give guarantee or provide security in respect of loans	X	✓	✓
13	To approve financial statement and the Board's report	X	✓	✓
14	To diversify the business of the company	X	✓	✓
15	To approve amalgamation, merger or reconstruction	X	✓	✓
16	To take over a company or acquire a controlling or substantial stake in another company	X	✓	✓
17	To make political contributions	X	✓	✓
18	To appoint or remove key managerial personnel (KMP)	X	✓	✓
19	To appoint internal auditors and secretarial auditor	X	✓	✓
20	Any other resolution or agreement as may be prescribed and placed in the public domain.	✓		

Board of directors of any company may, by a resolution passed at a meeting, **delegate such powers to any committee** of directors or **MD or manager or any principal officer** of the company or in the case of a branch office of the company, the principal officer of the branch office, on such conditions as it may specify

Board of directors of Section-8 Company, may decide by the Board by Circulation, No Need to conduct board meeting for the same.

Due date for Filing Form MGT-14- Section 117(1)

As per Section 117(1), the company shall file all the resolutions and agreements in form MGT-14 within 30 days from the resolution being passed or the agreement being entered into.

Penalty for non-compliance- Section 117(2)

As per Section 117(2), if a company fails to file the required Resolutions or Agreements prior to the expiry of the period mentioned, the penalty shall be for the company and every officer in default as mentioned below;

DEFAULTING PARTIES	PENALTY
Company	Minimum penalty: Rs.10,000/-, In case of continuing failure, with a further penalty of Rs. 100/- for each day after the first during which such failure continues. Maximum penalty: Rs.2,00,000/-
Every officer in default	Minimum penalty: Rs.10,000/-, In case of continuing failure, with a further penalty of Rs. 100/- for each day after the first during which such failure continues. Maximum penalty: Rs.50,000/-

CHAPTER 3

DEPOSITS ALLOWED BY COMPANIES & EXEMPTED DEPOSITS		
TENURE OF DEPOSITS		
DURATION	MINIMUM	MAXIMUM
SHORT	Three (3) Months	Six (6) Months
LONG	Six (6) Months	Thirty-Six (36) Months

Limits For Long Term Deposits				
Sr. No.	Parties	#Private Company	Non-Eligible Public Company	*Eligible Public Company
1	From Members	#Upto 100% of the aggregate of the paid-up share capital, free reserves and securities premium account	Upto 35% of the aggregate of the paid-up share capital, free reserves and securities premium account	Upto 10% of the aggregate of the paid-up share capital, free reserves and securities premium account
2	From Public	Prohibited	Prohibited	Upto 25% (Including deposits from members) of the aggregate of the paid-up share capital, free reserves and securities premium account

Limits for Short Term Deposits				
Sr. No.	Parties	#Private Company	Non-Eligible Public Company	*Eligible Public Company
1	From Members	Upto 10% of the aggregate of the paid-up share capital, free reserves and securities premium account	Upto 10% of the aggregate of the paid-up share capital, free reserves and securities premium account	Upto 10% of the aggregate of the paid-up share capital, free reserves and securities premium account
2	From Public	Prohibited	Prohibited	Upto 10% (Including deposits from members) of the aggregate of the paid-up share capital, free reserves and securities premium account

NOTES: -

#The Maximum Limit in respect of deposits to be accepted **from members** shall not apply to following classes of **private companies**: -

(a) A Private Company which is a start-up, for 10 years from the date of its Incorporation

OR

(b) A Private company which fulfils all of the **following conditions namely**:

- (i) Which is not an associate or subsidiary company of any other company;
- (ii) The borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid-up share capital or Rs.50 Crore whichever is less **and**
- (iii) Such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under section 73.

***Eligible company**” means a **public company** as referred to in sub-section (1) of section 76;

Having a net worth of not less than Rs. 100 Crores OR

Turnover of not less than Rs. 500 Crores &

Which has obtained the prior consent of the company in general meeting by means of a special resolution and also filed the said resolution with the ROC before making any invitation to the Public for acceptance of deposits

EXEMPTED DEPOSITS		
Sr. No.	Exempted Deposits	Allowed
1	Any amount received from: - • the Central Government; or • a State Government; or any amount received from any other source whose repayment is guaranteed by the Central Government or State Government; or • any amount received from a local authority; or • any amount received from statutory authority constituted under an Act of Parliament or a State Legislature.	For Private & Public Companies
2	Any amount received from: - • Foreign Governments; or • Foreign or international banks; • Multilateral financial institutions; • Foreign Governments owned development financial institutions; • Foreign export credit agencies; • Foreign collaborators; • Foreign body corporates; • Foreign citizens; • Foreign authorities or; • Persons residents outside India subject to the provisions of Foreign Exchange Management Act, 1999 (42 of 1999).	For Private & Public Companies
3	Any amount received as: - • A loan or facility from any banking company • From the state Bank of India or any of its subsidiary banks; • From a banking institution notified by the Central Government under section 51 of the Banking Regulation Act, 1949 (10 of 1949) • A corresponding new bank as defined in clause (d) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980) • From a cooperative bank as defined in clause (b-ii) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934).	For Private & Public Companies
4	Any amount received as: - • A loan or facility from any banking company; or • From the state Bank of India or any of its subsidiary banks; • From a banking institution notified by the Central Government under section 51 of the Banking Regulation Act, 1949 (10 of 1949); • A corresponding new bank as defined in clause (d) of section 2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);	For Private & Public Companies

	From a cooperative bank as defined in clause (b-ii) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934).	
5	Any amount received against issue of commercial paper or any other instruments issued in accordance with the guidelines or notification issued by the Reserve Bank of India.	For Private & Public Companies
6	Any amount received by the company from any other company	For Private & Public Companies
7	Any amount received and held pursuant to an offer made in accordance with the provisions of the Act towards subscription to any securities including share application money or advance towards allotment of securities pending allotment, so long as such amount is appropriated only against the amount due on allotment of securities applied for.	For Private & Public Companies
8	Any amount received from a person (Subject to declaration that amount is not borrowed from others) who, at the time of the receipt of the amount, was a director of the company or the relative of the director of a private company. <u>Definition of "Relative": -</u> - they are members of a Hindu Undivided Family; - they are husband and wife; or - Father includes step-father. - Mother includes the step-mother. - Son includes the step-son. - Son's Wife - Daughter - Daughter's Husband - Brother includes the step-brother; - Sister includes the step-sister.	For Private from Directors or relatives & For Public Companies only from directors
9	- Any amount raised by the issue of bonds or debentures secured by a first charge or a charge ranking pari-passu with the first charge on any assets referred to in Schedule III of the Act excluding intangible assets of the company; or - bonds or debentures compulsorily convertible into shares of the company within ten years.	For Private & Public Companies
10	Any amount raised by the issue of non-convertible debentures not constituting a charge on the assets of the company and listed on recognized stock exchange as per applicable regulations made by Securities and Exchange Board of India.	For Private & Public Companies
11	Any amount received from an employee of the company not exceeding his annual salary under a contract of employment with the company in the nature of non-interest-bearing security deposit.	For Private & Public Companies
12	Any non-interest-bearing amount received and held in trust.	For Private & Public Companies
13	Any amount received <u>in course of, or for the purposes of the business</u> of the company: -	For Private & Public Companies

	• As an advance for supply of goods or provision of services accounted for in any manner whatsoever provided that such advance is appropriated against supply of goods or provision of services within a period of 365 (three hundred and sixty-five days) from the date of acceptance of such advance. • As advance accounted for in any manner whatsoever, received in connection with consideration for immovable property under an agreement or arrangement, provided that such advance is adjusted against such property in accordance with the terms of agreement or arrangement • As security deposit for performance of the contract of supply of goods or provision of services. • As advance received under long term projects for supply of capital goods except those covered under item (b) of sub-clause (xii) clause (c) of subrule (1) of rule (2) of the Companies (Acceptance of Deposits) Rules, 2014. • As an advance towards consideration for providing future services in the form of a warranty or maintenance contract as per written agreement, if the period for providing such services does not exceed the period prevalent as per common business practice or 5 (five years), from the date of acceptance of such service whichever is less. • As advance received and allowed by any sectoral regulator or in accordance with directions of Central or State Government. • As an advance for subscription towards publication, whether in print or electronic to be adjusted against receipt of such publications.	
14	Any amount brought in by promoters of the company by way of unsecured loans in pursuance of the stipulation of any lending financial institution or a bank.	For Private & Public Companies
15	Any amount received by a Nidhi company in accordance with the rules made under section 406 of the Act.	For Private & Public Companies
16	Any amount received by way of subscription in respect of chit under the Chit Funds Act, 1982(4 of 1982).	For Private & Public Companies
17	Any amount received by company under any collective Investment scheme in compliance with regulations framed by the Securities and Exchange Board of India.	For Private & Public Companies
18	Any amount of twenty-five lakh rupees or more received by a startup company, by way of convertible note (convertible into equity shares or repayable within a period not exceeding ten years from the date of issue) in a single tranche, from a person.	Only for Start-up Companies
19	Any amount received by a company from: - (i) Alternate Investment Funds; (ii) Domestic venture Capital Funds; (iii) Infrastructure Investments Trusts; (iv) Real Estate Investment Trusts; Mutual Funds registered with the Securities and Exchange Board of India.	For Private & Public Companies

