

Handbook for Company Form of Organisation: Compliances by Small Companies



Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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E-mail : clcgic@icai.in

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Foreword

The Corporate Laws & Corporate Governance Committee of the ICAI supports the Ministry of Corporate Affairs in its initiatives and also simultaneously create awareness amongst the Stakeholders for better implementation of the Amendments/Clarifications/Initiatives/Schemes etc as issued by the Government. The Committee continuously strives to enhance ICAI's role to be the advisor and facilitator of choice to the Government of India and other Stakeholders on all aspects related to Corporate Laws and Corporate Governance. One of the important initiatives of the Committee is to bring out publications on various topics of relevance.

I appreciate the Corporate Laws & Corporate Governance Committee in taking the initiative of bringing out the publication- "Handbook for Company Form of Organisation: Compliances by Small Companies" which guides the members about the various Provisions and Exemptions granted to Small Companies under the Companies Act, 2013. This Handbook covers the procedures, requirements and compliances to be followed by a Company Form of Organisation: classified as small company under the Companies Act, 2013.

I commend the entire Committee and extend my sincere appreciation to CA. Sripriya Kumar, Chairperson CL&CGC and CA. Priti Paras Savla, Vice-Chairperson CL&CGC in bringing out this useful publication.

I am sure that the members of the profession, industries and other stakeholders will find the publication immensely helpful.

CA. (Dr.) Debashis Mitra

President, ICAI

Date: 07.02.2023

Preface

One of the objectives of the Companies Act 2013 is that the small businesses need to be encouraged by laying down a more liberal regime for compliances, filings, punishments etc. Accordingly, by taking to consideration the size of company, nature of business, injury to public interest, nature and gravity of default, repetition of default, simpler and less complex requirements for filings, compliances, fees/ additional fees have been provided for one person companies and small companies.

The Companies Act 2013 has provisions that promote small businesses, solidifying the foundations of the country's economic self-sufficiency and growth. As the Micro, Small and Medium Enterprise (MSME) sector has become an integral part of the Indian economy, with its contribution to social, economic, and political growth making it increasingly vital for the Country. Small Companies are spread across various sectors of the economy, ranging from manufacturing to services. This sector provides employment to millions of people and contributes significantly to India's GDP.

Compliance can help small businesses stay competitive, reduce risk and also helps ensure that a company's operations are conducted in a transparent and responsible manner. Small companies often face a unique challenge when it comes to compliances. This is because they lack the resources and expertise to comply with the ever-changing legal landscape. It is important for small companies to be aware of the various compliances that they need to adhere to in order to protect their business from fines and penalties and also to adhere principles of Corporate Governance.

In order to support the members on various compliances, the Institute of Chartered Accountants of India ("ICAI") through its Corporate Laws and Corporate Governance Committee ("CL&CGC") has decided to bring out a publication "Handbook for Company Form of Organisation: Compliances by Small Companies" which has been designed in a simple way to assist and guide our members and fellow professionals, enabling them to understand compliances requirement and practical aspects of law for small companies also providing guidance so that small companies can ensure that they are meeting the legal obligations as applicable.

In this connection we take this opportunity in thanking the President of ICAI, CA. Dr. Debashis Mitra and Vice President, CA. Aniket Sunil Talati for bringing out this publication. We place on record our appreciation to all the Committee members for their help and guidance in framing and bringing out this publication. We profoundly thank CA. Sarika Singhal, Secretary to the Committee and team members Ms Seema Jangid and CA Nikita Aggarwal for preparing this publication.

It is believed that efforts taken by the Corporate Laws & Corporate Governance Committee will serve as a valuable asset for all the professionals and the members of the industries and other stakeholders.

CA Sripriya Kumar
Chairperson,
Corporate Laws & Corporate
Governance Committee, ICAI

CA Priti Paras Savla
Vice Chairperson,
Corporate Laws & Corporate
Governance Committee, ICAI

Date: 3rd February, 2023

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Chapter 1

Small Companies

1. Compliance with the provisions of the Companies Act 2013 (the Act) and the Rules made thereunder is an essential condition if a person chooses to conduct their affairs in a Corporate Form of organisation. The Act recognises the fundamental principles of ownership being different from the management and provides safeguards to ensure proper governance of such enterprises through Accountability, Trusteeship, Transparency and ethical business conduct. The Government of India also constantly endeavours to enhance the cause of Ease of Doing business and one of the key initiatives is to provide exemptions and concessions to certain categories of enterprises from having to comply with certain provisions of the laws in force.

2. Small Companies

2.1. In this regard, the Companies Act 2013 also provides for a special category of Companies called “Small Companies” for whom certain provisions of the Act do not apply or apply with such modifications as provided in the Act.

2.2. **A Small Company has specifically been defined under Clause 85 of Section 2 of the Companies Act, 2013 to mean a company, other than a public company-**

(i) **paid-up share capital of which does not exceed rupees four crore and**

(ii) **turnover of which as per profit and loss account for the immediately preceding financial year does not exceed rupees forty crore.**

However, this shall not apply to a holding company or a subsidiary company; a company registered under section 8; or a company or body corporate governed by any special Act;

2.3. Pursuant to amendments in the Act, the present status of thresholds as per the Act as on the date of this publication is as under. While the Act provides for the scale in terms of minimum and the maximum

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thresholds; the Rules define the exact quantum of thresholds for an entity to be recognised as a “Small Company”.

| Threshold as per the Act | Threshold as per the Rule |
|--|---|
| “Small company” means a company, other than a public company,— paid-up share capital of which does not exceed 50 Lakh rupees or such higher amount as may be prescribed which shall not be more than 10 crore rupees ; and turnover of which as per profit and loss account for the immediately preceding financial year does not exceed 2 crore rupees or such higher amount as may be prescribed which shall not be more than 100 crore rupees | “ Small company ” means a company, other than a public company,— paid-up share capital of which does not exceed 4 crore rupees; and turnover of which as per profit and loss account for the immediately preceding financial year does not exceed 40 crore rupees |

- Such Companies which are “Small” in scale are often found to be operated by individuals with limited access to professional support. This publication is intended to guide such “Small” Companies in the discharge of their key compliance requirements under the Companies Act 2013 and would also serve as a ready reckoner for Chartered Accountants in their discharge of professional responsibilities as advisors, Internal Auditors or Statutory Auditors of such Small Companies.
- This is not intended to be an exhaustive publication of all compliances but presents certain key compliances as a ready reckoner and addresses the most common scenarios of Companies in Business as Usual Mode. Aspects such as buy back, capital reduction, Private Placement, Increase in Authorised Share Capital, Alteration in Memorandum etc. which may occur commonly in all small and medium are not dealt with in this publication.**

Small Companies

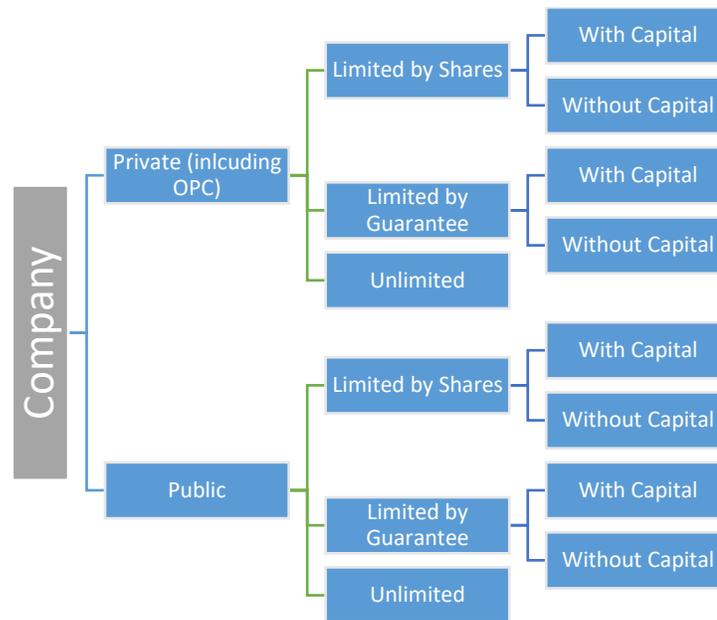
5. Users are advised to seek professional advice and refer to the provisions of the Act and the rules to ensure that all compliance requirements under the Act are achieved properly and on a timely basis and late fees and / penalties are avoided.

Chapter 2

Incorporation and Commencement

1. The Companies Act 2013 provides for detailed compliances in relation to Incorporation of a Company and commencement of business thereafter. In this chapter, we will understand the process and prerequisites for incorporating a Company form of organisation most of which is agnostic to whether a company is “Small” or otherwise. Hence, to set up a Company, it is pertinent to understand and adhere to the provisions of the Companies Act, 2013 read with the Rules thereunder.
2. There are various types of Companies that are categorised under the Companies Act 2013. Such categorisation of companies has been done on various basis such as:
 - On the basis of liability (Limited by Shares or Guarantee, Unlimited)
 - On the basis of members (OPC, Private, Public)
 - On the basis of Control (Holding, Subsidiary, Associate)
 - On the basis of access to capital (Listed, Unlisted)
 - On the basis of objects of the Company (Not for Profit Organisation, Producer Company, NBFCs, Others),
 - Based on Other Classification
3. The classification of companies (based on members and liability) can be broadly classified as under:

Incorporation and Commencement



4. Accordingly, any company can either be incorporated as a Private Company or a One Person Company (OPC) or a Public Company with limited/unlimited liability.

5. Incorporation of Company and Pre-Requisites

- 5.1. For Incorporation of a Company, it is required to apply for reservation of the name of the company by filing webform SPICe+ Part A and thereafter, can proceed for incorporation of the company by filing webform SPICe+ Part B which is available at www.mca.gov.in. However, before incorporating a Company, it is important to understand the pre-requisites which are mentioned below:
- 5.2. **Minimum number of Directors:** Every Company is required to have a minimum number of Directors based on the classification of the Company selected. Before applying for incorporation of the Company, consent from the minimum number of directors proposed to be appointed as the Director should be taken. The requirement of minimum number of Shareholders and Directors is as follows:

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Share Holders

| | | |
|---------------------|---------------------|--------------------|
| Public Company | Private Company | One Person Company |
| • 7 or more persons | • 2 or more persons | • 1 person |

Directors

| | | |
|---------------------|---------------------|--------------------|
| Public Company | Private Company | One Person Company |
| • 3 or more persons | • 2 or more persons | • 1 person |

- 5.3. Further, at least one of the directors of the Company has to apply for allotment of DIN (Designated Identification Number) to be able to apply for the incorporation process electronically.
- 5.4. **Name to be selected and reserved:** Every company has to select a unique name for the company which does not violate the requirements contained in the Companies Rules, 2014. The said name has to be applied by filing webform SPICe+ Part A and the same shall be reserved by the MCA.
- 5.5. **Approval for Object of the Business:** In general, there is no requirement to obtain approval for the objects of the Company. However, there are certain objects of the company that require prior approval of the relevant authority. For example: in the case of banking-related activities, prior permission from RBI is required.
- 5.6. **Registered Address of the Company:** At the time of applying for incorporation of a company, it is required to provide the registered office address of the company. In case, the company does not have a registered office address for the time being, it may provide a correspondence address till the time the registered office of the company is not established. However, the registered office address has to be provided within 30 days of incorporation (the same has been covered in detail below)
- 5.7. **Capital-** A company may choose any form of capital structure for its organisation, be it Limited by Shares or Limited by Guarantee or unlimited (as picturised above). Depending upon the structure, at the time of incorporation, a declaration has to be provided from every subscriber of the company along with the particulars (names, including surnames or family names, residential address, nationality) along with proof of identity, and in the case of a subscriber being a body corporate, such particulars as prescribed under the Rule.

5.8. Post Incorporation Compliances

Once, the company has been incorporated, there are certain compliances that have to be followed within the prescribed timeframe as described in the succeeding paragraphs

6. Registered Office of Company (Section-12)

6.1. A **company** shall, within thirty days of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it

6.2. The **company** shall furnish to the Registrar verification of its registered office within a period of thirty days of its incorporation through filing webform INC-22 along with fee as applicable. (In case the registered office address was not provided earlier at the time of incorporation)

6.3. **There** shall be attached to said Form, any of the following documents, namely:-

- the registered document of the title of the premises of the registered office in the name of the company; or
- the notarized copy of the lease or rent agreement in the name of the company along with a copy of the rent paid receipt not older than one month;
- the authorization from the owner or authorized occupant of the premises along with proof of ownership or occupancy authorization, to use the premises by the company as its registered office; and
- the proof of evidence of any utility service like telephone, gas, electricity, etc. depicting the address of the premises in the name of the owner or document, as the case may be, which is not older than two months.

