A BRIEF COMPILATION ON THE

(AMENDMENTS)

UNDER

THE COMPANIES ACT 2013

For, CS Executive/ CS Professional – Dec. 2015

By:

CS Vinit Nagar

(Practicing Company Secretary)

Comprising of:

- COMPANIES (MANAGEMENT AND ADMINISTRATION) AMENDMENT RULES, 2015.
- COMPANIES (ACCEPTANCE OF DEPOSITS) SECOND AMENDMENT RULES, 2015
- THE COPMANIES (AMENDEMENT) ACT, 2015
- EXCEPTIONS, MODIFICATIONS AND ADAPTATIONS TO A PRIVATE COMPANY- 5TH JUNE 2015
- RELAXATIONS TO SECTION 8 COMPANIES- 5TH JUNE 2015

MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION

New Delhi, the 19th March, 2015

In exercise of the powers conferred by section 108 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Management and Administration) Rules, 2014, namely:—

1. (1) These rules may be called the Companies (Management and Administration) Amendment Rules, 2015.
   (2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Companies (Management and Administration) Rules, 2014, for rule 20, the following rule shall be substituted, namely:—

"Voting though electronic means.— (1) The Provisions of this rule shall apply in respect of the General Meetings for which notices are issued on or after the date of commencement of this rule.

(2) Every company other than a company referred to in Chapter XB or Chapter XC of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 having its equity shares listed on a recognized stock exchange or a company having not less than one thousand members, shall provide to its members facility to exercise their right to vote on resolutions proposed to be considered at general meetings by electronic means.

***Explanation.*—**For the purposes of this rule, the expression—

(i) "Agency" means the National Securities Depository Limited, the Central Depository Services (India) Limited or any other entity approved by the Ministry of Corporate Affairs subject to the condition that the National Securities Depository Limited, the Central Depository Services (India) Limited or such other entity has obtained a certificate from the Standardisation Testing and Quality Certification Directorate, Department of Information Technology, Ministry of Communications and Information Technology, Government of India including with regard to compliance with parameters specified under Explanation (vi);
(ii) "Cut-off date" means a date not earlier than seven days before the date of general meeting for determining the eligibility to vote by electronic means or in the general meeting;
(iii) "Cyber security" means protecting information, equipment, devices, computer, computer resource, communication device and information stored therein from unauthorised access, use, disclosures, disruption, modification or destruction;
(iv) "electronic voting system" means a secured system based process of display of electronic ballots, recording of votes of the members and the number of votes polled in favour or against, in such a manner that the entire voting exercised by way of electronic means gets

registered and counted in electronic registry in a centralized server with adequate cyber security;

(v) "Remote e-voting" means the facility of casting votes by a member using an electronic voting system from a place other than venue of a general meeting;

(vi) "secured system" means computer hardware, software, and procedure that –

(a) are reasonably secure from unauthorised access and misuse;

(b) provide a reasonable level of reliability and correct operation;

(c) are reasonably suited to performing the intended functions; and

(d) adhere to generally accepted security procedures;

(vii) "Voting by electronic means" includes "remote e-voting" and voting at the general meeting through an electronic voting system which may be the same as used for remote e-voting.

(3) A member may exercise his right to vote through voting by electronic means or resolutions referred to in sub-rule (2) and the company shall pass such resolutions in accordance with the provisions of this rule.

(4) A company which provides the facility to its members to exercise voting by electronic means shall comply with the following procedure, namely:—

(i) the notice of the meeting shall be sent to all the members, directors and auditors of the company either—

(a) by registered post or speed; post; or

(b) through electronic means, namely, registered e-mail ID of the recipient; or

(c) by courier service;

(ii) the notice shall also be placed on the website, if any, of the company and of the agency forthwith after it is sent to the members;

(iii) the notice of the meeting shall clearly state—

(A) that the company is providing facility for voting by electronic means and the business may be transacted through such voting;

(B) that the facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting;

(C) that the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again;

(iv) the notice shall —

(A) indicate the process and manner for voting by electronic means ;

(B) indicate the time schedule including the time period during which the votes may be cast by remote e-voting;

(C) provide the details about the login ID;

(D) specify the process and manner for generating or receiving the password and for casting of vote in a secure manner.