CHAPTER 4

LOAN TO DIRECTOR OR ANY OTHER PERSON (FIRM, COMPANY OR BODY CORPORATE) IN WHOM ANY OF THE DIRECTOR IS INTERESTED			
Provision /Rule	Particular	Allowed	Remarks
185(1)	Loan to Director	For Private Companies, if all three conditions satisfied: -	#Sections 185 shall not apply to a private company if all three conditions mentioned below are fulfilled:- (a) in whose share capital no other body corporate has invested any money; (b) if the borrowings of such a company from banks or financial institutions or any-body corporate is less than twice its paid-up share capital or Rs. 50 Crores whichever is lower; and (c) such a company is not in default in repayment of such borrowings subsisting at the time of making transactions under this section
185(1)(a)	Loan to Director of Holding Company or any partner or relative of such director		
185(1)(b)	Loan to any firm in which any director or relative is a partner		
185(2)	Loan to any Private Company in which such director is a director or member	For Private & Public Companies subject to two conditions: -	(a) a special resolution is passed by the company in general meeting: Explanatory statement to the notice shall disclose full particulars of the loans given, or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security and any other relevant fact; and (b) the loans are utilised by the borrowing company for its principal business activities.
185(2)	Loan to any body corporate at a general meeting of which not less than twenty five percent of the total voting power may be exercised or controlled by any such director or by two or more such directors together		
185(2)	Loan to 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		

185(3)(a)	Loan to a managing or whole-time director: -	For Private & Public subject to two conditions: -	(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
185(3)(c)	Any loan or any guarantee given or security provided by a holding company to its wholly owned subsidiary company	For Private & Public subject to condition: -	Provided that the loans are utilised by the subsidiary company for its principal business activities.
185(3)(d)	Any guarantee given or security provided by a holding company in respect of loan made by any bank or financial institutions to its subsidiary company		
Circular dated 14-02-2014 & 10-03-2015 & 09-04-2015	Loans and Advances to employees (other than managing director or whole time directors)	For Private & Public Companies subject to Condition	If such Loans/advances to employees are in accordance with the conditions of service applicable to employees and are also in accordance with the remuneration policy, in cases where such policy is required to be formulated.

Notes: -

- For Loans granted as mentioned above subject to compliance of Section 117, 179 & 186
- Company must charge Interest for providing loans as provided under section 186 (7)
- Section 185 not applicable to private companies subject to all three conditions #

CHAPTER 5

COMPLIANCE UNDER THE CSR		
HIGHLIGHTS OF CSR PROVISIONS		
Provision / Rule	Particulars	Details
135 (5)	MANDATORY CSR Expenditure	At least 2% of the average net profits of three immediately preceding financial year
Rule 4	Implementing Agency for Indirect Spending	CSR activities to be carried through trust/section 8 company/ registered society established by, Subject to CSR-1 Registration: Registered under section 12A and 80 G of the Income Tax Act, 1961, established by the company, either singly or along with any other company Established by the Central Government or State Government Established by the Central Government or State Government Registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least 3 years in undertaking similar activities.
135 (5) & (6)	UNSPENT Amount	Any unspent amount related to <u><i>other than any ongoing project</i></u> shall be transferred within a period of 6 months of the expiry of the financial year to *any fund specified in Schedule VII Any Unspent amount on any <u>ongoing project</u>, shall be transferred within a period of 30 days from the end of the financial year such amount shall be spent towards activities as per CSR Policy within a period of 3 financial years from the date of such transfer, failing which, shall be transferred to a *Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year
Rule 10	Transfer of unspent amount	Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred to any *fund included in schedule VII of the Act
Rule 7 (3)	Excess amount spent	Any amount spent in excess as required may be set-off to immediate succeeding 3 financial years subject to following conditions:

		excess shall not include the surplus arising out of the CSR activities the Board shall pass a resolution to that effect
Rule 8 / 9	Website and Board Report Disclosure	Board report shall disclosed details in prescribed format <u>Website:</u> ✓ The composition of the CSR Committee; ✓ CSR Policy and ✓ Projects approved by the Board on their website, if any, for public access. ✓ Annual Action Plan
Schedule VII	Specified Funds	• Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga; • Prime Minister's National Relief Fund; • Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or • any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;

Ongoing Project means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

CHECK LIST FOR DETAILS TO BE OBTAINED FROM IMPLEMENTING AGENCIES BEFORE SPENDING CSR		
Sr. No.	Details Required	Yes / No
1	Certificate of Incorporation of Section 8 company/ registered public trust/registered society	
2	Certificate from tax authority as per section 12A and 80G of the Income Tax Act, 1961	
3	Whether activities carried out by NGO are covered under Schedule VII of the Companies Act, 2013	
4	Website details and other social connect details of NGO	
5	NGO Must have established track record of at least three years in undertaking similar CSR activities.	
6	CSR-1 filed with MCA and copy of Certificate provide by MCA - Registration No	
7	Last three years audited financials and last three years revenue details	
8	PAN details, Latest acknowledgement of ITR copy filed with tax authority	
9	Detailed plan/profile for proposed CSR activities as cited in Schedule VII of the Companies Act, 2013	
10	In case, NGO carried out multiple CSR activities but Company wants to contribute in only one of the activity (i.e. say education) in that case, you agree that you will spent CSR contribution in that particular activity only and fund will not be diverted to other CSR activities though eligible.	
11	Confirm that NGO will share to us quarterly report on CSR contribution made by the Company on the activities as identified by Company	
12	As per CSR rule, Company like to focus CSR contribution in Mumbai and Other Local areas. Please provide your proposal for the same.	
13	NGO agree to sign MOU with Company for CSR contribution.	
14	Confirm that there are no prosecution initiated /ongoing/pending before the central government under FCRA Act and/or any of the other Act?	
15	If Company receives any notice/litigation for CSR contribution made to your organization in the future from regulatory authority then NGO agree that your will provide complete co-operate and provide all the requested details as required by the regulatory authority.	
16	Please provide administrative cost (% of total cost) while carrying out CSR activities	
17	Following details on the letterhead of the NGO 1. Bank name 2. IFSC code, 3. Bank account no. 4. Branch details 5.Contact person of your organization to confirm bank details (Email id, phone no. and mobile no.)	
18	Internally, please have world check done about this organization from PAN record with compliance team to confirm that there are no any regulatory action is pending against this NGO.	

Note: - Utilisation certificate to be obtained from entity before march of every year as spending of particular year to be **utilized in the same financial year**.

CHAPTER 6

MANDATORY DEMATERIALISATION OF SECURITIES FOR UNLISTED PUBLIC AND PRIVATE COMPANIES		
Provision / Rule	Particulars	Details
Section 29	To Offer the Securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996	Applicable to Unlisted Public Companies, W.e.f October 2, 2018 Applicable to Private Companies (Other than Small Companies), W.e.f September 30, 2024 Exemption: Nidhi Company, Government Company & Public Wholly owned Subsidiary Company
Rule (1) of 9A & 9B	Every unlisted public & Private company shall –	(a) issue the securities only in dematerialised form; and (b) facilitate dematerialisation of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under.
Rule (2) of 9A & (3) of 9B	Every unlisted public and private company	Making any offer for issue of any securities or buyback of securities or issue of bonus shares or rights offer shall ensure that before making such offer, entire holding of securities of its promoters, directors, key managerial personnel has been dematerialised in accordance with provisions of the Depositories Act 1996 and regulations made there under.
Rule (3) of 9A & (4) of 9B	Every holder of securities of an unlisted public and Private company	who intends to transfer such securities on or after the date when the company is required to comply with this rule, shall get such securities dematerialised before the transfer; or who subscribes to any securities of the concerned private company whether by way of private placement or bonus shares or rights offer on or after the date when the company is required to comply with this rule shall ensure that all his securities are held in dematerialised form before such subscription.
Rule (6) of 9A & (5) of 9B	Default in payment of fees to depository and registrar and transfer agent or maintained security deposit of default in complying depository rules	Cannot make offer of any securities or buyback its securities or issue any bonus or right shares till the payments to depositories or registrar to an issue and share transfer agent are made.