7. Display of Name and Stationery (Section 12(3))

7.1. Every company is required to paint or affix its name, and the address of its registered office, and keep the same painted or affixed, on the outside of every office or place in which its business is carried on, in a conspicuous position, in legible letters, and if the characters employed

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therefor are not those of the language or of one of the languages in general use in that locality, also in the characters of that language or of one of those languages;

- 7.2. have its name engraved in legible characters on its seal, if any;
- 7.3. get its name, address of its registered office and the Corporate Identity Number along with telephone number, fax number, if any, e-mail and website addresses, if any, printed in all its business letters, billheads, letter papers and in all its notices and other official publications; and
- 7.4. have its name printed on hundies, promissory notes, bills of exchange and such other documents as may be prescribed:
- 7.5. In the case of OPC, the words "One Person Company" shall be mentioned in brackets below the name of such company, wherever its name is printed, affixed or engraved.

8. First Board Meeting (Section 173)

- 8.1. Every company is required to hold the first meeting of the Board of Directors within thirty days of the date of its incorporation.
- 8.2. The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio-visual means, which are capable of recording and recognising the participation of the Directors and recording and storing the proceedings of such meetings along with date and time:
- 8.3. A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means.
- 8.4. However, a meeting of the Board may be called at shorter notice also to transact urgent business.
- 8.5. There are certain important agenda items that are required to be discussed in the first meeting of the Board of Directors and implemented. In this regard, Illustrative list of items of business for the Agenda for the First Meeting of the Board of the Company are listed as under:
 - a. To note the Certificate of Incorporation of the company, issued by the Registrar of Companies.

Incorporation and Commencement

- b. To take note of the Memorandum and Articles of Association of the company, as registered.
- c. To note the situation of the Registered Office of the company and ratify the registered document of the title of the premises of the registered office in the name of the company or a Notarised copy of lease / rent agreement in the name of the company.
- d. To note the first Directors of the company.
- e. To read and record the Notices of disclosure of interest given by the Directors.
- f. To consider the appointment of Additional Directors.
- g. To consider the appointment of the Chairman of the Board.
- h. To consider the appointment of the first Auditors** (discussed later)
- i. To adopt the Common Seal of the company.
- j. To appoint Bankers and to open bank accounts of the company.**
- k. To authorise the printing of share certificates and the issue of share certificates to the subscribers to the Memorandum and Articles of Association of the company.**
- l. To approve and ratify preliminary expenses and preliminary agreements.
- m. To approve the appointment of the key personnel of the company including senior officers.
- n. To authorise the Director(s) of the company to file a declaration with the ROC for commencement of business.
- o. Any other items as may be considered relevant and necessary

9. Appointment of First Auditor (Section 139)

- 9.1. Every Company (other than a government company) is required to appoint the first auditor of a company who shall be appointed by the Board of Directors within thirty days from the date of registration of the company.

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9.2. In the case of failure of the Board to appoint first auditor, it shall inform the members of the company, who shall within ninety days at an extraordinary general meeting appoint the auditor and such auditor shall hold office till the conclusion of the first annual general meeting.

10. Registration of the Company on the Udyam Registration Portal

10.1. If any Small company falls under the category of a micro, small or medium enterprise under MSMED Act 2006, they may also consider to obtain a registration in the UDYAM portal of the Government of India

10.2. Registration Process

- a. The Company has to file Udyam Registration online in the Udyam Registration portal, based on self-declaration with no requirement to upload documents, papers, certificates or proof.
- b. For the process of registration of the Company as MSME, it is essential to keep in mind the thresholds that have been defined for classification as Micro, Small and Medium enterprise.
- c. On **registration**, an enterprise (referred to as “Udyam” in the Udyam Registration portal) will be assigned a permanent identification number to be known as “Udyam Registration Number”.
- d. An **e-certificate**, namely, “Udyam Registration Certificate” shall be issued upon completion of the registration process.

10.3. Classification of MSME Company as per MSMED Act, 2006:

- a. **Micro enterprise**, has been defined as an enterprise where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- b. **Small enterprise**, is defined where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and a
- c. **Medium enterprise**, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Calculation of Plant & Machinery

- d. The calculation of investment in plant and machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.
- e. In the case of a new enterprise, where no prior ITR is available, the investment will be based on the self-declaration of the promoter of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR.
- f. The expression “plant and machinery or equipment” of the enterprise, shall have the same meaning as assigned to the plant and machinery in the Income Tax Rules, 1962 framed under the Income Tax Act, 1961 and shall include all tangible assets (other than land and building, furniture and fittings).
- g. The purchase (invoice) value of a plant and machinery or equipment, whether purchased first-hand or second hand, shall be taken into account excluding Goods and Services Tax (GST), on self-disclosure basis, if the enterprise is a new one without any ITR.
- h. The cost of certain items specified in the Explanation I to sub-section (1) of section 7 of the Act shall be excluded from the calculation of the amount of investment in plant and machinery.

Calculation of Turnover

- i. Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.
- j. Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- k. The turnover related figures of such enterprises which do not have PAN will be considered on the self-declaration basis for a period up to 31st March, 2021 and thereafter, PAN and GSTIN shall be mandatory.

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Composite Criteria for Investment and Turnover for classification

- l. A composite criterion of investment and turnover shall apply for the classification of an enterprise as micro, small or medium.
- m. If an enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover, it will cease to exist in that category and be placed in the next higher category but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.
- n. All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) shall be collectively treated as one enterprise and the turnover and investment figures for all such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

Key Compliances and Exemptions

1. The following is a Checklist of certain key compliance requirements under the Companies Act 2013. These include General Compliances, Event based Compliances and Annual Compliances which are commonly encountered business scenarios in Small Companies
2. As stated earlier, the Companies Act 2013 provides for certain exemptions to Small Companies with regard to applicability of provisions under the Act. Such Companies are entitled to the following exemptions:
 - 2.1. Those provided under the Act and Rules made thereunder
 - 2.2. A Small Company is essentially a Private Company under the Companies Act 2013, therefore, exemptions which are applicable to Private Companies provided by way of exemption notification under Sec 462 dated 05/06/2015 as applicable for Private Limited Companies would also apply to Small Companies.

| Section | Key Particulars of Compliance |
|--|--|
| 2(40) Financial Statement definition | <p>Financial Statement definition</p> <p>“Financial Statement“ in relation to a company, includes a balance sheet, profit and loss account, cash flow, statement of change on the equity or any explanatory note related to the above mentioned document.</p> <p>The financial statement, with respect to one person company, small company, dormant company and private company (if such private company is a start-up) may not include the cash flow statement.</p> |
| 10A | <p>Commencement of Business</p> <p>A company having a share capital shall not commence any business or exercise any borrowing powers unless:</p> |

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| Section | Key Particulars of Compliance |
|---------|---|
| | <ul style="list-style-type: none"> • A declaration is filed by a director within a period of 180 days of the date of incorporation of the company in INC-20A, with the Registrar that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of such declaration; and • The company has filed with the Registrar a verification of its registered office within a period of 30 days of its incorporation in form INC-22. |
| 12 | <p>Registered Office</p> <p>A company shall, within thirty days of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.</p> <p>The company shall furnish to the Registrar verification of its registered office within a period of thirty days of its incorporation in form INC-22.</p> |
| 13 | <p>Alteration of memorandum</p> <p>A company may, by a special resolution and after complying with the procedure specified in this section, alter the provisions of its memorandum.</p> <p>Depending upon the change of the clause of the memorandum, respective form is to be filed with ROC. For example: Change could be in name of the company, object clause, Registered office etc.</p> <p>In every such cases, a company shall, in relation to any alteration of its memorandum, file with the Registrar, the special resolution passed by the company.</p> |
| 14 | <p>Alteration of Articles</p> <p>Subject to the provisions of this Act and the conditions contained in its memorandum, if any, a</p> |

Key Compliances and Exemptions

| Section | Key Particulars of Compliance |
|--------------------------|---|
| | <p>company may, by a special resolution, alter its articles including alterations having the effect of conversion of a private company into a public company and vice-versa.</p> <p>Every alteration of the articles under this section and a copy of the order of the Central Government Tribunal approving the alteration shall be filed with the Registrar, together with a printed copy of the altered articles, within a period of fifteen days in form INC-27, who shall register the same.</p> |
| 21 | <p>Authentication of Documents, Proceedings and Contracts</p> <p>Save as otherwise provided in this Act, a document or proceeding requiring authentication by a company; or contracts made by or on behalf of a company, may be signed by any key managerial personnel or an officer or employee of the company duly authorised by the Board in this behalf.</p> |
| 23 and 42 r/w Rule 14 | <p>Private Placement</p> <p>A private company may issue securities by rights issue, bonus issue and private placement.</p> <p>In case of private placement, such letter of offer shall be sent to a maximum of 200 persons in the aggregate in the financial year and the Return of Allotment shall be filed with the Registrar in Form PAS-3 within 15 days of allotment.</p> |
| 43 | <p>Kinds of Share Capital</p> <p>The share capital of a company limited by shares shall be of two kinds, namely:</p> <p>(a) equity share capital –</p> <p>(i) with voting rights; or</p> |

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| Section | Key Particulars of Compliance |
|-----------|--|
| | <p>(ii) with differential rights as to dividend, voting or otherwise in accordance with such rules as may be prescribed; and</p> <p>(b) preference share capital</p> <p>However, this Section is not applicable to the Private Company where memorandum or articles of association of the private company so provides.</p> |
| 45 and 46 | <p>Certificate of Shares</p> <p>Shares shall be distinctively numbered and a Share Certificate shall be issued specifying the shares held by any person, shall be prima facie evidence of the title of the person to such shares. A duplicate certificate of shares may be issued in the event of loss or mutilation or defacement or destruction of the earlier certificate.</p> |
| 47 | <p>Voting Rights</p> <p>Every member of a company limited by shares and holding equity share capital therein, shall have a right to vote on every resolution placed before the company and his voting right on a poll shall be in proportion to his share in the paid-up equity share capital of the company.</p> <p>However, this section is not applicable to a private company where memorandum or articles of association of the private company so provides.</p> |
| 51 | <p>Payment of Dividend in Proportion to Amount Paid-Up</p> <p>A company may, if so authorised by its articles, pay dividends in proportion to the amount paid-up on each share.</p> |
| 52 | <p>Application of Premiums Received on Issue of Shares</p> <p>Share Premium obtained by the Company can be used only for the following purposes:</p> |

Key Compliances and Exemptions

| Section | Key Particulars of Compliance |
|---------|--|
| | <p>(a) towards the issue of unissued shares of the company to the members of the company as fully paid bonus shares; (b) in writing off the preliminary expenses of the company; (c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company; or (e) for the purchase of its own shares or other securities under section 68.</p> |
| 53 | <p>Prohibition on issue of Share at Discount: A Company shall not issue shares at a discount except for:</p> <ul style="list-style-type: none"> • sweat equity shares in accordance with section 54. • Issuance of shares at a discount to its creditors when its debt is converted into shares in pursuance of any statutory resolution plan or debt restructuring scheme in accordance with any guidelines or directions or regulations specified by the Reserve Bank of India under the Reserve Bank of India Act, 1934 or the Banking (Regulation) Act, 1949 |
| 54 | <p>Issue of Sweat Equity Shares: Except for Sweat Equity Shares, shares can never be issued at a discount and issuance of sweat equity shares shall comply with the following:</p> <p>(a) the issue is authorised by a special resolution passed by the company;</p> <p>(b) the resolution specifies the number of shares, the current market price, consideration, if any, and the class or classes of directors or</p> |

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| Section | Key Particulars of Compliance |
|---------|---|
| | <p>employees to whom such equity shares are to be issued;</p> <p>(c) omitted</p> <p>(d) where the equity shares of the company are listed on a recognised stock exchange, the sweat equity shares are issued in accordance with the regulations made by the Securities and Exchange Board in this behalf and if they are not so listed, the sweat equity shares are issued in accordance with such rules as may be prescribed.</p> |
| 55 | <p>Issue and Redemption of Preference Shares</p> <p>A company limited by shares may, if so authorised by its articles, issue preference shares which are liable to be redeemed within a period not exceeding twenty years from the date of their issue subject to such conditions as may be prescribed.</p> <p>Preference shares can never be issued as irredeemable.</p> |
| 56 | <p>Transfer and Transmission of Securities</p> <p>Every company shall, unless prohibited by any provision of law or any order of Court, Tribunal or other authority, deliver the certificates of all securities allotted, transferred or transmitted</p> <p>(a) within a period of two months from the date of incorporation, in the case of subscribers to the memorandum</p> <p>(b) within a period of two months from the date of allotment, in the case of any allotment of any of its shares;</p> <p>(c) within a period of one month from the date of receipt by the company of the instrument of transfer or, as the case may be, of the intimation of transmission of securities</p> |

Key Compliances and Exemptions

| Section | Key Particulars of Compliance |
|--------------------|--|
| | (d) within a period of six months from the date of allotment in the case of any allotment of debenture |
| 61, 64 r/w Rule 15 | <p>Power of Limited Company to Alter its Share Capital</p> <p>A limited company having a share capital may, if so authorised by its articles, alter its memorandum in its general meeting to—</p> <p>(a) increase its authorised share capital by such amount as it thinks expedient;</p> <p>(b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares:</p> <p>However, no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;</p> <p>(c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;</p> <p>(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;</p> <p>(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.</p> |

