EXCEPTIONS, MODIFICATIONS & ADAPTATIONS TO PRIVATE COMPANIES

Section No.	Section	Exception, Modification or Adaptation
2(40)	Financial Statements	Financial Statements may not include Cash Flow Statements for the following types of private companies: 1. OPC 2. Small Company 3. Dormant Company 4. Pvt Ltd Startup Company
2(76)(viii)	Related Party	1. Body Corporate – which is a – holding co., subsidiary co., or an associate co., of The Company 2. Another co. which is subsidiary of the same holding co. 3. Investing or venturer co. -are not included in the definition of a Related Party for a Private Company
43	Kinds of Share Capital	Shall not apply to a private company if provided in its Memorandum or Articles.
47	Voting rights	
62	Further issue of share capital	Private companies are not required to comply with the provisions with respect to the minimum time period to open a right offer, IF 90% OF THE MEMEBRS HAVE GIVEN THEIR CONSENT IN WRITING/ELECTRONIC MODE
62	Further issue of share capital	Private company can offer shares to its employees under Employee Stock Option Plans by passing Ordinary Resolution, instead of Special Resolution
67	Restrictions on Purchase by Company or Giving of Loans by it for Purchase of its Shares	Provision: A co. limited by shares or guarantee and having a share capital **CANNOT** buy its own shares unless the consequent reduction of Share Capital is effected.

		However, a private company can do so, subject to the following conditions: 1. No Body Corporate has invested money in its share capital 2. Its borrowings from banks, financial institutions or any other Body Corporate shall: Be less than i. 2x its Paid-Up Share Capital Or ii. Rs. 50 Crores Whichever is lower 3. The Company has not defaulted in repayment of borrowings subsisting at the time of making such transaction.
73	Acceptance of Public Deposit	While accepting a deposit, a private limited company is not required to- 1. Issue a circular stating the financial position of company, credit rating obtained, etc. 2. File a copy of the circular with Registrar 3. Deposit 20% of the amount of deposits maturing the following financial year 4. Certify that company has not defaulted the payment of any deposits or interest accrued thereon This exemption is provided only to the companies which fulfill the following conditions, and all of these companies are required to file details of such deposits to the Registrar: 1. Private Company which accepts monies **FROM its MEMBERS** **<u>NOT EXCEEDING 100% OF (Paid-up share capital + Free Reserves)</u>** 2. Private Company which is a startup for 5 years from the date of incorporation 3. A private company i. **Which is not** an associate or a subsidiary of other company ii. Whose borrowings from banks, financial institutions or any other Body Corporate: **is less than** i. 2x its Paid-Up Share Capital Or ii. Rs. 50 Crores Whichever is lower iii. The Company has not defaulted in repayment of borrowings subsisting at the time of accepting deposits.

92	Annual Return	A private company **BEING A SMALL COMPANY** shall prepare its Annual Return containing the particular “*Aggregate amount of remuneration drawn by Directors”* instead of “ *Aggregate amount of remuneration drawn by Directors & KMP”*
92	Annual Return	Annual returns of the following private companies shall be signed by a CS, if any, or else by a Director 1. OPC 2. Small Company 3. Private Company [Start-up]
101	Notice of meeting	**Shall be applicable as per the Act,** or as per the Articles, if the Articles provide otherwise
102	Statement to be annexed to the notice	
103	Quorum of meetings	
104	Chairman of meetings	
105	Proxies	
106	Restrictions on Voting Rights	
107	Voting by show of hands	
109	Demand for poll	

179(3)	Powers of Board	A private company is **not required** to file Board Resolution in Form MGT-14 with the Registrar for transacting the following businesses: i. To make calls on shareholders in respect of unpaid share money ii. Authorize buyback iii. Issue securities, including debentures, in or outside India iv. Borrow monies v. Invest the funds of the company vi. Loans, guarantee, security in respect of loans vii. To approve financial statements and board reports viii. Diversify the business of company ix. Approve amalgamation, merger or reconstruction x. Takeover or acquire a controlling or substantial stake in another company xi. Make political contributions xii. Appoint or remove KMPs xiii. Appoint internal auditor or secretarial auditor
141(3)	Eligibility, qualifications & disqualifications of auditors	The following types of private companies are not counted in the limit of 20 companies, for the limit of appointment of auditor/audit firm 1. OPC 2. Dormant Company 3. Small company 4. Private Company having a paid-up share capital less than Rs. 100 Crore
143(3)	Powers and duties of auditors & accounting standards	The provision that an auditor's report shall state as to *"whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls"* shall **not apply** to: A private company which is: i. OPC ii. Small company iii. Has turnover of less than Rs 50 Crores AND aggregate borrowings at any point of time during the Financial Year from banks, financial institutions or other body corporates being less than Rs 25 Crores
160	Right of persons other than retiring director to stand for directorship	Shall not apply

162	Appointment of directors to be voted individually	Shall not apply
173	Meetings of Board	Section 173 is deemed to have been complied if at least one meeting has been conducted in each half of calendar year, having a minimum gap of 30 days for the following private companies: i. OPC ii. Small company iii. Dormant company iv. Private Company (Start-up) For an OPC having 1 director on the Board of director, there is no limit on minimum number of Board meetings, and there is no requirement of minimum quorum of Board.
174(3)	At any point of time	Original Provision: If at any point of time, the number of interested directors is more than or equal to the two-thirds of total strength of Board of director, then the number of directors who are present and not interested, being at least 2 in number, shall be the quorum for the Meeting. Provision for a private company: Section 174(3) shall be applicable to the company. However, interested directors may also be counted towards the quorum in such a meeting, provided the director must disclose his interest pursuant to Section 184.
184(2)	Disclosure of interest by director	In a private company, a director can participate in a board meeting wherein he is interested in a contract/arrangement entered into/to be entered into, after the disclosure of his interest
185	Loan to directors	Not applicable to a private company, provided: i. No other body corporate has made any investment in the share capital of such private company ii. Such private company has not made any default in repayment of borrowings subsisting at the time of making such transaction iii. Total borrowing shall not exceed: a. 2x Paid-Up share capital b. Rs 50 Crores Whichever is lower

188	Related Party Transactions	Member who is a related party can vote on the resolution in the shareholder's meeting
196(4), 196(5)	Provisions regarding: i. Manner of appointment of MD, WTD, Manager ii. Terms of their appointment iii. Remuneration payable (197) iv. Filing the return of appointment with Registrar	Not applicable to a Private Company