PROCESS FOR DEMATERIALISATION OF SHARES OF COMPANY	
I. COMPANY TO AMEND AOA The company should amend its Articles by passing a special resolution at the general meeting to insert the articles relating to dematerialization of shares.	II. COMPANY TO APPOINT RTA AND DEPOSITORY AND ENTER INTO TRI-PARTITE AGREEMENT Arrange demat connectivity from depositories like NSDL or CDSL along with a Registrar and Transfer Agent (RTA) by entering into a tripartite agreement between the company, the Depository and the RTA.
III. ISIN ALLOTMENT Once the company is admitted in the Depository system, an ISIN (International Securities Identification Number) is allotted by the depository. This number is unique for each security of the company that is admitted in the depository.	IV. SHAREHOLDERS OF THE COMPANY TO OPEN DEMAT ACCOUNT Shareholders of a registered company are required to open an account with any of the DPs in India. The Shareholder will then be allotted Client ID along with the DP ID which gives a unique identification in the depository system.
V. SURRENDER THE PHYSICAL CERTIFICATES After opening an account with the DP, a shareholder should surrender the Physical certificates held in his name to the DP. These certificates will be sent to the respective companies where they will be cancelled after dematerialization and the respective shareholder's account maintained with the DP will be credited.	

CHAPTER 7

REVISED SECRETARIAL STANDARDS 1 & 2 KEY AMENDMENTS AND RELEVANT CASE LAWS, Applicable W.e.f 01-04-2024	
THE KEY HIGHLIGHTS OF THE AMENDMENTS IN SS-1 – BOARD MEETINGS	
Sr. No.	Amendments
1	Under the applicability clause of SS-1, the exemption to a Section 8 Company and the specific exemptions given to a private company shall be provided only if the company has not committed any default in filing its Financial Statements or Annual Return with the Registrar of Companies.
2	For discussion on restricted matters, the participation of Directors through electronic means shall not be permitted unless there is a Quorum in the Meeting through physical presence of Directors.
3	In cases where the Director intimates his/ her intention of participating in meetings through electronic means at the beginning of the calendar year such intimation shall not debar him/ her from participating in the Meeting in person provided an intimation is given to the company sufficiently in advance.
4	The definition of UPSI now stands revised to the extent that it no longer includes "material events in accordance with the listing agreement".
5	The requirement of holding only 1 (One) Board meeting in each half of a Calendar Year and the gap between the two Board Meetings not being less than 90 (Ninety) days, is now extended to private company which is recognized as start-up. Further the definition of "start-up" has also been inserted in the said standards.
6	The revised SS-1 has put forth that the Independent Directors will hold their meeting at least once in the financial year , as opposed to the Calendar year, and that too in the absence of Non-Independent Directors and members of management.
7	A Director is neither reckoned for Quorum nor he is allowed to participate in respect of an item of business in which he is interested. However, an exception has been provided for private companies, wherein a director is entitled to participate in respect of such item after disclosure of his interest. The revised SS-1 further extends this exemption and states that such a Director shall also be reckoned for Quorum.
8	Directors participating through Electronic Mode in a Meeting are counted for the purpose of Quorum. Earlier the Directors were excluded for any items of business if any Act or any other law stated so. However, this has now been revised and the physical presence of Directors is mandated for ascertaining the quorum for discussing the restricted items.
9	The Chairman of a private company, along with continuing the Chair, will also be reckoned for quorum in addition to being allowed to participate in the proceedings of any item of business that he is interested in.
10	The companies are required to maintain the proof of sending and delivery of the draft of Circular Resolutions and the necessary papers for a period which is not less than 3 years from the date of circulation of such Resolution instead of date of the Meeting.
11	All the companies, as opposed to only the public companies, are required to approve the appointment of Director(s) in casual vacancy in the immediate next general meeting.

THE KEY HIGHLIGHTS OF THE AMENDMENTS IN SS-2 – GENERAL MEETINGS	
Sr. No	Amendments
1	Under the applicability clause of SS-2 the exemption to a Section 8 Company and the specific exemptions given to a private company shall be provided only if the company has not committed any default in filing its Financial Statements or Annual Return with the Registrar of Companies.
2	The definition of the term 'Ordinary business' earlier included appointment and ratification of auditors. However, now ordinary business includes only appointment of auditors and not their ratification.
3	Earlier, Annual General Meetings (AGMs) were permitted to be held either at the 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. With the amendment, AGM of an unlisted company may be held at any place in India, if prior consent is given by all the members either in writing or by Electronic Mode and it is to be made sure that such consent shall be received before the Meeting. In case of a wholly owned subsidiary of a company incorporated outside India, EGM may be held outside India.
4	Now, the SS-2 allows sending of Financial Statements and other documents required to be annexed to the General meeting at a shorter notice if the following conditions are satisfied: ✓ In case of AGM for company with share capital: Consent is to be given by majority in number of members entitled to vote and represent not less than 95% of such part of the paid-up share capital. ✓ In case of AGM for company without share capital: Consent is to be given by Members having not less than 95% of the total voting power exercisable at such Meeting. ✓ In case of EGM for Company with share capital: Consent is to be given by majority in number of members entitled to vote and represent not less than 95% of such part of the paid-up share capital of the company. ✓ In case of EGM for Company without share capital: Consent is to be given by the Members having not less than 95% of the total voting power exercisable at such Meeting.
5	Earlier, none of the members who were related party were allowed to vote on a resolution relating to approval of any contract or arrangement in which such Member is a related party. Vide the amendment, the standard allows voting by related party in case 90% or more Members, in number, are relatives of promoters or are related parties. Further in case of wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.
6	The SS-2 provides for a list of items that shall be passed only by way of postal ballot. This is applicable to companies with less than or equal to 200 members wherein such items shall be passed only by way of postal ballot instead of transacting such business at a General Meeting. However, pursuant to amendment, such item of business may be transacted at a General Meeting by a company which is required to provide e-voting facility to its members.
7	Earlier, a Resolution passed by postal ballot could be rescinded only by way of a Resolution passed subsequently through postal ballot. Now, it can also be rescinded by way of resolution passed at General Meeting by a company that is required

RELEVANT CASE LAWS FOR SECERETERIAL STANDARD NON-COMPLIANCES				
Sr. No.	Non-Compliance	Jurisdiction	Facts of the Case	Penalty Imposed
U.P. Stock & Capital Limited				
1	Secretarial Standard – 1: Point 7.2.1.1 & Point 7.2.2.1(o)	RoC Kanpur, U.P.	In the Minutes of Board Meeting: - • Serial Number of Meeting not mentioned • Time of Commencement and Conclusion of Meeting not mentioned	On the Company: - Rs.50,000/- On the Noticee: - Rs.10,000/-
Indiabulls Housing Finance Limited				
2	Section 118(10) read with Secretarial Standard – 1: Point 7.3.1	NCT of Delhi & Haryana	Minutes shall contain a fair and correct summary of the proceedings of the meeting. Company failed to take note of MBP-1 of Incoming Independent Director in the Minutes of Board Meeting.	On the Company: - Rs.25,000/- On the Directors: - Rs.5,000/-
Madras Fertilizers Limited				
3	Section 118(10) read with Secretarial Standard – 2: Clause 14	RoC Chennai, Tamil Nadu	'Distribution of Gifts' - No gifts, gift coupons, or cash in lieu of gifts shall be distributed to the Members at or in connection with the meeting. Company issued gift cards to shareholders in lieu of refreshments in video conferencing AGM.	On the Company: - Rs.25,000/- On the Directors: - Rs.5,000/-
Teleone Consumers Product Private Limited				
4	Section 118(10) read with Secretarial Standard – 1: Point 1.2.1 & 7.6.1	NCT of Delhi & Haryana	Every Meeting shall have a serial number Minutes of the Meeting of the Board shall be signed and dated by the Chairman of the Meeting or by the Chairman of the next Meeting. Company failed to comply above provisions.	On the Company: - Rs.25,000/- On the Directors: - Rs.5,000/-
Pantheryx (India) Private Limited				
5	Section 118(10) read with Secretarial Standard – 1: Point 2.1	NCT of Delhi & Haryana	The company shall hold at least four meetings of its Board in each Calendar Year with a maximum interval of one hundred and twenty days between any two consecutive Meeting. Company failed to comply above provisions.	On the Company: - Rs.25,000/- On the Directors: - Rs.5,000/-

CHAPTER 8

EXEMPTIONS TO PRIVATE, SECTION 8 & START-UP PRIVATE COMPANY

The Exemptions shall be applicable to companies which have not committed a default in filing its financial statements under section 137 or annual return under section 92 of the Companies Act, 2013 with the Registrar.