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| | <p>The cancellation of shares as above shall not be deemed to be a reduction of share capital.</p> <p>Where a company alters its share capital in any manner specified in sub-section (1) of section 61, or an order is passed by the Government increasing the authorized capital of the company in pursuance of sub-section (4) read with sub-section (6) of section 62 or a company redeems any redeemable preference shares or a company not having share capital increases number of its members, the notice of such alteration, increase or redemption shall be filed by the company with the Registrar in Form No. SH.7 along with the fee.</p> |
| 62 | <p>Further Issue of Share Capital</p> <p>Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—</p> <p>(a) to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:—</p> <p>(i) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;</p> <p>*However, in case ninety percent, of the members of a private company have</p> |

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| | <p>given their consent in writing or in electronic mode, the periods lesser than those specified in the said sub- clause or sub-section shall apply.</p> <p>(ii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) shall contain a statement of this right;</p> <p>(iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the shareholders and the company;</p> <p>(b) to employees under a scheme of employees' stock option, subject to *ordinary resolution passed by a private company and subject to such conditions as may be prescribed; or</p> <p>(c) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in (a) or (b) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to the compliance with the applicable provisions of Chapter III</p> |

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| | <p>and any other conditions as may be prescribed</p> <p>The notice referred to in sub-clause (i) of clause (a) of sub-section (1) shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue.</p> <p>*However, in case ninety percent, 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 or sub-section shall apply</p> <p><i>* Exemptions provided to Private Company</i></p> |
| 63 | <p>Issue of Bonus Shares</p> <p>A company may issue fully paid-up bonus shares to its members, in any manner whatsoever, out of—</p> <p>(i) its free reserves;</p> <p>(ii) the securities premium account; or</p> <p>(iii) the capital redemption reserve account:</p> <p>No issue of bonus shares shall be made by capitalising reserves created by the revaluation of assets.</p> |
| 66 | <p>Reduction of Share Capital</p> <p>Subject to confirmation by the Tribunal on an application by the company, a company limited by shares or limited by guarantee and having a share capital may, by a special resolution, reduce the share capital in any manner and in, particular, may—</p> |

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| | <p>(a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or</p> <p>(b) either with or without extinguishing or reducing liability on any of its shares,—</p> <p style="padding-left: 40px;">(i) cancel any paid-up share capital which is lost or is unrepresented by available assets; or</p> <p style="padding-left: 40px;">(ii) pay off any paid-up share capital which is in excess of the wants of the company, alter its memorandum by reducing the amount of its share capital and of its shares accordingly:</p> <p>However, no such reduction shall be made if the company is in arrears in the repayment of any deposits accepted by it, either before or after the commencement of this Act, or the interest payable thereon.</p> |
| 67 | <p>Restrictions on purchase by company or giving of loans by it for purchase of its shares</p> <p>Section 67 is not applicable to private companies:-</p> <p>(a) in whose share capital another body corporate has invested any money;</p> <p>(b) if the borrowings of such a company from banks or financial institutions or anybody corporate is less than twice its paid up share capital or fifty crore rupees, whichever is lower; and</p> <p>(c) such a company in not in default in repayment of such borrowings subsisting at the time of making transactions under this section.</p> |

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| 71 | <p>Issue of Debentures:</p> <p>A company may issue debentures with an option to convert such debentures into shares, either wholly or partly at the time of redemption.</p> <p>The issue of debentures with an option to convert such debentures into shares, wholly or partly, shall be approved by a special resolution passed at a general meeting.</p> <p>No company shall issue any debentures carrying any voting rights.</p> |
| 73 | <p>Prohibition on acceptance of deposits from public</p> <p>(1) On and after the commencement of this Act, no company shall invite, accept or renew deposits under this Act from the public.</p> <p>(2) A company may, subject to the passing of a resolution in general meeting and subject to such rules as may be prescribed in consultation with the Reserve Bank of India, accept deposits from its members on such terms and conditions, including the provision of security, if any, or for the repayment of such deposits with interest, as may be agreed upon between the company and its members, subject to the fulfilment of the following conditions, namely:</p> <p>(a) issuance of a circular to its members including therein a statement showing the financial position of the company, the credit rating obtained, the total number of depositors and the amount due towards deposits in respect of any previous deposits accepted by the company and such other particulars in such form and in such manner as may be prescribed</p> |

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| | <p>(b) filing a copy of the circular along with such statement with the Registrar within thirty days before the date of issue of the circular</p> <p>(c) depositing, on or before the thirtieth day of April each year, such sum which shall not be less than twenty per cent of the amount of its deposits maturing during the following financial year and kept in a scheduled bank in a separate bank account to be called deposit repayment reserve account</p> <p>(d) [***]</p> <p>(e) certifying that the company has not committed any default in the repayment of deposits accepted either before or after the commencement of this Act or payment of interest on such deposits and where a default had occurred, the company made good the default and a period of five years had lapsed since the date of making good the default; and</p> <p>(f) providing security, if any for the due repayment of the amount of deposit or the interest thereon including the creation of such charge on the property or assets of the company.</p> <p>(3) Every deposit accepted by a company under sub-section (2) shall be repaid with interest in accordance with the terms and conditions of the agreement referred to in that sub-section.</p> <p>(4) Where a company fails to repay the deposit or part thereof or any interest thereon under sub-section (3), the depositor concerned may apply to the Tribunal for an order directing the company to pay the sum due or for any loss or damage incurred</p> |

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| | <p>by him as a result of such non-payment and for such other orders as the Tribunal may deem fit.</p> <p>(5) The deposit repayment reserve account referred to in clause (c) of sub-section (2) shall not be used by the company for any purpose other than repayment of deposits.</p> <p>Clause (a) to (e) of Sub-section 2 of section 73 is not applicable to private Companies.</p> |
| <p>Rule 16 of the Companies (Acceptance of Deposits) Rules, 2014</p> | <p>Companies (Acceptance of Deposits) Rules, 2014</p> <p>Every Company to which the Rule applies is required to file with the Registrar, a return in Form DPT-3 along with the fee on or before the 30th day of June, of every year, and the information shall be furnished as on the 31st day of March of that year duly audited by the auditor of the company and declaration to that effect shall be submitted by the auditor in Form DPT-3.</p> |
| <p>77</p> | <p>Duty of Register Charges, etc.</p> <p>It shall be the duty of every company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, to register the particulars of the charge signed by the company and the charge-holder together with the instruments, if any, creating such charge in web form CHG-1/CHG-9, on payment of such fees and in such manner as may be prescribed, with the Registrar within thirty days of its creation.</p> |
| <p>82</p> | <p>Company to Report Satisfaction of Charge</p> <p>A company shall give intimation to the Registrar in the web form CHG-4, of the payment or satisfaction in full of any charge registered under this Chapter within a period of thirty days from the date of such payment or satisfaction.</p> |

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| | <p>However, the Registrar may, on an application by the company or the charge holder, allow such intimation of payment or satisfaction to be made within a period of three hundred days of such payment or satisfaction on payment of such additional fees as may be prescribed.</p> |
| 85 | <p>Company's Register of Charges</p> <p>Every company shall keep at its registered office a register of charges in form CHG-7, which shall include therein all charges and floating charges affecting any property or assets of the company or any of its undertakings, indicating in each case such particulars as may be prescribed.</p> <p>A copy of the instrument creating the charge shall also be kept at the registered office of the company along with the register of charges.</p> |
| 88 | <p>Register of Members, etc.</p> <p>Every company shall keep and maintain the following registers in such form and in such manner as may be prescribed, namely-</p> <p>(a) register of members indicating separately for each class of equity and preference shares held by each member residing in or outside India;</p> <p>(b) register of debenture-holders; and</p> <p>(c) register of any other security holders.</p> <p>(Covered in detail in next chapter)</p> |
| 89 | <p>Declaration in Respect of Beneficial Interest in any Share</p> <p>Where any declaration under this section in respect of beneficial interest in share is made to a company, the company shall make a note of such declaration in the register concerned and shall file, within thirty days from the date of receipt of</p> |

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| | declaration by it, Form No. MGT.6 with the Registrar in respect of such declaration with fee. |
| 90 | <p>Register of Significant Beneficial Owners in a Company</p> <p>Every company shall maintain a register of the interest declared by the significant beneficial owner and changes therein which shall include the name of individual, his date of birth, address, details of ownership in the company and such other details as may be prescribed.</p> <p>Every company shall file a return of significant beneficial owners of the company and changes therein with the Registrar in Form No- BEN-2 containing names, addresses and other details as may be prescribed within thirty days from the date of receipt of such declaration.</p> |
| 92 | <p>Annual Return</p> <p>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 regarding:</p> <p>(a) its registered office, principal business activities, particulars of its holding, subsidiary and associate companies;</p> <p>(b) its shares, debentures and other securities and shareholding pattern;</p> <p>(c) [***]</p> <p>(d) its members and debenture-holders along with changes therein since the close of the previous financial year;</p> <p>(e) its promoters, directors, key managerial personnel along with changes therein since the close of the previous financial year</p> |

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| | <p>(f) meetings of members or a class thereof, Board and its various committees along with attendance details;</p> <p>(g) remuneration of directors and key managerial personnel; aggregate amount of remuneration drawn by directors (For Private Company)</p> <p>(h) penalty or punishment imposed on the company, its directors or officers and details of compounding of offences and appeals made against such penalty or punishment;</p> <p>(i) matters relating to certification of compliances, disclosures as may be prescribed;</p> <p>(j) details, as may be prescribed, in respect of shares held by or on behalf of the Foreign Institutional Investors and</p> <p>(k) such other matters as may be prescribed and signed by a director and the company secretary, or where there is no company secretary, by a company secretary in practice</p> <p>In relation to One Person Company and small company, the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company</p> <p>Every company shall file its annual return in Form MGT-7 except OPC and small Company.</p> <p>OPCs and Small Company shall file annual return in form MGT-7A with ROC.</p> |
| 94 | <p>Place of Keeping and Inspection of Registers, Returns, etc.</p> <p>The registers are required to be kept and maintained by a company under section 88 and copies of the annual return filed under section 92</p> |

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| | <p>shall be kept at the registered office of the company.</p> <p>Such registers or copies of return may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members resides, if approved by a special resolution passed at a general meeting of the company.</p> |
| 96 | <p>Annual General Meeting</p> <p>Every company other than a One Person Company shall in each year hold in addition to any other meetings, a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.</p> <p>The first annual general meeting shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months, from the date of closing of the financial year.</p> <p>Every AGM shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday and shall 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. An unlisted company may held its AGM at any place in India if consent is given in writing or by electronic mode by all the members in advance.</p> |
| 100 | <p>Calling of Extraordinary General Meeting</p> <p>The Board may, whenever it deems fit or upon requisition made by the specified number of</p> |

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| | <p>members, can call an extraordinary general meeting (EGM) of the company.</p> <p>An EGM of the company, other than of the wholly owned subsidiary of a company incorporated outside India, shall be held at a place within India.</p> |
| 101 | <p>Notice of Meeting</p> <p>A general meeting of a company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be prescribed.</p> <p>In case of private company - Section 101 is applicable, unless otherwise specified in respective sections or the articles of the company provide otherwise.</p> |
| 102 | <p>Statement to be Annexed to Notice</p> <p>A statement setting out the following material facts concerning each item of special business to be transacted at a general meeting, shall be annexed to the notice calling such meeting, namely:</p> <p>(a) the nature of concern or interest, financial or otherwise in respect of each item of every director and the manager, if any; every other key managerial personnel; and relatives of such persons</p> <p>(b) any other information and facts that may enable members to understand the meaning, scope and implications of the items of business and to take decision thereon</p> <p>In case of private company - Section 102 is applicable, unless otherwise specified in respective sections or the articles of the company provide otherwise.</p> |

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| 103 | <p>Quorum for Meetings</p> <p>Unless the articles of the company provide for a larger number, two members personally present, shall be the quorum for a meeting of a private company.</p> <p>In case of private company - Section 103 is applicable, unless otherwise specified in respective sections or the articles of the company provide otherwise.</p> |
| 104 | <p>Chairman of Meetings</p> <p>Unless the articles of the company otherwise provide, the members personally present at the meeting shall elect one of themselves to be the Chairman thereof on a show of hands.</p> <p>If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of this Act and the Chairman elected on a show of hands under sub-section (1) shall continue to be the Chairman of the meeting until some other person is elected as Chairman as a result of the poll, and such other person shall be the Chairman for the rest of the meeting.</p> <p>In case of private company - Section 103 is applicable, unless otherwise specified in respective sections or the articles of the company provide otherwise.</p> |
| 105 | <p>Proxies</p> <p>Any member of a company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person as a proxy to attend and vote at the meeting on his behalf.</p> |