EXEMPTIONS FOR PRIVATE COMPANIES			
Sr. No.	Section	Exceptions/Modifications/Adaptions	Impact of Exceptions/Modifications/Adaptions
Definition of Related Party			
1	Section 2(76)	Shall not apply with respect to Section 188	Following companies shall not be treated as related party to a company for the purpose of determining whether the transaction with them is a related party transaction u/s. 188 or not: - • Holding Company • Subsidiary Company • Associate Company • Subsidiary Company of Holding Company to which the company is also a subsidiary.
Kinds of Share Capital and Voting Rights			
2	Section 43 & Section 47	Shall not apply where memorandum or articles of association of the Private Company so provide	Provisions relating to kind of share capital, being only equity (with or without differential voting rights) and preference shall not apply to a Private Company (Section 43) Provisions relating to voting rights of equity shareholders and preference shareholders, as contained in Section 47, shall not apply to a Private Company.
Day from when and duration for which rights issue offer to be kept open			
3	Section 62 (2) and 62 (1)(a)(i)	Following proviso to be added in Section 62, after Sub-section (1), clause (a), sub-clause (i) : - Provided that notwithstanding anything contained in this sub-clause and sub-section (2) of this section, in case 90% of the members of a private company have given their consent in writing or in electronic mode, the periods lesser than those specified in the said sub-clause of sub-section shall apply.	The provision relating to keeping rights issue open for a minimum of 15 days and maximum of 30 days and also The provision that the letter of offer has to be sent at-least 3 days before opening of the offer shall not apply in case of a Private Company, provided at-least 90% of the members agree in writing for a shorter period.

Nature of resolution for ESOP			
4	Section 62(1)(b)	In Section 62, sub-section (1), clause b; the word ordinary resolution shall be substituted in place of special resolution	A private Company can issue shares to its employees under a scheme of Employee Stock option by passing an ordinary resolution. Earlier, special resolution was required to be passed.
Restriction on purchase by company or giving of loans by it for purchase of its shares			
5	Section 67	Section 67 shall not apply to Private Companies: - (a) in whose share capital no other body corporate has invested any money; (b) if the borrowings of such a company from banks or financial institutions or any-body corporate is less than twice its paid-up share capital or Rs. 50 Crores whichever is lower; and (c) such a company is not in default in repayment of such borrowings subsisting at the time of making transactions under this section	Restriction on purchase by a private company or giving of loans by it for purchase of its shares shall not apply to those Private Companies which satisfy all the 3 conditions given in the left-hand column.
Acceptance of deposits from members			
6	Section 73(2)(a) to (e)	Provisions of Section 73, sub-section (2), clauses (a) to (e), shall not apply to a private company which accepts from its members monies not exceeding 100% of its paid-up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified.	Private Companies can accept deposits from its members upto 100% of its paid-up share capital and free reserves and securities premium without having to comply with the procedural requirements prescribed under Section 73 like issuing circular, maintaining repayment reserve etc., But the company is required to file the details of the deposits so accepted with the ROC in form DPT-3.
Notice of general meeting, explanatory statement, quorum, chairman etc.			
7	Section 101 to 107 and Section 109	Section 101 to 107 and 109 shall apply unless otherwise specified in the respective sections or the articles of the company provide otherwise.	A private company can comply with the below mentioned sections by providing in its Articles of Association by way of <u>either lenient or stricter provision</u> : - • Section 101: - Notice of Meeting • Section 102: - Statement to be annexed to notice • Section 103: - Quorum for Meetings • Section 104: -Chairman of meetings • Section 105: - Proxies • Section 106: - Restriction on voting rights • Section 107: - Voting by show of hands • Section 109: - Demand for poll •

Filing of certain resolutions passed by the Board of Directors in e-form MGT 14			
8	Section 117 (3)(g)	Section 117, sub-section (3), clause (g) shall not apply to a private company	The requirement of filing e-form MGT 14 for resolutions passed by the Board in exercise of its powers u/s. 179(3) is no longer applicable to a private company.
Number of Companies in which a person can act as Auditor			
9	Section 141 (3) (g)	Section 141, sub-section (3), clause (g) shall apply with the modification that the words “other than one person companies, dormant companies, small companies and private companies having paid up share capital less than Rs.100 crores” shall be inserted after the words “twenty companies”	While calculating the limit of 20 Companies on which a person can be appointed as a statutory auditor, the following companies shall be excluded: • one person companies, • dormant companies, • small companies, and • private companies having paid up share capital less than Rs.100 crores.
Right of person other than retiring director to stand for directorship			
10	Section 160	Section 160 shall not apply	Various provisions of Section 160 like seeking deposit of Rs. 1 Lakh, notice of candidature etc. shall not apply to a private company in case of appointment of a director in a general meeting.
Restrictions on powers of Board			
11	Section 180	Section 180 shall not apply	A private company is no longer required to seek members approval by means of special resolutions for: - Selling, leasing or otherwise disposing whole or substantially the whole of undertaking of the company Investing in trust securities, the amount of compensation received by it as a result of any merger or amalgamation Borrowing money where the money to be borrowed exceeds the paid up capital and free reserves Remitting or giving time for repayment of any debt due from a director
Appointment of Director to be voted individually			
12	Section 162	Section 162 shall not apply	A private company can pass a single resolution for appointment of 2 or more persons as directors.
Participation of an interested director in a Board Meeting			
13	Section 184 (2)	Section 184, sub-section 2 shall apply with the exception that the interested director may participate in such meeting after disclosure of his interest	A director, being an interested director u/s 184, can now participate in the Board Meeting where the any contract, transaction or arrangement in which he is

			interest is to be discussed or approved, provided he discloses his interest, before he so participates in the meeting.
Loans and Advances to Directors and other interested entities			
14	Section 185	Sections 185 shall not apply to a private company – (a) in whose share capital no other body corporate has invested any money; (b) if the borrowings of such a company from banks or financial institutions or any-body corporate is less than twice its paid-up share capital or Rs. 50 Crores whichever is lower; and (c) such a company is not in default in repayment of such borrowings subsisting at the time of making transactions under this section	The restriction on giving of loans, advances and guarantees etc. to directors and other entities in which directors are interested will not apply to those Private Companies which satisfy all the 3 conditions given in the left-hand column.
Restriction on voting in general meeting by a related party			
15	Section 188(1)	Section 188, sub-section (1), second proviso shall not apply	The restriction on a member, being a related party, to vote on a special resolution, to approve a related party transaction, is no longer applicable in case of a private company.
Appointment of Managerial Personnel			
16	Section 196 (4) & (5)	Section 196, sub-section (4) and (5) shall not apply	The following provisions of Section 196 have been exempted for private companies:- Requirement of seeking approval of Board and Members at a meeting for appointment of managerial personnel and also of Central Government where such appointment/remuneration of managerial personnel is not in accordance with provisions of Schedule V Requirement that notice convening the Board or General Meeting for considering such appointment shall include the terms and conditions of such appointment, remuneration payable and such other matters including, interest, of a director or directors, in such appointment, if any Requirement of filing return (MR-1) of appointment of managerial personnel within 60 days with the ROC Provision that where an appointment of a managing director, whole time director or manager is not approved by the company

			at a general meeting, any act done by him before such approval shall not be deemed to be invalid.
Cash Flow Statement			
17	Section 2 clause 40	Section 2 clause 40 not applicable	The proviso would apply as under:- Provided that the financial statement, with respect to One Person Company, Small Company, dormant company and private company (if such a private company is a start-up), may not include the cash flow statement; A Start up private company is not required to include the cash flow statement in the financial statement
Prohibition on Acceptance of Deposits from public			
18	Section 73(2)(a) to (e)	Applicable with some modifications	Substitution of the Clause 6 in the 5th June, 2015 exemption Notification to a private company which provided for exemption from accepting from its members. • Private Companies which accepts money not exceeding 100% of the paid up capital and free reserves and securities premium. • Startup private company for 5 years from its incorporation. • Also, to a private company which is not an associate or a subsidiary of a company, having borrowings less than twice of its paid-up share capital or Rs 50 crore whichever is less and default in repayment of borrowings is not subsisting at the time of acceptance of deposits. Provided that the company referred to in Clause (i), (ii) or (iii) shall file the details of monies accepted to the Registrar in such manner as may be specified.
Aggregate Amount of Remuneration of Directors			
19	Section 92(1)(g)	Shall apply to private companies which are small companies, namely: - (g) aggregate amount of remuneration drawn by directors;”.	Private companies which are Small Companies need to disclose aggregate amount of remuneration drawn by directors. They need not give details of remuneration of all the directors and key managerial personnel individually. Except above every company shall prepare a return (hereinafter referred to as the