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| | <p>However, a proxy shall not have the right to speak at such meeting and shall not be entitled to vote except on a poll.</p> <p>In every notice calling a meeting of a company which has a share capital, or the articles of which provide for voting by proxy at the meeting, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of himself, and that a proxy need not be a member.</p> <p>In case of private company - Section 105 is applicable, unless otherwise specified in respective sections or the articles of the company provide otherwise.</p> |
| 106 | <p>Restriction on Voting Rights</p> <p>The articles of a company may provide that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the company has exercised any right of lien.</p> <p>In case of private company - Section 106 is applicable, unless otherwise specified in respective sections or the articles of the company provide otherwise.</p> |
| 107 | <p>Voting by show of hands</p> <p>At any general meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded under section 109 or the voting is carried out electronically, be decided on a show of hand.</p> <p>In case of private company – section 107 is applicable, unless otherwise specified in</p> |

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| | respective sections or the articles of the company provide otherwise. |
| 109 | <p>Demand for Poll</p> <p>In case of private company - section 109 is applicable, unless otherwise specified in respective sections or the articles of the company provide otherwise.</p> |
| 114 | <p>Ordinary and Special Resolutions</p> <p>A resolution is considered to be an ordinary resolution as one which is required to be approved or passed by a simple majority i.e., more than 50%.</p> <p>A resolution shall be a special resolution when the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting (that is not less than 75% of the members entitled and voting should approve matters which are required to be approved by a special resolution)</p> <p>The intention to propose the resolution as a special resolution shall be duly specified in the notice calling the general meeting or other intimation given to the members of the resolution and such a notice required under the Act has been duly given as required.</p> |
| 115 | <p>Resolutions requiring Special Notice</p> <p>A special notice required to be given to the company shall be signed, either individually or collectively by such number of members holding not less than one percent of total voting power or</p> |

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| | holding shares on which an aggregate sum of not less than five lakh rupees has been paid up on the date of the notice. |
| 117 | <p>Resolutions and agreements to be filed</p> <p>The provisions of this section shall apply to:</p> <ul style="list-style-type: none"> (a) special resolutions; (b) resolutions which have been agreed to by all the members 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; (c) 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; (d) 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; (e) resolutions requiring a company to be wound up voluntarily passed in pursuance of section 59 of the Insolvency and Bankruptcy Code, 2016. (f) resolutions passed in pursuance of sub-section (3) of section 179.(this is not applicable to a Private Company) <p>A copy of every resolution or any agreement, in respect of matters specified below shall be filed</p> |

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| | with the Registrar within thirty days of the passing or making thereof in form MGT-14 along with fees. |
| 119 | <p>Inspection of minute-books of general meeting</p> <p>The books containing the minutes of the proceedings of any general meeting of a company or of a resolution passed by postal ballot, shall be kept at the registered office of the company; and be open, during business hours, to the inspection by any member without charge, subject to such reasonable restrictions as the company may, by its articles or in general meeting, impose, so, however, that not less than two hours in each business day are allowed for inspection.</p> |
| 123 | <p>Declaration of Dividend</p> <p>No dividend shall be declared or paid by a company for any financial year except-</p> <p>(a) out of the profits of the company for that year arrived at after providing for depreciation, or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed, or out of both.</p> <p>While computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded; or</p> <p>(b) out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government.</p> |

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| 124 | <p>Unpaid Dividend Account</p> <p>Where a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder, the company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account.</p> |
| 128 | <p>Books of account, etc., to be kept by company</p> <p>Every company shall prepare and keep books of account and other relevant books and papers and financial statement at its registered office for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.</p> <p>All or any of the books of account aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and where such a decision is taken, the company shall, within seven days thereof, file with the Registrar a notice in writing giving the full address of that other place:</p> <p>The company may keep such books of account or other relevant papers in electronic mode in such manner as prescribed.</p> |
| 129 | <p>Financial Statement</p> <p>At every AGM of a company, the Board of Directors of the company shall lay before such</p> |

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| | <p>meeting financial statements for the financial year.</p> <p>The financial statements shall give a true and fair view of the state of affairs of the company or companies, comply with the accounting standards notified under section 133 and shall be in the form or forms as may be provided for different class or classes of companies in Schedule III.</p> <p>Where a company has one or more subsidiaries, it shall, also prepare a consolidated financial statement of the company and of all the subsidiaries in the same form and manner as that of its own and which shall also be laid before the AGM of the company.</p> |
| 134 | <p>Financial statement, Board's report, etc.</p> <p>The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board by the chairperson of the company where he is authorised by the Board or by two Directors out of which one shall be managing director, if any, and the Chief Executive Officer, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of One Person Company, only by one director, for submission to the auditor for his report thereon.</p> <p>There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors and the Auditors' Report.</p> <p>Further, the Central Government has prescribed an abridged Board's report, for One Person Company or small company.</p> |

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| | The Board's Report of Small Company shall be prepared based on standalone financial statement of the company which shall be in abridged form. |
| 135 | <p>Corporate Social Responsibility</p> <p>Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director.</p> <p>Where a company is not required to appoint an independent director, it shall have in its Corporate Social Responsibility Committee two or more Directors.</p> <p>The Board of every company as referred above, shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.</p> <p>CSR is not mandated for Small Companies in view of the above thresholds.</p> |
| 137 | <p>Copy of financial statement to be filed with Registrar</p> <p>Every company shall file the financial statements with Registrar together with Form AOC-4 and the consolidated financial statements, if any, with form AOC-4 CFS.</p> |

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| 138 | <p>Internal audit</p> <p>Every private company having turnover of 200 crore rupees or more during the preceding financial year; or outstanding loans or borrowings from banks or public financial institutions exceeding 100 crore rupees or more at any point of time during the preceding financial year, shall be required to appoint an internal auditor which may be either an individual or a partnership firm or a body corporate.</p> |
| 139 | <p>Appointment of auditors</p> <p>The first auditor of a company (other than a Government company) shall be appointed by the Board of Directors within thirty days from the date of registration of the company and in the case of failure of the Board to appoint such auditor, it shall inform the members of the company, who shall within ninety days at an EGM appoint such auditor and such auditor shall hold office till the conclusion of the first annual general meeting.</p> <p>Every company shall, at the first AGM, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting. The Company shall intimate the Registrar about the appointment of Auditor in form ADT-1.</p> |
| 140 | <p>Removal, resignation of auditor and giving of special notice</p> <p>The auditor may be removed from his office before the expiry of his term only by a special resolution of the company, and after obtaining the previous approval of the Central Government through ADT-2 along with fees.</p> |

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| | <p>The auditor who has resigned from the company shall file within a period of thirty days from the date of resignation, a statement in the prescribed form with the company and the Registrar.</p> |
| 141 | <p>Eligibility, qualifications and disqualifications of auditors</p> <p>(1) A person shall be eligible for appointment as an auditor of a company only if he is a chartered accountant:</p> <p>Provided that a firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be auditor of a company</p> <p>(3) The following persons shall not be eligible for appointment as an auditor of a company, namely:—</p> <p>(g) a person who is in full time employment elsewhere or a person or a partner of a firm holding appointment as its auditor, if such persons or partner is at the date of such appointment or reappointment holding appointment as auditor of more than twenty companies;</p> <p>In case of private company – modified clause (g) of sub-section 3 is applicable which is as under: The following persons shall not be eligible for appointment as an auditor of a company, namely:—</p> <p>(g) a person who is in full time employment elsewhere or a person or a partner of a firm holding appointment as its auditor, if such persons or partner is at the date of such appointment or reappointment holding appointment as auditor of more than twenty companies other than one person companies,</p> |

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| | dormant companies, small companies and private companies having paid-up share capital less than one hundred crore rupee; |
| 142 | <p>Remuneration of Auditors</p> <p>(1) The remuneration of the auditor of a company shall be fixed in its general meeting or in such manner as may be determined therein.</p> <p>However, the Board may fix remuneration of the first auditor appointed by it.</p> <p>(2) The remuneration shall in addition to the fee payable to an auditor, include the expenses, if any, incurred by the auditor in connection with the audit of the company and any facility extended to him but does not include any remuneration paid to him for any other service rendered by him at the request of the company.</p> |
| 143 | <p>Powers and duties of auditors and auditing standards</p> <p>(1) The auditor's report shall also state:</p> <p>(g) whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls</p> <p>(11) The Central Government may, in consultation with the National Financial Reporting Authority, by general or special order, direct, in respect of such class or description of companies, as may be specified in the order, that the auditor's report shall also include a statement on such matters as may be specified therein</p> <p>Section -143(3)(i) shall not apply to the following private companies:</p> <ol style="list-style-type: none"> 1. which is a one person company or a small company; or |

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| | <p>2. which has turnover less than rupees fifty crores as per latest audited financial statement and which has aggregate borrowings from banks or financial institutions or anybody corporate at any point of time during the financial year less than rupees twenty five crore.</p> <p>The CARO, 2020 is an additional reporting requirement. Various classes of Companies are exempted from reporting under CARO, 2020 including inter alia a One Person Company as defined under clause (62) of section 2 of the Companies Act and a small company as defined under clause (85) of section 2 of the Companies Act.</p> |
| 144 | <p>Auditor not to render certain services</p> <p>An auditor shall provide to the company only such other services as are approved by the Board of Directors or the audit committee, but which shall not include any of the following services (whether such services are rendered directly or indirectly to the company), company or its holding company or subsidiary company, namely:-</p> <ul style="list-style-type: none"> • accounting and book keeping services; • internal audit; • design and implementation of any financial information system; • actuarial services; • investment advisory services; • investment banking services; • rendering of outsourced financial services; • management services; and • any other kind of services as may be prescribed. |

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| 146 | <p>Auditors to attend general meeting</p> <p>All notices of, and other communications relating to, any general meeting shall be forwarded to the auditor of the company, and the auditor shall, unless otherwise exempted by the company, attend either by himself or through his authorised representative, who shall also be qualified to be an auditor, any general meeting and shall have right to be heard at such meeting on any part of the business which concerns him as the auditor.</p> |
| 148 | <p>Central Government to specify audit of items of cost in respect of certain companies</p> <p>Cost Audit shall be conducted by a Cost Accountant who shall be appointed by the Board on such remuneration as may be determined by the members.</p> <p>Person appointed as an auditor of the company shall NOT be appointed for conducting the audit of cost records.</p> <p>Cost Audit shall be applicable to only specified category of companies as prescribed by the Central Government in this regard.</p> |
| 149 | <p>Board of Directors</p> <p>Every Private Company shall have a Board of Directors consisting of individuals as Directors and shall have two Directors in the case of a private company, and one director in the case of a One Person Company; and a maximum of fifteen Directors.</p> <p>A company may appoint more than fifteen directors after passing a special resolution.</p> <p>There are certain class or classes of companies which has been prescribed which shall have at least one woman director. Small Company does</p> |

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| | <p>not fall under such class of companies, as it is only applicable for the following class of companies:</p> <ul style="list-style-type: none"> (i) every listed company; (ii) every other public company having :- <ul style="list-style-type: none"> (a) paid-up share capital of one hundred crore rupees or more; or (b) turnover of three hundred crore rupees or more <p>(3) Every company shall have at least one director who has stayed in India for a total period of not less than one hundred and eighty-two days during the financial year:</p> <p>In case of a newly incorporated company the requirement as above shall apply proportionately at the end of the financial year in which it is incorporated.</p> <p>Appointment of Independent Director is not applicable in case of Private Company.</p> <p>Its applicability for other companies is as under:</p> <ul style="list-style-type: none"> (i) Every listed public company or (ii) Public Companies having paid up share capital of ten crore rupees or more; or (iii) Public Companies having turnover of one hundred crore rupees or more; or (iv) Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees. |
| 152 | <p>Appointment of directors</p> <p>Where no provision is made in the articles of a company for the appointment of the first director, the subscribers to the memorandum who are individuals shall be deemed to be the first Directors of the company until the Directors are duly appointed and in case of a One Person Company an individual being member shall be</p> |

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| | <p>deemed to be its first director until the director or Directors are duly appointed by the member in accordance with the provisions of this section.</p> <p>Every director shall be appointed by the company in general meeting, unless otherwise expressly provided in the Act.</p> <p>No person shall be appointed as a Director unless he has been allotted a DIN.</p> <p>Unless the articles provide for the retirement of all Directors at every annual general meeting, not less than two-thirds of the total number of Directors of a public company shall—</p> <ul style="list-style-type: none"> • be persons whose period of office is liable to determination by retirement of Directors by rotation; and • save as otherwise expressly provided in this Act, be appointed by the company in general meeting. <p>Retirement of Director by rotation is not applicable in case of Private Company, as the provision states that at every annual general meeting of a public company, one-third of such of the directors for the time being as are liable to retire by rotation, shall retire from office.</p> |
| 160 | <p>Right of persons other than retiring directors to stand for Directorship</p> <p>Section 160 related to right of persons other than retiring directors to stand for directorship shall not apply to private companies.</p> |
| 161 | <p>Appointment of Additional Director, Alternate Director and Nominee Director</p> <p>The articles of a company may confer on its Board of Directors the power to appoint any person, other than a person who fails to get appointed as a director in a general meeting, as an Additional</p> |