			annual return) in the prescribed form containing the particulars as they stood on the close of the financial year. Also provided that in relation to One Person Company, small company and a private company (if such private company is a start-up), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.
Internal Financial Controls System			
20	Section 143(3)(i)	Shall not apply to a private company: - (i) which is a one-person company or a small company; or (ii) which has turnover less than rupees fifty crores as per latest audited financial statement or which has aggregate borrowings from banks or financial institutions or any-body corporate at any point of time during the financial year less than rupees twenty-five crore.”.	The auditor’s report shall also state whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
Meetings of Board			
21	Section 173(5)	Substitution of Sub-section (5)	For subsection (5), the following subsection shall be substituted: - (5) A One Person Company, small company, dormant company and a private company (if such private company is a start-up) shall be deemed to have complied with the provisions of this section if at least one meeting of the Board of Directors has been conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days. Provided that nothing contained in this sub-section and in section 174 shall apply to One Person Company in which there is only one Director on its Board of directors.
Interested Director counted as Quorum			
22	Section 174(3)	Shall apply with the exception that the interested director may also be counted towards quorum in such meeting after disclosure of his interest pursuant to section 184.	Where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time. Relaxation to private companies as interested director may also be counted for quorum in such meeting after disclosure of his interest pursuant to section 184.

EXEMPTIONS FOR SECTION-8 COMPANIES			
Sr. No.	Section	Exceptions/Modifications/Adaptions	Impact of Exceptions/Modifications/Adaptions
Definition of Company Secretary			
1	Section 2(24)	The provisions of clause (24) of section 2 shall not apply.	As per exemption notification dated 5 th June, 2015, the definition of Company Secretary in Section 2(24) of the Companies Act, 2013 is not applicable on Section 8 Companies.
Minimum Paid-up Share Capital			
2	Section 2(68) & 2(71)	The requirement of having minimum paid-up share capital shall not apply.	A Section 8 company need not have minimum paid up share capital as prescribed under Section 2(68) and Section 2(71) for a private and a public company respectively. Thus, the companies incorporated under section 8 is free to have any share capital.
AGM Time, Date & Place			
3	Section 96(2)	Proviso included in Sub-section (2) of Section 96	The time, date and place of each AGM can be decided beforehand by the Board of directors having regard to the directions, if any, given in this regard by the company in its general meeting. [second provision to section 96(2)]. The company can fix the next AGM date in the meeting of shareholders and based on the instructions the board can call for the AGM. In ordinary companies the board of directors alone have power to call for AGM, however in case of section 8 company this power may be exercised by the shareholders.
AGM Notice Period			
4	Section 101(1)	In sub-section (1), for the words "twenty-one days", the words "fourteen days" shall be substituted.	A section 8 company can call a general meeting by giving clear 14 days notice. In case of companies other than the section 8 company a shareholders meeting can be called only by giving a notice calling such an AGM after 21 clear days.
Minutes			
5	Section 118	The section shall not apply as a whole except that minutes may be recorded within thirty days of the conclusion of every meeting in case of companies where the articles of association provide for confirmation of minutes by circulation.	A section 8 company need not comply with the requirements stipulated under section 118 dealing with Minutes of Proceedings of general meetings, meeting of Board of Directors and other meeting and resolutions passed by postal ballot.

			However, minutes may be recorded within thirty days of the conclusion of every meeting in case of companies where the articles of association provide for confirmation of minutes by circulation.
Copy of Financial Statements to Members			
6	Section 136(1)	In sub-section (1), for the words "twenty-one days", the words "fourteen days" shall be substituted.	A section 8 company can send a copy of the financial statements, including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before accompany in its general meeting to its members not less than fourteen before the date of the meeting
Number of Directors			
7	Sub section (1) of section 149 and the first proviso to subsection (1)	Shall not apply	A section 8 company need not comply with the requirement of minimum and maximum number of directors as stipulated under section 149(1) and first proviso thereof
Appointment of Independent Director			
8	Section 150 & 149 (4), (5), (6), (7), (8), (9), (10), (11), (12)(i), (13),	Shall not apply	A section 8 company need not appoint independent directors. Such companies are exempted from requirement of sub-sections (4), (5), (6), (7), (8), (9), (10), 12(i) and (13) of sections 149 and 150.
Consent Letter from Director			
9	Section 152(5)	Shall not apply	A section 8 company need not obtain consent letter from directors and file the same with RoC within 30 days of appointment as required under section 152(5).
Notice of candidature for appointment of director other than a retiring director			
10	Section 160	Shall not apply to companies whose articles provide for election of directors by ballot.	A section 8 company need not comply with requirements of section 160 with respect to notice of candidature for appointment of a director other than a retiring director if the Articles of association of such company provide for election of directors by ballot.

Restrictions on Directorship			
11	Section 165(1)	Shall not apply	The restrictions in section 165(1) with respect to limit on directorship will not apply for section 8 companies.
Number of Board Meetings			
12	Section 173(1)	Shall apply only to the extent that the Board of Directors, of such Companies shall hold at least one meeting within every six calendar months.	A section 8 company can hold meetings of Board of Directors once in every six calendar months, which is in contrast with quarterly requirement of holding board meetings.
Quorum			
13	Section 174(1)	In sub-section (1) (a) for the words "one-third of its total strength or two Directors whichever is higher, the words "either eight members or twenty-five per cent of its total strength whichever is less" shall be substituted (b) the following proviso shall be inserted, namely: - "Provided that the quorum shall not be less than two members".	The quorum requirement for Board meetings of a section 8 company shall be either 8 members or 25% of total strength whichever is less. However, the quorum shall not be less than 2 members.
Audit Committee			
14	Section 177(2)	The words "with independent directors forming a majority" shall be omitted.	A section 8 company can have Audit Committee without independent directors.
NRC & Stakeholders Committee			
15	Section 178	Shall not apply	A section 8 company need not comply with requirements of section 178 with respect to constituting Nomination and Remuneration Committee and Stakeholders relationship committee.
Matters decided by the Board			
16	Section 179(3)	Matters referred to in clauses (d), (e) and (f) of sub-section (3) may be decided by the Board by circulation instead of at a meeting.	A section 8 company may decide following matters specified under section 179(3) by passing resolution by circulation; • To borrow monies; • To Invest the funds of the company; • To grant loans or give guarantee or provide security in respect of loans;
Register of contracts or arrangements in which directors are interested & Disclosure of Interest			
17	Section 184(2) & 189	Shall apply only if the transaction with reference to section 188 on the basis of terms and conditions of the contract or arrangement exceeds one lakh rupees.	A section 8 company need to comply with section 184(2) and section 189 requirement only in case of transactions pertaining to section 188 where the terms and conditions of the contract or arrangement exceeds Rs. 1,00,000.

EXEMPTIONS FOR START-UP PRIVATE COMPANIES			
Sr. No.	Section	Exceptions/Modifications/Adaptions	Impact of Exceptions/Modifications/Adaptions
Definition of Financial Statement			
1	Section 2(40)	Not include cash flow statement.	The financial statement in relation to a private company (if such private company is a start-up) may not include the cash flow statement [Exemption notification dated 13 th June, 2017.]
Issue of sweat equity shares			
2	Section 54	Issue of sweat equity shares $\leq$ 50% of paid-up capital	A start-up company may issue sweat equity shares not exceeding 50% of its paid-up capital upto ten years from the date of its Incorporation or registration [Section 54 read with Rule 8(4) of the Companies (Share Capital and Debentures) Rules, 2014]
Further issue of share capital			
3	Section 62	Section 62(1)(b) shall not apply upto ten years from the date of incorporation.	For the purpose of section 62(1)(b), an “Employee” does not include – An employee who is a promoter or person belonging to the promoter group A director who either himself or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company. The aforementioned conditions shall not apply to a start-up upto ten years from the date of its incorporation or registration [Section 62 read with Explanation to rule 12(1) of the Companies (Share Capital and Debentures) Rules, 2014].
Prohibition on acceptance of deposits from public			
4	Section 73	Section 2(31) “Deposit”	Deposit does not include an amount of twenty-five lakh rupees or more received by a start-up company, by way of a convertible note (convertible into equity shares or repayable within a period of ten years from the date of issue) in a single tranche, from a person [Section 2(31) read with Rule 2(c)(xvii) of the Companies (Acceptance of Deposits) Rules, 2014].
5	Section 73	Second Proviso to Rule 3(3) of the Companies (Acceptance of Deposits) Rules, 2014	The maximum Limit in respect of deposits to be accepted from members shall not apply to a private company

			which is a start-up, for ten years from the date of its Incorporation.
6	Section 73(2)(a) to (e)	Shall not apply	Clauses (a) to (e) of Sub-section (2) of Section 73 shall not apply to a private company which is a start-up, for five years from the date of its Incorporation.
Management and Administration			
7	Section 92	Signing of Annual Return	In relation to a private Company, which is a start-up, the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the Company [Exemption notification dated 13 th June, 2017].
Meeting of Board and its Powers			
8	Section 173	One meeting in each half of a calendar year	A private Company, which is a start-up, shall be deemed to have complied with the provisions of section 173, if at least one meeting of the Board of Directors has been conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days [Exemption notification dated 13 th June, 2017].
Merger or Amalgamation of certain Companies			
9	Section 233	Approval of Regional Director	The following companies can enter into a scheme of merger or amalgamation after getting approval of the Regional Director: Two or more start-up Companies; and One or more start-up Company with one or more small company. [Rule 25(1A) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016].
Lesser penalties for One person Companies or Small Companies			
10	Section 446B	For start-up Companies	If a start-up company fails to comply with any of the provisions of Companies Act, 2013 where penalty is payable. Such company its officers in default or any other person, as the case may be, shall be liable to a penalty which shall not be more than one half of the penalty specified in such provisions subject to a maximum of Rs. 2 lakh in case of a company and Rs. 1 lakh in case of an officer who is in default or any other person, as the case may be.

CHAPTER 9

MANDATORY VALUATION THROUGH REGISTERED VALUER UNDER COMPANIES ACT, 2013 READ WITH RULES

Sr. No.	Provisions	Particulars
1	Section 42	Securities issued
2	Section 62 (1) (c)	Valuation in case of Further issue of shares for cash and other than cash
3	Section 177 (4) (vi)	Valuation of Assets or Undertakings
4	Section 192 (2)	Valuation of Assets other than Cash
5	Section 230 & Section 232	Valuation of Shares, Property and Assets in case of Compromise or Arrangement (by way of Merger, Amalgamation, Corporate Debt Restructuring, etc)
6	Section 236(2)	Valuations of Shares in case of Purchase of Minority Shareholding
7	Section 247	Valuation of Property, Stocks, Shares, Debentures and Securities or Goodwill
8	Section 281(1)(a)	Valuation of assets for Submission of report by liquidator in case of Winding-up
9	Section 305(2)(d)	Declaration of Solvency
10	Section 319(3)(b)	Sale of Property in consideration of Shares
11	Rule 2 of Companies (Acceptance of Deposit) Rules, 2014	Valuation of Secured Debentures
12	Rule 6 of Companies (Acceptance of Deposit) Rules, 2014	Valuation of assets in case of Creation of Security
13	Rule 8 of Companies (Share Capital and Debentures) Rules, 2014	Issuance of Sweat Equity Shares (Except listed Companies issuing equity shares to Employees or Directors) Valuation of intellectual property rights for which sweat equity shares are to be issued
14	Rule 12 of Companies (Prospectus and Allotment of Securities) Rules, 2014	Allotment of Shares other than Cash
15	Rule 16 of Companies (Share Capital and Debentures) Rules, 2014	Buy Back of Shares

CHAPTER 10

WEBSITE DISCLOSURES

LIST OF MANDATORY DISCLOSURES ON WEBSITE AS PER THE COMPANIES ACT, 2013

It is **not mandatory for a company to maintain website** (For Online Business or otherwise), however if company having website following disclosures need to be comply

Sr. No.	Compliances	Section	Particulars	Applicability
1	GENERAL DETAILS	Section 12 (3) (d) read with Rule 26 of Companies (Incorporation) Rules	• Name • Address of its registered office • CIN • Telephone number • Fax number, if any • E-mail • Name of the person who may be contacted in case of any queries or grievances on the landing/home page of the said website.	ALL COMPANIES
2	Web link of Annual Return need to disclose in Board Report	Section 134 (3) (a)	Annual Return (FORM MGT-7 / 7A) as per section 92 (3)	ALL COMPANIES
3	Display of CSR Policy on website	Section 135 read with CSR Rules	• Composition of the CSR Committee, • CSR Policy • Projects approved by the Board. • Annual Action Plan	ALL COMPANIES
4	Display of Financial Statements	Section 134 (3) Rule 11 The Companies (Accounts) Rules, 2014	A Listed Company • its financial statements • consolidated financial statements, if any, and all other documents required to be attached thereto A Listed company having a subsidiary or subsidiaries shall place separate audited accounts in respect of each of subsidiary on its website, if any: Provided also that a listed company which has a subsidiary incorporated outside India (herein referred to as	ALL LISTED COMPANIES

			“foreign subsidiary”)— (a) where such foreign subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such foreign subsidiary is placed on the website of the listed company; (b) where such foreign subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed company may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website;	
5	Display Nomination and Remuneration Committee formulating the policy	Section 178	• Composition of NRC; Nomination and Remuneration Policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.	ALL PUBLIC COMPANIES
6	Display of Financial Statements of each Subsidiary by Holding Company	Section 129	Every Company having subsidiaries shall place separate audited accounts of each subsidiary on its website	ALL COMPANIES HAVING SUBSIDIARY
7	Display of details of setting up of Vigil Mechanism	Section 177(10)	The vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases: Provided that the details of establishment of such mechanism shall be disclosed by the Company on its website, if any, and in the Board's Report.	ALL PUBLIC COMPANIES

8	Display of information of Independent Directors	Schedule IV (IV) (6) of the Companies Act 2013	The appointment letter stating terms and conditions of appointment of independent directors	ALL COMPANIES
9	Display of information regarding the resignation of any director.	Rule 15 of the (Appointment and Qualifications of Directors) Rules, 2014	The Company shall, within 30 days from the date of receipt of notice of resignation from a director, intimate the Registrar in Form DIR-12 and post the information on its website, if any.	ALL COMPANIES
10	Display of circular inviting deposit	Rule 4(3) of the Companies (Acceptance of Deposits) Rules, 2014	Every Company inviting deposits from the public shall upload a copy of the circular on its website, if any.	ALL PUBLIC COMPANIES INVITING DEPOSITS
11	Display of notice of variation in terms of contracts referred to in Prospectus	Rule 7(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014	Variation in terms of contracts referred to in Prospectus or objects for which Prospectus was issued: The notice shall also be placed on the website of the Company, if any.	ALL PUBLIC COMPANIES
12	Display of notice of closure of Register of Members, other Security holders	Rule 10(1) of the Companies (Management and Administration) Rules, 2014	A company closing the register of members or the register of debenture holders or the register of other security holders shall give at least seven days previous notice and in such manner, as may be specified by SEBI, if such company is a listed company or intends to get its securities listed, by advertisement at least once in a vernacular newspaper in the principal vernacular language of the district and having a wide circulation in the place where the registered office of the Company is situated, and at least once in English language in an English newspaper circulating in that district and having wide circulation in the place where the registered office is situated and publish the notice on the website as may be notified by the Central Government and on the website, if any, of the Company.	ALL PUBLIC COMPANIES
13	Display of notice of General Meeting	Rule 18 of the Companies (Management and Administration) Rules, 2014 read with SS-2	The notice of general meeting of the Company shall be simultaneously placed on the website of the Company	ALL COMPANIES