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| | <p>Director at any time who shall hold office up to the date of the next AGM or the last date on which the AGM should have been held, whichever is earlier.</p> <p>The Board of Directors of a company may, if so authorised by its articles or by a resolution passed by the company in general meeting, appoint a person, not being a person holding any alternate Directorship for any other director in the company, or holding Directorship in the same company, to act as an alternate director for a director during his absence for a period of not less than three months from India.</p> <p>Subject to the articles of a company, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government Company.</p> |
| 162 | <p>Appointment of directors to be voted individually</p> <p>Section 162 related to Appointment of directors to be voted individually shall not apply to private companies.</p> |
| 164 | <p>Disqualifications for appointment of director</p> <p>A private company may by its articles provide for any disqualifications for appointment as a director in addition to those specified in sub-sections (1) and (2) of section 164.</p> |
| 165 | <p>Number of directorships</p> <p>A person, shall not hold office as a director, including any alternate Directorship, in more than twenty companies at the same time:</p> |

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| | <p>The maximum number of public companies in which a person can be appointed as a director shall not exceed ten.</p> <ul style="list-style-type: none"> • For reckoning the limit of public companies in which a person can be appointed as director, Directorship in private companies that are either holding or subsidiary company of a public company shall be included. • For reckoning the limit of Directorships of twenty companies, the Directorship in a dormant company shall not be included |
| 166 | <p>Duties of Director</p> <p>Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.</p> <p>(a) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.</p> <p>(b) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.</p> <p>(c) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.</p> <p>(d) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he</p> |

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| | <p>shall be liable to pay an amount equal to that gain to the company.</p> <p>(e) A director of a company shall not assign his office and any assignment so made shall be void.</p> |
| 168 | <p>Resignation of director</p> <p>A director may resign from his office by giving a notice in writing to the company and the Board shall on receipt of such notice intimate the ROC within thirty days from the date of receipt of notice of resignation from a director, in Form DIR-12 and post the information on its website, if any.</p> <p>It shall also place the fact of such resignation in the report of Directors laid in the immediately following general meeting by the company.</p> |
| 169 | <p>Removal of director</p> <p>A company may, by ordinary resolution, remove a director, not being a director appointed by the Tribunal under section 242, before the expiry of the period of his office after giving him a reasonable opportunity of being heard.</p> <p>A special notice shall be required of any resolution, to remove a director under this section, or to appoint somebody in place of a director so removed, at the meeting at which he is removed.</p> |
| 170 | <p>Register of directors and key managerial personnel and their shareholding</p> <p>Every company shall keep at its registered office a register containing such particulars of its Directors and key managerial personnel, which shall include the details of securities held by each of them in the company or its holding, subsidiary, subsidiary of company's holding company or associate companies.</p> |

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| | A return containing the particulars of appointment of director or KMP and changes therein, shall be filed with the Registrar in Form DIR-12 along with fees within thirty days of such appointment or change, as the case may be. |
| 173 | Meetings of Board Every company shall hold the first meeting of the Board of Directors within thirty days of the date of its incorporation and thereafter hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board: 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, 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. |
| 174 | Quorum for meetings of Board The quorum for a meeting of the Board of Directors of a company shall be one third of its total strength or two Directors, whichever is higher, and the participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum. 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. |

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| | In case of Private Company this provision 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. |
| 175 | <p>Passing of resolution by circulation</p> <p>Resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, only when the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or members of the committee, as the case may be, at their addresses registered with the company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed and has been approved by a majority of the Directors or members, who are entitled to vote on the resolution.</p> <p>However, where not less than one-third of the total number of Directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.</p> |
| 177 and 178 | <p>Audit Committee and NRC</p> <p>Section 177 and 178 is for establishment of Audit Committee and establishment of Nomination and Remuneration Committee and Stakeholders Relationship Committee respectively.</p> <p>However, section 177 and 178 are not applicable to Private Companies as it is applicable to:</p> <ul style="list-style-type: none"> (i) Every listed public company or (ii) Public Companies having paid up share capital of ten crore rupees or more; or |

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| | <p>(iii) Public Companies having turnover of one hundred crore rupees or more; or</p> <p>(iv) Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees.</p> |
| 179 | <p>Powers of Board</p> <p>The Board of Directors of a company shall exercise the following powers on behalf of the company by means of resolutions passed at meetings of the Board, namely: —</p> <ul style="list-style-type: none">• to make calls on shareholders in respect of money unpaid on their shares;• to authorise buy-back of securities under section 68;• to issue securities, including debentures, whether in or outside India;• to borrow monies;• to invest the funds of the company;• to grant loans or give guarantee or provide security in respect of loans;]• to approve financial statement and the Board's report;• to diversify the business of the company;• to approve amalgamation, merger or reconstruction;• to take over a company or acquire a controlling or substantial stake in another company;• to make political contributions;• to appoint or remove key managerial personnel (KMP);• to appoint internal auditors and secretarial auditor. |

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| 180 | <p>Restrictions on powers of Board</p> <p>Section 180 prescribes that the Board of Directors of a company shall exercise certain powers only with the consent of the company by a special resolution.</p> <p>However, this section is not applicable to a Private Company.</p> |
| 184 | <p>Disclosure of interest by director</p> <p>(1) Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in such manner as may be prescribed.</p> <p>(2) Every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into:</p> <p>(a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or</p> <p>(b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be,</p> <p>shall disclose the nature of his concern or interest at the meeting of the Board in which the contract</p> |

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| | <p>or arrangement is discussed and shall not participate in such meeting.</p> <p>In case of private company - section 184 (2) is applicable; with the exception that the interested director may participate in such meeting after disclosure of his interest.</p> |
| 185 | <p>Loan to directors, etc.</p> <p>Section 185 shall not apply to a private company-</p> <p>(a) in whose share capital no other body corporate has invested any money;</p> <p>(b) if 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 fifty crore rupees, whichever is lower; and</p> <p>(c) such a company has no default in repayment of such borrowings subsisting at the time of making transactions under this section.</p> |
| 186 | <p>Loan and investment by company</p> <p>No company shall directly or indirectly —</p> <ul style="list-style-type: none">• give any loan to any person or other body corporate;• give any guarantee or provide security in connection with a loan to any other body corporate or person; and• acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, <p>exceeding sixty per cent. of its paid-up share capital, free reserves and securities premium account or one hundred per cent. of its free reserves and securities premium account, whichever is more.</p> |

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| | <p>The company shall disclose to the members in the financial statement the full particulars of the loans given, investment made 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.</p> |
| 188 | <p>Related party transactions</p> <p>(1) No company shall enter into any contract or arrangement with a related party with respect to the following, except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed:</p> <ul style="list-style-type: none"> (a) sale, purchase or supply of any goods or materials; (b) selling or otherwise disposing of, or buying, property of any kind; (c) leasing of property of any kind; (d) availing or rendering of any services; (e) appointment of any agent for purchase or sale of goods, materials, services or property; (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and (g) underwriting the subscription of any securities or derivatives thereof, of the company <p>No contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a resolution.</p> |

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| | <p>No member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party. However, this proviso is not applicable to the companies in which ninety per cent. or more members, in number, are relatives of promoters or are related parties.</p> |
| 189 | <p>Register of contracts or arrangements in which directors are interested</p> <p>Every company shall keep one or more registers giving separately the particulars of all contracts or arrangements to which sub-section (2) of section 184 or section 188 applies, in Form MBP-4 containing particulars as prescribed and after entering the particulars, such register or registers shall be placed before the next meeting of the Board and signed by all the Directors present at the meeting.</p> |
| 190 | <p>Contract of employment with Managing or Whole-time Director</p> <p>Every company shall keep at its registered office,—</p> <p>(a) where a contract of service with a managing or whole-time director is in writing, a copy of the contract; or</p> <p>(b) where such a contract is not in writing, a written memorandum setting out its terms.</p> <p>This provision is not applicable to a Private Company.</p> |
| 196 | <p>Appointment of managing director, whole-time director or manager</p> <p>(1) A company shall not appoint or employ at the same time a managing director and a manager.</p> |

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| | <p>(2) It shall not appoint or re-appoint any person as its managing director, whole-time director or manager for a term exceeding five years at a time</p> <p>(3) Further, it shall not appoint or continue the employment of any person as managing director, whole-time director or manager who:</p> <p>(a) is below the age of twenty-one years or has attained the age of seventy years:</p> <p>(b) is an undischarged insolvent or has at any time been adjudged as an insolvent</p> <p>(c) has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or</p> <p>(d) has at any time been convicted by a court of an offence and sentenced for a period of more than six months.</p> <p>(4) Subject to the provisions of section 197 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the company and by the Central Government in case such appointment is at variance to the condition. (This sub-section is not applicable to a Private Company)</p> <p>(5) Subject to the provisions of this Act, 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. (This sub-section is not applicable to a Private Company).</p> |

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| 197 | <p>Overall Maximum Managerial Remuneration</p> <p>This provision is not applicable to Private Companies as it is applicable to Public Company only. It states that:</p> <p>The total managerial remuneration payable by a public company, to its directors, in respect of any financial year shall not exceed eleven per cent. of the net profits.</p> |
| 203 | <p>Appointment of key managerial personnel</p> <p>Every company belonging to such class or classes of companies as may be prescribed shall have the whole-time key managerial personnel in its organisation.</p> <p>Section 203 is not applicable to Private Companies as it is applicable to every listed company and every other public company having a paid-up share capital of ten crore rupees or more shall have whole-time key managerial personnel.</p> |
| 204 | <p>Secretarial Audit</p> <p>Every listed company and a company belonging to other class of companies as may be prescribed shall annex with its Board's report made in terms of sub-section (3) of section 134, a secretarial audit report, given by a company secretary in practice, in such form as may be prescribed.</p> <p>Section 204 is not applicable to Private Companies as it is applicable to:</p> <ul style="list-style-type: none">(a) Every Listed Company(b) Every public company having a paid-up share capital of fifty crore rupees or more; or(c) Every public company having a turnover of two hundred fifty crore rupees or more; or |

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| | (d) Every company having outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more |
| 446B | <p>Lesser Penalties for OPC or Small Companies</p> <p>Notwithstanding anything contained in this Act, if penalty is payable for non-compliance of any of the provisions of this Act by a One Person Company, small company, start-up company or Producer Company, or by any of its officer in default, or any other person in respect of such company, then such company, its officer 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 two lakh rupees in case of a company and one lakh rupees in case of an officer who is in default or any other person, as the case may be.</p> |
| 447 | <p>Punishment for Fraud</p> <p>Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud involving an amount of at least ten lakh rupees or one per cent. of the turnover of the company, whichever is lower shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.</p> <p>Where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.</p> |

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| | <p>However, where the fraud involves an amount less than ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to fifty lakh rupees or with both.</p> |
| 448 | <p>Punishment for false statement</p> <p>If in any return, report, certificate, financial statement, prospectus, statement or other document required by, or for, the purposes of any of the provisions of this Act or the rules made thereunder, any person makes a statement, which is false in any material particulars, knowing it to be false; or which omits any material fact, knowing it to be material, he shall be liable under section 447 for punishment of fraud.</p> |
| 455 | <p>Dormant company</p> <p>Where a company is formed and registered under this Act for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company or an inactive company may make an application to the Registrar in such manner as may be prescribed for obtaining the status of a dormant company.</p> <p>A dormant company shall have such minimum number of Directors, file such documents and pay such annual fee as may be prescribed to the Registrar to retain its dormant status in the register and may become an active company on an application made in this behalf accompanied by such documents and fee as may be prescribed.</p> |

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| 462 | <p>Power to exempt class or classes of companies from provisions of this Act</p> <p>The Central Government has power to exempt certain class or classes of companies from provisions of the Companies Act 2013.</p> <p><i>Through exercise of this power, the Central Govt has released Notifications dated 5th June, 2015 and 13th June, 2017 to provide for exemptions to Private Companies under various provisions of the Act.</i></p> |

Books and Registers

1. Books of Accounts (Section-128)

- 1.1. Every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.
- 1.2. "Books of Account" includes records maintained in respect of—
 - i. all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place;
 - ii. all sales and purchases of goods and services by the company;
 - iii. the assets and liabilities of the company; and
 - iv. the items of cost as may be prescribed under section 148 in the case of a company which belongs to any class of companies specified under that section
- 1.3. All or any of the books of account aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and where such a decision is taken, the company shall, within seven days thereof, file with the Registrar a notice in form AOC-5 giving the full address of that other place.
- 1.4. The company may keep such books of account or other relevant papers in electronic mode as well.
- 1.5. Where a company has a branch office in India or outside India, proper books of account relating to the transactions effected at the branch office are to be kept at that office and properly summarized returns periodically are to be sent by the branch office to the company at its registered office or the other place referred to in AOC-5

- 1.6. The books of account and other books and papers maintained by the company within India shall be open for inspection.
- 1.7. The books of account of every company relating to a period of not less than eight financial years immediately preceding a financial year, or where the company had been in existence for a period less than eight years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order.