14	Display of notice of e-voting of General Meeting	Rule 20(4)(ii) of the Companies (Management and Administration) Rules, 2014	the notice shall also be placed on the website, if any, of the company and of the agency forthwith after it is sent to the members;	ALL PUBLIC COMPANIES
15	Display of notice of e-voting of General Meeting	Rule 20(4)(g) and Rule 20(4)(h) of the Companies (Management and Administration) Rules, 2014	website address of the company, if any, and of the agency where notice of the meeting is displayed; and (h) name, designation, address, email id and phone number of the person responsible to address the grievances connected with facility for voting by electronic means: Provided that the public notice shall be placed on the website of the company, if any, and of the agency;	ALL PUBLIC COMPANIES
16	Display of result of e-voting of General Meeting	Rule 20(4)(xvi) of the Companies (Management and Administration) Rules, 2014	the results declared along with the report of the scrutiniser shall be placed on the website of the company, if any, and on the website of the agency immediately after the result is declared by the Chairman : Provided that in case of companies whose equity shares are listed on a recognised stock exchange, the company shall, simultaneously, forward the results to the concerned stock exchange or exchanges where its equity shares are listed and such stock exchange or exchanges shall place the results on its or their website.	ALL PUBLIC COMPANIES
17	Display of notice of postal ballot	Rule 22(4) of the Companies (Management and Administration) Rules, 2014	The notice of the postal ballot shall also be placed on the website of the Company forthwith after the notice is sent to the members and such notice shall remain on such website till the last date for receipt of postal ballots from the members.	ALL PUBLIC COMPANIES HAVING MORE THAN 200 MEMEBRS
18	Display of results of postal ballot	Rule 22(13) of the Companies (Management and Administration) Rules, 2014	The results shall be declared by placing it, along with the scrutinizer's report, on the website of the company.	ALL PUBLUC COMPANIES HAVING MORE THAN 200 MEMEBRS
19	Display of special notice in case it is	Rule 23(4) of the Companies (Management	Where it is not practicable to give the notice in the same manner as it gives notice of any general meetings, the	ALL PUBLIC COMPANIES

	impracticable to circulate to all members	and Administration) Rules, 2014	notice shall be published in English Language in English newspaper and in vernacular language in a vernacular newspaper, both having wide circulation in the state where the registered office of the Company is situated and such notice shall also be posted on the website, if any, of the Company.	
20	Compromise, Arrangements and Amalgamations	Proviso to Section 230(3) of the Companies Act, 2013	Chapter XV- Provided that such notice and other documents shall also be placed on the website of the Company, if any and in case of a listed company , these documents shall be sent to the Securities and Exchange Board and stock exchange where the securities of the companies are listed, for placing on their website and shall also be published in newspapers in such manner as may be prescribed:	ALL PUBLIC COMPANIES
21	Notice of candidature of a person for the office of a director	Rule 13(2) of the (Appointment and Qualifications of Directors) Rules, 2014	The company shall, at least seven days before the general meeting inform its members of the candidature of a person for the office of a director or the intention of a member to propose such person as a candidate for that office- by placing notice of such candidature or intention on the website of the Company, if any.	ALL PUBLIC COMPANIES
22	Notice in Form No. INC 19 (Section 8 Company)	Rule 22(1)(b) of the Companies (Incorporation) Rules, 2014	The company shall within a week from submitting the application to the Regional Director, publish a notice at its own expense, and a copy of the notice, as published, shall be sent forthwith to the Regional Director and the said notice shall be in the Form No. INC 19 and shall be published on the website of the Company, if any, and as may be directed or notified by the Central Government.	ALL PUBLIC COMPANIES

CHAPTER 11

DOCUMENTS AND REGISTERED REQUIRED TO BE MAINTAINED BY THE COMPANY				
Sr. No.	Reference of provision	Documents	Place of preservation	Period
1	Section 7(4) of the Companies Act, 2013	Copies of all documents and information as originally filed under section 33 (incorporation) of companies Act, 1956	Registered Office	Permanent till dissolution of the Company
2	Rule 6 (3) of Companies (Share Capital and Debenture) Rules, 2014	Register of Renewed and Duplicate share certificates in Form SH-2	Registered office of the company or at such other place where the registers of Members is Kept	Permanent
3	Section 90 read with Rule 5 of SBO Rules	FORM BEN-3 : Register of SBO	Registered Office	Permanent
3	Rule 7 (3) of the Companies (Share Capital and Debenture) Rules, 2014	Share Certificates Forms and related books and documents – Disputed Cases	Registered Office	Permanent
4	Rule 10(4) of the Companies (Registration of Charge) Rules, 2014	Register of Charges in Form CHG-7	Registered Office	Permanent
5	Rule 15(1) of the Companies (Management and Administration) Rules 2014 read with section 88 of the Companies Act	Register of Members, as maintained by a depository under section 11 of the Depositories Act, 1996	Maintained by a depository	Permanent
6	Rule 25(1)(e) of the Companies (Management and Administration) Rules, 2014	Minutes Books of General Meetings	Registered Office	Permanent
7	Rule 25(1)(f) of the Companies (Management and Administration) Rules, 2014	Minutes of Books of the Board and Committee Meetings	Registered Office or such place as Board may Decide	Permanent

8	Rule 12(3) of the Companies (Meetings of Board and its Powers) Rules, 2014	Register in Form MBP-2 under section 186 of the Companies Act, 2013 (loan/guarantee/security or making an acquisition of securities)	Registered Office	Permanent
9	Rule 14(3) of the Companies (Meetings of Board and its Powers) Rules, 2014	Register in Form MBP-3 under section 187 of the Companies Act, 2013 (investment held in the name of any other person)	Registered Office	Permanent
10	Rule 16(3) of the Companies (Meetings of Board and its Powers) Rules, 2014	Register in Form MBP-4 under section 189 of the Companies Act, 2013 (Register of contracts or arrangements in which directors are interested as per section 184 & 188 of the Act)	Registered Office	Permanent
11	Rule 10(4) of the Companies (Registration of Charge) Rules, 2014	Instrument creating charge or modification thereon	Registered Office	8 years from the date of satisfaction of charge by the company
12	Rule 15(3) of the Companies (Management and Administration) Rules, 2014	Copies of all annual returns prepared under section 92 and copies of all certificates and documents required to be annexed thereto	Registered Office	8 years from the date of filing with the registrar of companies
13	Rule 9(3) of the Companies (Meetings of Board and its Powers) Rules, 2014	All notices in Form MBP-1 for disclosure of concern/ interest received under section 184 of the Companies Act, 2013 and Rule 9(1) of the Companies (Meetings of Board and its Powers Rules, 2014)	Registered Office	8 years from the end of the financial year to which it relates
14	4.1.6 & 4.1.7 of Secretarial standards – 1	The attendance registers of Board & Committee Meetings	Registered Office	8 years from the date of last entry made therein and may be destroyed thereafter with the approval of the Board

15	8.2 of Secretarial Standards – 1	Office copies of Board Meeting Notices, Agenda, Notes on Agenda and other related papers of the company	Registered Office	As long as they remain current or for 8 financial years whichever is later and may be destroyed thereafter with the approval of the Board
16	18.2 (Secretarial Standards – 2)	Office copies of general meeting Notices, Scrutinizers report and other related papers of the company	Registered Office	As long as they remain current or for 8 financial years whichever is later
17	7.6.4. (Secretarial Standards – 1)	Proof of sending Signed Minutes and its delivery	Registered office	3 years from the date of the meeting
18	Any other act or rules	Any other register / documents required by any law, for the time being in force	Registered Office	8 Financial Years
19	As per companies Act	Books of Accounts	Registered Office	8 Financial Years
20	Rule 22 (11) of the Companies (Management and Administration) Rules, 2014	The postal Ballot and all other papers or registers relating to postal ballot including voting by electronic means	In the Company	8 Financial Years
21	Rule 7(3) of the Companies (Share Capital and Debenture) Rules, 2014	Share Certificate related books and documents (other than disputed cases)	In the Company	30 Years
22	Rule 7(3) of the Companies (Share Capital and Debenture) Rules, 2014	Share Certificates surrendered to company immediately be defaced by stamping or printing the word “cancelled” in bold letter	In the Company	3 Years from the date on which they were surrendered and may be destroyed thereafter
23	Rule 3 of the companies (Meeting of board and its powers) Rules, 2014	Video Recording of Board / General Meetings	Registered Office	At least before the time of completion of audit of that particular year.