2. Manner of Books of Accounts to be kept in Electronic Mode

- 2.1. As mentioned above that a company may keep books of account or other relevant papers in electronic mode as well.
- 2.2. In this regard, the books of account and other relevant books and papers maintained in electronic mode shall remain accessible in India, at all times to be usable for subsequent reference.
- 2.3. **For the financial year commencing on or after the 1st day of April, 2023, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording the audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.**
- 2.4. The books of account and other relevant books and papers shall be retained completely in the format in which they were originally generated, sent or received, or in a format which shall present accurately the information generated, sent or received and the information contained in the electronic records shall remain complete and unaltered.
- 2.5. The information received from branch offices shall not be altered and shall be kept in a manner where it shall depict what was originally received from the branches
- 2.6. The information in the electronic record of the document shall be capable of being displayed in a legible form
- 2.7. There shall be a proper system for storage, retrieval, display or printout of the electronic records as the Audit Committee, if any, or the Board

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may deem appropriate and such records shall not be disposed of or rendered unusable, unless permitted by law:

3. Registers to be Maintained

| Nature of Register | Format as prescribed in |
|--|---|
| Register of Members for Company Limited by Shares | MGT-1 |
| Register of Members for Company Not having Share Capital | Particulars as specified in Rule-3 of Companies (Management and Administration) Rules, 2014 |
| Register of Debenture Holders and Any Other Security Holder | MGT-2 |
| Foreign Register | Same format as Principal Register in India |
| Register of Significant Beneficial Owners in a Company | Particulars as specified in section 90 |
| Register of Loans/ Guarantee/ Security | MBP-2 |
| Register of Directors and KMP and their Shareholding | Particulars as specified in Section 170 read with Rule 17 of Companies (Appointment and Qualification of Directors) Rules, 2014 |
| Register of Contracts and arrangements in which Directors are interested | MBP-4 |
| Register of Charges | CHG-7 |

3.1. Register of members indicating separately for each class of equity and preference shares held by each member residing in or outside India

- a. Every company limited by shares shall, from the date of its registration, maintain a register of its members in Form No-MGT.1

- b. In the case of a company not having share capital, the register of members shall contain the following particulars, in respect of each member, namely:
- ✓ **Name** of the member; address (registered office address in case the member is a body corporate); e-mail address; Permanent Account Number or CIN; Unique Identification Number, if any; Father's/Mother's/Spouse's name; Occupation; Status; Nationality; in case member is a minor, name of the guardian and the date of birth of the member; name and address of nominee
 - ✓ date of becoming a member;
 - ✓ date of cessation;
 - ✓ **amount** of guarantee, if any;
 - ✓ **any** other interest if any; and
 - ✓ **instructions**, if any, given by the member with regard to sending notices etc.

3.2. Register of debenture-holders and Register of any other security holders (Section-88)

- a. Every company which issues or allots debentures or any other security shall maintain a separate register of debenture holders or security holders, as the case may be, for each type of debenture or other security in Form No-MGT.2

3.3. Index of Register: (Section-88)

- a. Every register as referred to above shall include an index of the names entered in the respective register (in case the members are equal to or more than 50) and the index shall, in respect of each folio, contain sufficient indication to enable the entries relating to that folio in the register to be readily found.
- b. The company shall make the necessary entries in the index simultaneously with the entry for allotment or transfer of any security in such Register.
- c. The register and index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996 (22 of

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1996), shall be deemed to be the corresponding register and index for the purposes of this Act

3.4. Foreign Register: (Section-88)

- a. A company may, **if so authorised by its articles**, keep in any country outside India, in such manner as may be prescribed, a part of the register referred above, called “foreign register” containing the names and particulars of the members, debenture-holders, other security holders or beneficial owners residing outside India.
- b. The foreign register shall be maintained in the same format as the principal register.
- c. Entries in the foreign register shall be made simultaneously after the Board of Directors or its duly constituted committee approves the allotment or transfer of shares, debentures or any other securities, as the case may be.
- d. The company shall transmit to its registered office in India a copy of every entry in any foreign register within fifteen days after the entry is made; and keep at such office a duplicate register of every foreign register duly entered up from time to time.

3.5. Register of significant beneficial owners in a company: (Section-90)

- a. Significant Beneficial Owner: Every individual, who is 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 25 percent or such other percentage as may be prescribed, 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 (herein referred to as “significant beneficial owner”), shall make a declaration to the company, specifying the nature of his interest and other particulars, in such manner and within such period of acquisition of the beneficial interest or rights and any change thereof, as may be prescribed
- b. Maintenance of Register: Every company shall maintain a register of the interest declared by individuals referred to above

and changes therein which shall include the name of the individual, his date of birth, address, details of ownership in the company and such other details as may be prescribed.

- c. Every company shall also file a return of significant beneficial owners of the company and changes therein with the Registrar containing names, addresses and other details as prescribed within such time, in such form and manner as prescribed.

3.6. Register of Loans/Guarantee/Security

- a. Every company giving a loan or giving guarantee or providing security or making an acquisition of securities shall, from the date of its incorporation, maintain a register in Form MBP-2 and enter therein separately, the particulars of loans and guarantees given, securities provided and acquisitions made as aforesaid.

3.7. Register of Directors and KMP and their Shareholding (Section-170 r/w Rule 17)

- a. Every company shall keep at its registered office a register of its directors and key managerial personnel containing the following particulars, namely:-
 - ✓ Director Identification Number (optional for key managerial personnel);
 - ✓ present name and surname in full;
 - ✓ any former name or surname in full;
 - ✓ father's name, mother's name and spouse's name(if married) and surnames in full;
 - ✓ date of birth;
 - ✓ residential address (present as well as permanent);
 - ✓ nationality (including the nationality of origin, if different);
 - ✓ occupation;
 - ✓ date of the board resolution in which the appointment was made;
 - ✓ date of appointment and reappointment in the company;

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- ✓ date of cessation of office and reasons therefor;
 - ✓ office of director or key managerial personnel held or relinquished in any other body corporate;
 - ✓ membership number of the Institute of Company Secretaries of India in case of Company Secretary, if applicable; and
 - ✓ Permanent Account Number (mandatory for key managerial personnel if not having DIN);
- b. In addition to the details of the directors or key managerial personnel, the company shall also include in the aforesaid Register the details of securities held by them in the company, its holding company, subsidiaries, subsidiaries of the company's holding company and associate companies relating to-
- ✓ the number, description and nominal value of securities;
 - ✓ the date of acquisition and the price or other consideration paid;
 - ✓ date of disposal and price and other consideration received;
 - ✓ cumulative balance and number of securities held after each transaction;
 - ✓ mode of acquisition of securities ;
 - ✓ mode of holding – physical or in dematerialized form; and
 - ✓ whether securities have been pledged or any encumbrance has been created on the securities.

3.8. Register of Contracts and arrangements in which Directors are interested

- a. Every company shall maintain one or more registers in Form MBP 4, and shall enter therein the particulars of:
- ✓ company or companies or bodies corporate, firms or other association of individuals, in which any director has any concern or interest, as mentioned under sub-section (1) of section 184:

However, the particulars of the company or companies or bodies corporate in which a director himself together with any other director holds two percent or less of the paid-up share capital would not be required to be entered in the register;

- ✓ contracts or arrangements with a body corporate or firm or other entity as mentioned under sub-section (2) of section 184, in which any director is, directly or indirectly, concerned or interested; and
- ✓ contracts or arrangements with a related party with respect to transactions to which section 188 applies.

3.9. Register of Charges (Rule 10)

- a. Every company shall keep at its registered office a register of charges in Form No. CHG-7 and enter therein particulars of all the charges registered with the Registrar on any of the property, assets or undertaking of the company and the particulars of any property acquired subject to a charge as well as particulars of any modification of a charge and satisfaction of charge.
- b. The entries in the register of charges maintained by the company shall be made forthwith after the creation, modification or satisfaction of charge, as the case may be.
- c. Entries in the register shall be authenticated by a director or the secretary of the company or any other person authorised by the Board for the purpose.
- d. The register of charges shall be preserved permanently and the instrument creating a charge or modification thereon shall be preserved for a period of eight years from the date of satisfaction of charge by the company.

3.10. Place of keeping the Registers

- a. The registers required to be kept and maintained by a company as aforesaid shall be kept at the registered office of the company.
- b. However, such registers may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved

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by a special resolution passed at a general meeting of the company

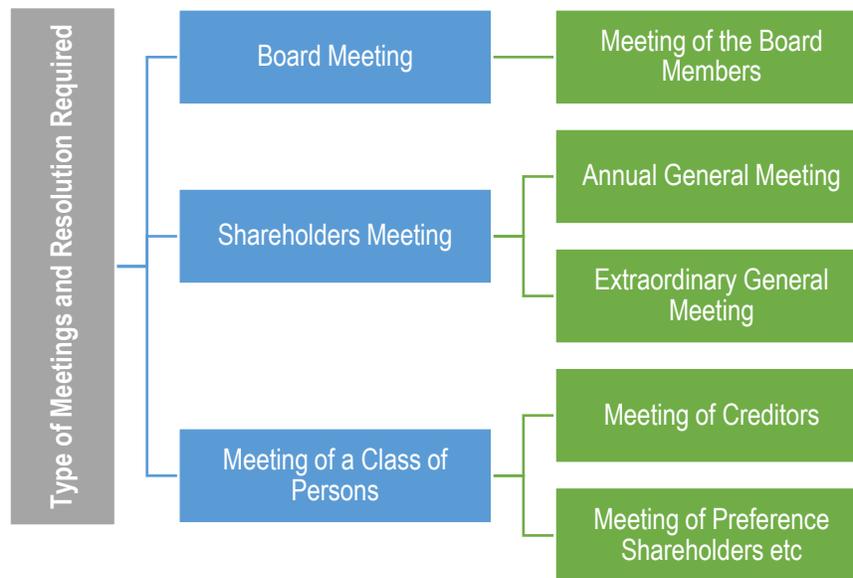
3.11. Closure of Registers

- a. A company is empowered to close the register of members or the register of debenture-holders or the register of other security holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time, subject to giving previous notice of at least seven days or such lesser period as may be specified by Securities and Exchange Board for listed companies or the companies which intend to get their securities listed, in such manner as may be prescribed. **(Section-92)**

Conduct of Meetings and Resolutions

1. Meetings of the Board and Shareholders are essential for the efficient, effective and compliant conduct of the affairs of the Company. In view of the same, the Companies Act, 2013 contains various provisions which mandate meetings to be conducted by the Company of its shareholders, certain classes of persons and Directors.
 - 1.1. **Types of Meetings**
 - a. Board Meeting: Board Meeting refers to the meeting of the Board of Directors of the Company. Section 173 of the Companies Act, 2013 deals with the same.
 - b. Shareholders' Meeting: Shareholders' Meeting refers to the meeting of the equity shareholders of the Company. There are two types of shareholders' meetings that have been defined under the Companies Act 2013, i.e., Annual General Meeting (AGM) (referred to in section 96) and Extra-ordinary General Meeting (EGM) (referred to in section 100).
 - c. Meeting of a Class of Persons: Class Meeting refers to a meeting of a special class of persons, such as preference shareholders, creditors etc.

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2. Board Resolutions:

- 2.1. Resolution passed at the Meeting of the Board of Directors with majority of votes is referred to as a Board Resolution.
- 2.2. There are certain powers that have been mentioned in section 180 of the Companies Act, 2013 that can be exercised by the Board of Directors only when the consent has been accorded by special resolution of the members. Though, it is to be noted that this provision is not applicable to a Private Company.

3. Share Holders - Ordinary Resolution: (Section 114(1))

- 3.1. A resolution is considered to be an ordinary resolution as one which is required to be approved or passed by a simple majority i.e., more than 50%.
- 3.2. Where the notice required under the Act has been duly given and it is required to be passed by the votes cast, whether on a show of hands, or electronically or on a poll, as the case may be, in **favour of the resolution, including the casting vote**, if any, of the Chairman, by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy or by postal ballot, **exceed the votes, if any, cast against the resolution** by members, so entitled and voting, it is referred to as Ordinary Resolution.

4. Share Holders - Special Resolution (Section 114(2))

- 4.1. A resolution shall be a special resolution when the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are **required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting** (that is not less than 75% of the members entitled and voting should approve matters which are required to be approved by a special resolution)
- 4.2. The intention to propose the resolution as a special resolution shall be duly specified in the notice calling the general meeting or other intimation given to the members of the resolution and such a notice required under the Act has been duly given as required.
- 4.3. A Statutory Form - Form MGT – 14 is required to be filed mandatorily with the Registrar of Companies within 30 days of the Special resolution being passed, along with attachments such as Copy of the resolution passed, an explanatory statement under section 102 of the Companies Act, 2013, copies of documents such as Articles of Association or Memorandum of Association in case amendments have been made to such documents

5. Illustrative List of Items requiring Special Resolution

| Section | Aspect |
|-----------------|---|
| 5 | Entrenchment of AOA |
| 12 | Change in Registered Office outside the local limits of any city, town or village |
| 13 | Alteration of Memorandum |
| 14 | Alteration of Articles |
| 48 | Variation of Shareholders' Right |
| 54 | Issue of Sweat Equity Shares |
| 62(1)(b) | Issue of ESOPs |
| 66 | Reduction of Share Capital |
| 68 | Buy Back of Securities |

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| Section | Aspect |
|----------------|--|
| 71 | Issue of Debentures with an option to convert such debentures into shares |
| 94 | Keeping of registers and returns at place other than in registered office |
| 140 | Removal of an Auditor before expiry of term |
| 149 | Appointment of higher number of directors than as prescribed in the Act |
| 165 | Specification of lesser number of companies in which a Director of the Company may act as a Director |
| 185 | Loan to Managing or Whole Time Director - Scheme approved by the members by a Special Resolution. |
| 186 | To approve giving of loan, investment, loan, guarantee or security proposed to be made or given by the Board, where it exceeds the limits specified under the section. |
| 196 | Appointment of Managing Director/Manager/ Whole time Director who had attained age of more than 70 years. |
| 248 | For filing an application with the Registrar for removing name of the company. |
| 271 | For filing petition for wound up of company by Tribunal |
| 371 | For adoption of Table F in Schedule -I |

Chapter 6

Meetings of the Board

1. “Board of Directors” or “Board”, in relation to a company, means the collective body of the Directors of the company; The meeting of such Board is referred to as ‘Board Meeting’ or Meeting of the Board of Directors

2. Powers and Functions of Board

2.1. The Board of Directors of a company is entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do.

2.2. In exercising such power or doing such act or thing, the Board shall be subject to the provisions contained on that behalf in the Companies Act 2013, or the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting.

2.3. Also, the Board shall not exercise any power or do any act or thing which is directed or required, whether under the Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.

2.4. The Board of Directors of a company shall exercise the following powers on behalf of the company by means of resolutions passed at meetings of the Board, namely:-

- a. to make calls on shareholders in respect of money unpaid on their shares;
- b. to authorise buy-back of securities under section 68;
- c. to issue securities, including debentures, whether in or outside India;
- d. to borrow monies;
- e. to invest the funds of the company;
- f. to grant loans or give guarantee or provide security in respect of loans;

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- g. to approve financial statements and the report of the Board;
 - h. to diversify the business of the company;
 - i. to approve amalgamation, merger or reconstruction;
 - j. to take over a company or acquire a controlling or substantial stake in another company;
 - k. to make political contributions
 - l. to appoint or remove key managerial personnel (KMP)
 - m. to appoint internal auditors and secretarial auditor
- 2.5. The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the company or in the case of a branch office of the company, the principal officer of the branch office, the powers specified in points (d) to (f) on such conditions as it may specify
- 2.6. Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding.

3. Number of Board meetings to be conducted

- 3.1. Every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board:

Exception/ Exemptions to the above rule are as under:

- 3.2. **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**

3.3. In the case of **Section 8** Company, Board of Directors, of such Companies shall hold at least one meeting within every six calendar months, i.e., two meetings in a year.

3.4. **Manner of participation in the meeting**

The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio-visual means, which are capable of recording and recognising the participation of the Directors and recording and storing the proceedings of such meetings along with date and time.

4. Period and manner for service of Notice for the Board Meeting-

4.1. A meeting of the Board shall be called by giving not less than seven days notice in writing to every director at his address registered with the company and such notice shall be sent by

- ✓ hand delivery or
- ✓ by post or
- ✓ by electronic means

5. Quorum for the Meeting of the Board

5.1. The quorum for a meeting of the Board of Directors of a company shall be one-third of its total strength or two Directors, whichever is higher, and the participation of the Directors by video conferencing or by other audio-visual means shall also be counted for the purpose of quorum.

5.2. 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.

5.3. In the case of a Private Company, the interested director may also be counted towards quorum in such meeting after disclosure of his interest pursuant to section 184.

5.4. Where a meeting of the Board could not be held for want of quorum, then, unless the articles of the company otherwise provide, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday, till the

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next succeeding day, which is not a national holiday, at the same time and place.

- 5.5. It may be noted that any fraction of a number shall be rounded off as one and “total strength” shall not include Directors whose places are vacant.

6. Agenda for the Board Meeting

- 6.1. The agenda setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given to the Directors at least seven days before the date of the Meeting unless the Articles prescribe a longer period.

7. Minutes of the meeting

- 7.1. Every company shall keep Minutes of all Board and Committee Meetings in Minutes Book. Minutes kept in accordance with the provisions of the Act evidence the proceedings recorded therein.

Chapter 7

Meetings of Shareholders

1. Types of Meetings and Types of Resolutions required

- 1.1. Shareholders Meetings are called General Meetings in the Companies Act, 2013. The Act mandates the holding of an Annual General Meeting to be called by the Company.
- 1.2. Meetings other than AGM are referred to as Extra-ordinary General Meetings (EGM). Such meetings are called by the Board of Directors and may be by specific requisition or by orders of the National Company Law Tribunal.
- 1.3. AGM is mandatorily required to be held once a year. Matters to be voted are passed as Ordinary Resolutions or Special Resolutions depending on the majority of approval required for such items which are voted as described in the preceding paragraphs.

2. Holding of AGM

- 2.1. Every company other than a One Person Company shall in each year hold in addition to any other meetings, a general meeting as its Annual General Meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.
- 2.2. In the case of the first annual general meeting, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months, from the date of closing of the financial year.
- 2.3. It may be noted that if a company holds its first annual general meeting as aforesaid, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation
- 2.4. The time, date and place of each annual general meeting are decided upon before-hand by the Board of Directors having regard to the directions, if any, given in this regard by the company in its general meeting

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- 2.5. Every annual general meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday and shall 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

Exception/ Exemption:

An Annual General Meeting of an unlisted company may be held at any place in India if consent is given in writing or by electronic mode by all the members in advance.

3. Holding of EGM

- 3.1. There is no limit on calling of EGM by a Company. The Board may, whenever it deems fit, call an extraordinary general meeting of the company or upon requisition made by the members or Tribunal.
- 3.2. The Board may, whenever it deems fit, call an Extraordinary General Meeting of the company
- 3.3. The EGM shall be called by the Board at the requisition made by:
- a. In the case of a company having a share capital: such number of members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the company as on that date carries the right of voting.
 - b. In the case of a company not having a share capital: such number of members who have, on the date of receipt of the requisition, not less than one-tenth of the total voting power of all the members having on the said date a right to vote
- 3.4. Where requisition as above has been received, the Board shall organise to call an extraordinary general meeting of the company within twenty-one days from the date of receipt of a valid requisition in regard to any matter, proceed to call a meeting for the consideration of that matter on a day not later than forty-five days from the date of receipt of such requisition.
- 3.5. If the Board fails to do the above mentioned as per the 21 and 45 days time-line, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.

4. Notice Period for a General Meeting

- 4.1. A general meeting of a company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode
- 4.2. A general meeting may be called after giving shorter notice, if consent, in writing or by electronic mode, is accorded thereto
 - a. In case of AGM: By not less than ninety-five percent of the members entitled to vote thereat;
 - b. In case of EGM: By members of the company—
 - ✓ holding, if the company has a share capital, majority in number of members entitled to vote and who represent not less than ninety-five per cent. of such part of the paid-up share capital of the company as gives a right to vote at the meeting; or
 - ✓ having, if the company has no share capital, not less than ninety-five per cent. of the total voting power exercisable at that meeting.

5. Contents of Notice

- 5.1. Every notice of a meeting shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting.
- 5.2. The notice of every meeting of the company shall be given to:
 - a. Every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
 - b. the auditor or auditors of the company; and
 - c. Every director of the company.

6. Statement to be annexed to the Notice

- 6.1. A statement setting out the following material facts concerning each item of special business to be transacted at a general meeting, shall be annexed to the notice calling such meeting, namely: —
 - a. The nature of concern or interest, financial or otherwise, if any, in respect of each item of—

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- ✓ every director and the manager, if any;
 - ✓ every other key managerial personnel; and
 - ✓ relatives of the persons mentioned in the above bullets
- b. any other information and facts that may enable members to understand the meaning, scope and implications of the items of business and to take decision thereon.

7. Categorisation of items as Special Business and Ordinary Business

7.1. Ordinary Business

The following items taken up in an AGM shall be considered to be Ordinary Businesses

- a. the consideration of financial statements and the reports of the Board of Directors and auditors;
- b. the declaration of any dividend;
- c. the appointment of Directors in place of those retiring;
- d. the appointment of, and the fixing of the remuneration of, the auditors; and

7.2. Special Business:

- a. Any other item other than that specified above transacted at an annual general meeting, shall be deemed special
- b. In the case of any other meeting, i.e., EGM. all business shall be deemed to be special:

8. Quorum for the General Meeting (AGM and EGM)

8.1. Unless the articles of the company provide for a larger number in the case of a Private Company, two members personally present, shall be the quorum for a meeting of the company.

8.2. If the quorum is not present within half-an-hour from the time appointed for holding a meeting of the company

- a. the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine; or

b. the meeting, if called by requisitionists shall stand cancelled:

- 8.3. In case of an adjourned meeting or of a change of day, time or place of meeting under clause (a), the company shall give not less than three days' notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated.
- 8.4. If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding meeting, the members present shall be considered as the quorum.

9. Appointment of Chairman for the General Meeting

- 9.1. Unless the articles of the company otherwise provide, the members personally present at the meeting shall elect one of themselves to be the Chairman thereof on a show of hands.
- 9.2. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on a show of hands shall continue to be the Chairman of the meeting until some other person is elected as Chairman as a result of the poll, and such other person shall be the Chairman for the rest of the meeting.

10. Proxy to attend and vote at the General Meeting

- 10.1. Any member of a company who is entitled to attend and vote at a meeting of the company shall be entitled to appoint another person as a proxy to attend and vote at the meeting on his behalf.
- 10.2. A proxy shall not have the right to speak at such a meeting and shall not be entitled to vote except on a poll.
- 10.3. A member of a company registered under section 8 shall not be entitled to appoint any other person as his proxy unless such other person is also a member of such company.
- 10.4. A **person** can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights:

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- 10.5. However, a member holding more than ten percent, of the total share capital of the Company carrying voting rights **may** appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- 10.6. The instrument appointing a proxy shall be in writing in Form MGT-11; and be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

11. Voting at the General Meeting

Voting at the general meeting may be provided through one of the various modes as provided below:

- a. Voting by Show of Hands
- b. Voting of Electronic Means
- c. Voting by Demand of Poll
- d. Voting by Postal Ballot

12. Minutes of the General Meeting

- 12.1. Every company shall keep Minutes of all Meetings. Some of the key matters related to keeping the Minutes for the meetings have been stated below
- 12.2. Minutes shall be recorded in books maintained for that purpose. A distinct Minutes Book shall be maintained for Meetings of the Members of the company, creditors and others as may be required under the Act and the pages of such Minutes Books shall be consecutively numbered. Minutes once entered in the Minutes Book, shall not be altered.
- 12.3. Minutes shall state, at the beginning of the Meeting, the name of the company, day, date, venue and time of commencement and conclusion of the Meeting.
- 12.4. Minutes shall record the names of the Directors and the Company Secretary present at the Meeting.
- 12.5. Minutes shall contain a fair and correct summary of the proceedings of the Meeting and Minutes shall be written in clear, concise and plain language.

- 12.6. Each item of business taken up at the Meeting shall be numbered.
- 12.7. Minutes of a General Meeting shall be signed and dated by the Chairman of the Meeting or in the event of death or inability of that Chairman, by any Director who was present in the Meeting and duly authorised by the Board for the purpose, within thirty days of the General Meeting. The Chairman shall initial each page of the Minutes, sign the last page and append to such signature the date on which the minutes are signed
- 12.8. **Minutes shall, inter alia, contain:**
- a. The Record of election, if any, of the Chairman of the Meeting.
 - b. The fact that certain registers, documents, the Auditor's Report and Secretarial Audit Report, as prescribed under the Act were available for inspection.
 - c. The Record of the presence of Quorum.
 - d. The number of Members present in person including representatives.
 - e. The number of proxies and the number of shares represented by them.
 - f. The presence of the Chairmen of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee or their authorised representatives.
 - g. The presence if any, of the Secretarial Auditor, the Auditors, or their authorised representatives, the Court/Tribunal appointed observers or scrutinisers.
 - h. Summary of the opening remarks of the Chairman.
 - i. Reading of qualifications, observations or comments or other remarks on the financial transactions or matters which have any adverse effect on the functioning of the company, as mentioned in the report of the Auditors.
 - j. Reading of qualifications, observations or comments or other remarks as mentioned in the report of the Secretarial Auditor.
 - k. Summary of the clarifications provided on various Agenda Items.

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- l. In respect of each Resolution, the type of the Resolution, the names of the persons who proposed and seconded and the majority with which such Resolution was passed.
- m. The time of commencement and conclusion of the Meeting.