CHAPTER 12

SIGNIFICANT BENEFICIAL OWNERS COMPLIANCES – SBO			
Sr. No.	Applicable Section & Rule	Form / Register Applicability	Particulars
1	Section 90(1) read with Rule 2(h) and 3 of SBO Rules	BEN-1	Every individual, who acting alone or together, or through one or more persons or trust, including a trust and persons resident outside India, holds beneficial interests, of not less than ten percent, in shares of a company or the right to exercise, or the actual exercising of significant influence or control as defined in clause (27) of section 2, over the company, shall make a declaration to the company in e-form BEN-1,
2	Section 90(4) read with Rule 4 of SBO Rules	BEN-2	Upon receipt of declaration in e-form BEN-1), every reporting company shall file a return of significant beneficial owners of the company and changes therein with the Registrar in e-form BEN-2 containing names, addresses and other details within a period of 30 days from the date of receipt of such declaration in e-form BEN-1, along with the fees as prescribed in Companies (Registration Offices and Fees) Rules, 2014.
3	Section 90(2) and 90(3) read with Rule 5 of SBO Rules	BEN-3	Every company shall maintain a register of significant Beneficial Owners in e-form BEN 3 and register shall be open for inspection as the manner defined therein.
4	Section 90(5) read with Rule 6 of SBO Rules	BEN-4	A company shall give notice in e-form BEN-4 to any person (whether or not a member of the company) whom the company knows or has reasonable cause to believe: - • to be a significant beneficial owner of the company; • to be having knowledge of the identity of a significant beneficial owner or another person likely to have such knowledge; or • to have been a significant beneficial owner of the company at any time during the three years immediately preceding the date on which the notice is issued, and who is not registered as a significant beneficial owner with the company as required under this section.

INDIRECT HOLDING BY SBO		
Sr. No.	Where the member of the reporting company is	An Individual Who
1	Body corporate (registered in India or abroad), other than a LLP	- holds majority stake in that member or - holds majority stake in the ultimate holding company (registered in India or abroad) of that member
2	Hindu Undivided Family (HUF) (through karta).	Is the karta of the HUF.
3	Partnership entity (through itself or a partner) or LLP.	- is a partner or - holds majority stake in the body corporate, which is a partner of the partnership entity or - holds majority stake in the ultimate holding company of the body corporate, which is a partner of the partnership entity.
4	Trust (through trustee).	- is a trustee in case of a discretionary trust or a charitable trust - is a beneficiary in case of a specific trust; - is the author or settlor in case of a revocable trust

ILLUSTRATIONS		
Sr. No.	Illustrations	Applicability
1	Individual Holding 20% in Company (No Indirect Holdings)	No SBO Declaration required as No Indirect Holding
2	HUF Holding 20% in Company	SBO Declaration required from Karta of HUF as there is Indirect Holding
3	Individual 1 Holding 8% & Individual 2 Holding 5% in Company	No SBO Declaration required as holding is less than 10%
4	Individual alone holding 8% and HUF Holding 5% in Company and Such Individual is Karta of HUF	SBO Declaration required as Direct and Indirect Holdings are more than 10%
5	Company A Holding 100% in Company B	No SBO Declaration required as Holding Company is Reporting Company. Only BEN-2 require to be filed by Company B.

CHAPTER 13

MISCELLANEOUS		
RESOLUTIONS REQUIRING UNANIMIOUS APPROVAL BY BOARD OF DIRECTORS		
Sr. No.	Section	Matters
ACCEPTANCE OF DEPOSITS READ WITH THE COMPANIES (ACCEPTANCE OF DEPOSITS) RULES, 2014		
1	Section 73 – Prohibition on acceptance of deposits from public read with Rule 7(4) of the Companies (Acceptance of Deposits) Rules, 2014	Trustee for depositors can be removed from office after the issue of circular or advertisement and before the expiry of his term with the consent of all the directors present at a meeting of the Board
MEETINGS OF BOARD AND ITS POWERS READ WITH THE COMPANIES (MEETINGS OF BOARD AND ITS POWERS) RULE, 2014		
2	Section 186 – Loan and investment by company	For making any investment or providing any loan or guarantee or security in connection with a loan, the resolution sanctioning it must be passed at a meeting of the Board with the consent of all the directors present at the meeting.
APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGEMENT PERSONNEL) RULES, 2014		
3	Section 203 – Appointment of Key Managerial Personnel	A company may appoint or employ a person as its managing director, if he is the managing director or manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting .

LIST OF PROVISIONS ONLY AUTHORISED BY ARTICLES		
Sr. No	Section	Business To Be Transacted
1	48(1)(a)	Variation of shareholders' rights.
2	50(1)	Company to accept unpaid share capital, although not called up.
3	51	Payment of dividend in proportion to amount paid-up.
4	55(2)	Issue and redemption of preference shares.
5	61(1)	Power of limited company to alter its share capital.
6	63(2)(a)	Issue of bonus shares.
7	68	Buy back
8	88(4)	Keeping Foreign Register
9	94(3)(b) read with rule 14, 16	Place of keeping and inspection of registers, returns, etc
10	186(10) read with rule 12	The extract from the Register may be furnished to any member on payment of such fees as may be prescribed by the Articles
11	188 read with rule 16	The extract from the Register may be furnished to any member on payment of such fees as may be prescribed by the Articles
12	103(1)	Articles may provide larger number of Quorum for General Meeting than provided in the Act
13	105(1) Second Proviso	Facility of voting by proxy in a Company not having Share Capital
14	106(1)	Restriction on Voting Rights may be provided in the Articles
15	152(1)	Provision in the Articles for first Directors
16	161(1)	Appointment of additional Director
17	161(2)	Appointment of alternate Director
18	161(3)	Appointment of nominee Director
19	161(4)	Appointment of Director in a casual vacancy subject to provision in the Articles at a meeting of Board
20	163	Appointment of Director on proportional representation
21	203(1) First proviso	Unless the Articles otherwise provide, an individual shall not be the Chairperson and Managing Director or chief Executive Officer of the Company at the same time.

DIFFERENCE BETWEEN EXECUTIVE AND NON-EXECUTIVE DIRECTOR		
Basis For Comparison	Executive Director	Non-Executive Director
Meaning	An ED is the one involved in the routine management of the firm as well as he/she is the full-time employee of the company.	A NED is a member of the company's board, but he/she does not possess the management responsibilities.
Represents	Internal Directors	Usually External Directors
Appointment by	Letter of Employment	Letter of Appointment
Appointment to board	By Nomination & Remuneration committee, if applicable or by Board and members	
Independence	Not independent	May or may not be Independent but includes women and independent director
Compensation	Remuneration	Sitting fees and commission, with the shareholders approval
Approach	Formulation and Implementation	Consideration and Review
Includes	WTD, MD, KMP'S, Promoter Category etc.	Independent Director, Directors Nominated by Govt / NCLT, Generally Non-Promoter Directors

STAMP DUTY RATES FOR ISSUE AND TRANSFER OF SECURITIES			
Sr. No.	Act	Instrument	Rate
1	The Maharashtra Stamp Act old rate	Share Certificates	0.1%
2	The Indian Stamp Act	Share Transfers	0.25%
3	Indian Stamp Act	Issue of Debentures	0.005%
4	Indian Stamp Act	Transfer of Debentures	0.0001%
5	Indian Stamp Act*	Issue of Security other than debenture	0.005%
6	Indian Stamp Act*	Transfer of security other than debenture on delivery basis (Share Certificates)	0.015%
7	Indian Stamp Act	Transfer of security other than debenture on non-delivery basis	0.003%

***New Rates**

NOTICE OF EVERY GENERAL MEETING MUST BE SEND TO	
Sr. No	Persons entitled to Notice
1	Every member (Equity & Preference Holders)
2	Legal representative of any deceased member
3	Assignee of an insolvent member
4	Auditor or auditors of the company; whether Statutory and Secretarial
5	Director of the company
6	Debenture Trustees
7	Any other recipient to whom the company has agreed to give Notice (if any agreement executed with any party)

PERSON(S) AUTHORISED TO ISSUE NOTICE(S) OF BOARD AND GENERAL MEETINGS		
Sr. No	Board Meetings	General Meetings
1	Any Director of the Company and Company Secretary or where no CS any person authorised by the board in this behalf in consultation with the chairman or in absence MD or WTD	Any Director or Company Secretary , or Manager or any other officer of the company may be authorised by the Board to convene a General Meeting

This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings on the page.

ABOUT THE AUTHOR



Mr. Karan Hareshlal Nagdev is a Fellow member of Institute of Company Secretaries of India (ICSI) with a Bachelor's degree in Commerce, LLB (Law Graduate from K.C. Law College, Mumbai) and having extensive experience of more than 7 (Seven) years in the area of Company Secretarial Compliances of various Sectors of Companies including listed companies and also has working experiences in Finance field like Accounting, Taxation & Audits of various Companies, Partnership Firms & LLP's.

Further he has gained experiences in various corporate restructuring assignments with approval of RD & NCLT, Secretarial Audit, Due Diligence under the Corporate Laws, Securities Laws, RBI, and other allied laws.