Chapter 8

Returns to be filed with MCA

There are various returns that are required to be filed with MCA by Companies incorporated under the Act. The said returns can be classified majorly on the following basis. The Forms which are commonly applicable scenarios for Small Companies are emphasised:

- a) Annual Filings
- b) Event Based Filings
- c) Incorporation Based Filings

| Sr No | Form Number | Description |
|-------|-------------|---|
| 1. | CHG-1 | Application for registration of creation, modification (other than those related to debentures) including particulars of modification of charge by Asset Reconstruction Company in terms of Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI) |
| 2. | CHG-4 | Application for intimation of the payment or satisfaction (in full) of any charge relating to the company within 30 days from the date of such payment or satisfaction |
| 3. | CHG-6 | Notice of appointment or cessation of receiver or manager |
| 4. | CHG-8 | Application to Central Government for extension of time for filing particulars of registration of creation / modification / satisfaction of charge OR for rectification of omission or misstatement of any particular in respect of creation/ modification/ satisfaction of charge |

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| Sr No | Form Number | Description |
|--------------|--------------------|---|
| 5. | CHG-9 | Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures) |
| 6. | DIR-3 KYC Web | For verification of director's KYC details |
| 7. | DIR-3 KYC eForm | For verification of director's KYC details for the first time with MCA |
| 8. | DPT-3 | Filing return of deposit or particulars of transaction not considered as a deposit or both by every company other than Government Company |
| 9. | DPT-4 | Required to be filed by the Company to report the amount of deposit unpaid on the date of commencement of Companies Act, 2013 with the Registrar of Companies within three months from such commencement or from the date on which such payments, are due. (Not Applicable) |
| 10. | SPICE+ Part A | Application to Reserve name For New Company |
| 11. | RUN | Application for change of name for any existing company. |
| 12. | Spice+ Part B | Application for Incorporation of New Company |
| 13. | e-MOA[INC-33] | Linked Form related to Memorandum of Association |
| 14. | e-MOA[INC-13] | Linked Form related to Memorandum of Association |
| 15. | e-AOA[INC-31] | Linked Form related to Articles of Association |
| 16. | e-AOA[INC-34] | Linked Form related to Articles of Association |
| 17. | URC-1 | Application by a company for registration under section 366 (the word "company" includes any partnership firm, limited liability partnership, cooperative society, society or any other business |

Returns to be filed with MCA

| Sr No | Form Number | Description |
|--------------|--------------------|---|
| | | entity formed under any other law for the time being in force which applies for registration under this Part.) |
| 18. | INC-9 | Linked form for declaration by First Directors and Subscribers |
| 19. | Agile Pro S | Linked form for Application for Goods and Services Tax Identification number, ESI, corporation registration plus Employees provident fund organization registration, Profession tax Registration, Opening of bank account and Shops and Establishment Registration. |
| 20. | INC-20A | Declaration for commencement of business |
| 21. | INC-24 | Application for approval of Central Government for change of name |
| 22. | INC-4 | One Person Company – Change in Member/ Nominee |
| 23. | MGT-7 | Annual Return Form that is to be mandatorily filed by all Companies registered in India with the Registrar of Companies (RoC) on the website of the Ministry of Corporate Affairs. This return contains the basic information related to a company such as its shareholders, directors, etc. (Not applicable to OPCs and Small Company) |
| 24. | MGT-7A | Form for filing annual return by OPCs and Small company instead of MGT-7. |
| 25. | AOC-4(XBRL) | Form for filing XBRL document in respect of financial statement and other documents with the Registrar (Not applicable to Small Companies) |
| 26. | AOC-4 | Form for filing financial statement and other documents with the Registrar |

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| Sr No | Form Number | Description |
|--------------|-----------------------------------|---|
| 27. | AOC-1 | Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures. |
| 28. | AOC-2 | Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions |
| 29. | AOC-4 CFS | Form for filing consolidated financial statements and other documents with the Registrar |
| 30. | e-Auditor's Report (Consolidated) | Form for filing consolidated financial statements and other documents with the Registrar. A linked form for e-auditor report will open where auditor report need to be filled. |
| 31. | e-Auditor's Report (Standalone) | Form for filing financial statement and other documents with the Registrar. A linked form for e-auditor report will open where auditor report need to be filled. |
| 32. | AOC-4 NBFC | Form for filing financial statement and other documents with the Registrar for NBFCs |
| 33. | AOC-4 NBFC CFS | Form for filing consolidated financial statements and other documents with the Registrar for NBFCs |
| 34. | AOC-4 Addendum/CSR-2 | The web-form Addendum to AoC-4 CSR shall be filed as an independent form by all the companies that are required to carry out CSR activities as per the relevant rules or are voluntarily carrying out CSR activities. |
| 35. | MGT-14 | Filing of Resolutions and agreements to the Registrar under section 117 |
| 36. | INC-22 | Notice of situation or change of situation of registered office |

Returns to be filed with MCA

| Sr No | Form Number | Description |
|--------------|--------------------|---|
| 37. | INC-23 | Application to the Regional Director for approval to shift the Registered Office from one State to another state or from jurisdiction of one Registrar to another Registrar within the State |
| 38. | DIR-3 | Application for allotment of DIN |
| 39. | DIR-3C | For the Intimation of Director Identification Number (DIN) by the company to the Registrar of DIN services. (Not applicable in current scenario) |
| 40. | DIR-5 | Application for surrender of Director Identification Number |
| 41. | DIR-6 | Intimation of change in particulars of Director to be given to the Central Government |
| 42. | DIR-12 | Appointment of Director and Key Managerial Personnel and any changes among them. |
| 43. | DIR-11 | Notice to be given by Directors on resignation. (Optional) |
| 44. | DIR-10 | Application for removal of Disqualification of Directors |
| 45. | DIR-9 | Report by the company to Registrar for disqualification of Directors |
| 46. | MR-1 | Return of appointment of managing director or whole-time director or manager |
| 47. | MR-2 | Form of application to the Central Government for approval of appointment or reappointment and remuneration or increase in remuneration or waiver for excess or over payment to managing director or whole-time director or manager and commission or remuneration to directors |
| 48. | INC-12 | Application for grant of License to an existing company under section 8 |

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| Sr No | Form Number | Description |
|--------------|--------------------|---|
| 49. | INC-18 | Application to Regional Director for conversion of section 8 company into any other kind of company |
| 50. | INC-20 | Intimation to Registrar of revocation/surrender of license issued under section 8 |
| 51. | INC-6 | One Person Company - Conversion form |
| 52. | INC-27 | Conversion of public company into private company or private company into public company or Conversion of Unlimited Liability Company into Limited Liability Company |
| 53. | INC-28 | Notice of Order of the Court or any other competent authority |
| 54. | SH-7 | Notice to Registrar for any alteration of Share Capital: Whenever a company alters its share capital/ number of members independently or increases the share capital by conversion of debentures/loans due to order of Central Government, then a return shall be filed with the registrar within 30 days of such alteration or increase. |
| 55. | PAS-3 | Return of Allotment: Whenever a company makes any allotment of shares or securities, it is required to file a return of allotment in eForm PAS-3 to Registrar within thirty days of such allotment including the complete list of allottees to whom the securities have been issued |
| 56. | MGT-15 | All listed public companies will make a report upon each AGM engaging the confirmation to the result that the meeting was called upon carried and executed and furnish that in e-Form MGT-15 with Registrars of Companies (ROC) (Not applicable to Small Companies) |

Returns to be filed with MCA

| Sr No | Form Number | Description |
|--------------|---------------------|---|
| 57. | CRA-2 | Form of intimation of appointment of cost auditor by the company to Central Government. |
| 58. | CRA-4 | Form for filing Cost Audit Report with the Central Government. |
| 59. | PAS-2 | Form PAS-2 is an Information Memorandum which is defined under Section 31 of Companies Act,2013. This form is used by the companies who have to file the Shelf Prospectus. (This is not applicable to Small Companies) |
| 60. | PAS-6 | Form PAS-6 is concerned with the filing of the reconciliation of the share capital audit report (half-yearly) of unlisted public companies. (This is not applicable to Small Companies) |
| 61. | Change request form | Application of Change Request by a Company/Foreign Company/LLP/LLP. |
| 62. | ADT-1 | When a company appoints an auditor, it is under obligation to acknowledge the registrar of companies (ROC) about the appointment of the auditor in a prescribed manner as per section 139 (1) of the companies act 2013 |
| 63. | ADT-2 | Application by the company seeking approval from the Regional Director/ Registrar of Companies for Removal of Auditor from the office before the expiry of the term of office |
| 64. | ADT-3 | Notice of Resignation by the Auditor |
| 65. | ADT-4 | This report to be submitted by the Auditors (including Cost Auditors and Secretarial Auditors) to the Central Government immediately,, in case auditor has sufficient reason to believe that an offence involving fraud, is being or has been |

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| Sr No | Form Number | Description |
|--------------|--------------------|---|
| | | committed against the company by officers or employees of the company. |
| 66. | NDH-1 | Nidhi Company to file a return of statutory compliances |
| 67. | NDH-2 | Application for extension of time - Nidhi Companies |
| 68. | NDH-3 | Return for half year ended - Nidhi Companies |
| 69. | NDH-4 | Form for filing application for declaration as Nidhi Company or updation of status by Nidhi |
| 70. | Refund | Application for requesting refund of fees paid |
| 71. | RD-1 | Form for filing application to Regional Director |
| 72. | CG-1 | Form for filing application or documents with Central Government |
| 73. | BEN-2 | Declaration that has to be filed by a director or manager of a company regarding their beneficial ownership in the shares of the company |
| 74. | GNL-1 | User can file application seeking approval from Registrar of Companies by filing application in eForm GNL-1 for different purposes under Companies Act, 2013. |
| 75. | GNL-2 | Company can file certain documents with the Registrar of Companies by filing this eForm GNL-2 and in case there is no eForm prescribed for filing any document with Registrar, then company or liquidator can file such documents through this eForm. |
| 76. | GNL-3 | Particulars of Key managerial personnel(s) or director(s) or charged or specified for the purpose of sub section (60) of section 2 |

Returns to be filed with MCA

| Sr No | Form Number | Description |
|--------------|--------------------|---|
| 77. | MSC-1 | Application to ROC for obtaining the status of dormant company |
| 78. | MSC-3 | Return of dormant companies |
| 79. | MSC-4 | Application to Registrar by a Dormant Company for seeking the status of an active company |
| 80. | INC-22A | All the companies which got incorporated on or before 31st Dec 2017 which are under 'Active' status as on the date of filing shall submit required particulars in eForm INC-22A on or before 25th April 2019. |
| 81. | ADJ | Memorandum of Appeal |
| 82. | GNL-4 | Form for filing Addendum for rectification of defects or incompleteness |
| 83. | AOC-5 | Notice of the address at which the books of account of a company are being maintained. |
| 84. | MSME | Form for furnishing half yearly return with the registrar in respect of outstanding payments to Micro or Small Enterprise. |
| 85. | MGT-3 | Notice of situation or change of situation or discontinuation of situation, of place where foreign register shall be kept |
| 86. | FC-1 | A foreign company shall file the particulars of the principal place of business in eform FC-1 |
| 87. | FC-2 | Return of alteration in the documents filed for registration by foreign company |
| 88. | FC-3 | Annual Accounts with the list of all principal places of business in India established by foreign company |
| 89. | FC-4 | Annual Return of a Foreign Company |

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| Sr No | Form Number | Description |
|--------------|--------------------|---|
| 90. | STK-2 | Application by company to ROC for removing its name from register of Companies |
| 91. | MGT-6 | A company makes a declaration to the Registrar regarding persons whose name is in the register of members as a shareholder but they do not hold any beneficial interest in such shares. |
| 92. | CSR-1 | Form for registering entities to get CSR funding from the corporates and undertake CSR activities. |
| 93. | SH-8 | Letter of Offer: To be filled by the company for presenting letter of offer for buyback of its own shares or other securities. |
| 94. | SH-9 | Declaration of Solvency: Where a company proposes to buy-back its own shares or other specified securities, it shall, before making such buy-back, file with the Registrar and the Securities and Exchange Board, a declaration of solvency |
| 95. | SH-11 | Return in respect of buy-back of Securities |
| 96. | Complaint form | Raise complaint or concerns with respect to MCA services |
| 97. | CRL-1 | Every company other than certain exempted class of companies, which has number of layers of subsidiaries in excess of the layers specified in the Companies Act, 2013 shall file a return in webform CRL-1 |
| 98. | IEPF-1 | Statement of amounts credited to Investor Education and Protection Fund |
| 99. | IEPF-1A | File Statement of amounts credited to Investor Education and Protection Fund |
| 100. | IEPF-2 | Statement of unclaimed and unpaid amounts |

Returns to be filed with MCA

| Sr No | Form Number | Description |
|--------------|--------------------------------|---|
| 101. | IEPF-4 | Statement of shares transferred to the Investor Education and Protection Fund |
| 102. | IEPF-5 - E-verification report | The claimant after making an application in Form No. IEPF-5, shall send original physical share certificate, original bond, deposit certificate, debenture certificate, as the case may be, along with Indemnity Bond, Advance Receipts, any other document as enumerated in Form No. IEPF-5, duly signed by him, to the Nodal Officer of the concerned company at its registered office for verification of the claim. |
| 103. | IEPF-5 - Web form | Application to the Authority for claiming unpaid amounts and shares out of Investor Education and Protection Fund (IEPF) |