(v) the company shall cause a public notice by way of an advertisement to be published, immediately on completion of despatch of notices for the meeting under clause (i) of sub-rule (4) but at least twenty-one days before the date of general meeting, at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having country-wide circulation, and specifying in the said advertisement, *inter alia,* the following matters, namely:-

(a) statement that the business may be transacted through voting by electronic means ;
(b) the date and time of commencement of remote e-voting;
(c) the date and time of end of remote e-voting;
(d) cut-off date;
(e) the manner in which persons who have acquired shares and become members of the company after the dispatch of notice may obtain the login ID and password;
(f) the statement that—

(A) remote e-voting shall not be allowed beyond the said date and time;
(B) the manner in which the company shall provide for voting by members present at the meeting; and
(C) a member may participate in the general meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again in the meeting; and
(D) a person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting;

(g) website address of the company, if any, and of the agency where notice of the meeting is displayed; and
(h) name, designation, address, email id and phone number of the person responsible to address the grievances connected with facility for voting by electronic means:

Provided that the public notice shall be placed on the website of the company, if any, and of the agency;

(vi) The facility for remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on the date preceding the date of the general meeting;

(vii) during the period when facility for remote e-voting is provided, the members of the company, holding shares either in physical form or in dematerialized from, as on the cut-off date, may opt for remote e-voting:

Provided that once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently or cast the vote again:

Provided further that a member may participate in the general meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again;

(viii) at the end of the remote e-voting period, the facility shall forthwith be blocked:

Provided that if a company opts to provide the same electronic voting system as used during remote e-voting during the general meeting, the said facility shall be in operation till all the resolutions are considered and voted upon in the meeting and may be used for voting only by the members attending the meeting and who have not exercised their right to vote through remote e-voting.

(ix) the Board of Directors shall appoint one or more scrutinisers, who may be Chartered Accountant in practice, Cost Accountant in practice, or Company Secretary in practice or an Advocate, or any other person who is not in employment of the company and is a person of repute who, in the opinion of the Board can scrutinise the voting and remote e-voting process in a fair and transparent manner:

Provided that the scrutinisers so appointed may take assistance of a person who is not in employment of the company and who is well-versed with the electronic voting system;

(x) the scrutiniser shall be willing to be appointed and be available for the purpose of ascertaining the requisite majority;

(xi) the Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, as provided in clauses (a) to (h) of sub-rule (1) of rule 21, as applicable, with the assistance of scrutinisers, by use of ballot or polling paper or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.

(xii) the scrutinizers shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same:

Provided that the Chairman or a persona authorized by him in writing shall declare the result of the voting forthwith:

Explanation.— It is hereby clarified that the manner in which members have cast their votes, that is, affirming or negative the resolution, shall remain secret and not available to the Chairman, Scrutiniser or any other person till the votes are cast in the meeting.

(xiii) For the purpose of ensuring that members who have cast their votes through remote e-voting do not note again at the general meeting, the scrutinisers shall have access, after the closure of period for remote e-voting and before the start of general meeting, to details relating to members, such as their names, folios, number of shares held and such other information that the scrutinisers may require, who have cast votes through remote e-voting but not the manner in which they have cast their votes:

(xiv) the scrutinisers shall maintain a register either manually or electronically to record the assent or dissent received, mentioning the particulars of name, address, folio number or client ID of the members, number of shares held by them, nominal value of such shares and whether the shares have differential voting rights;

(xv) the register and all other papers relating to voting by electronic means shall remain in the safe custody of the scrutinisers until the Chairman considers, approves and signs the minutes and thereafter, the securitinisers shall hand over the register and other related papers to the company.

(xvi) the results declared along with the report of the scrutinizer shall be placed on the website of the company, if any, and on the website of the agency immediately after the result in declared by the Chairman :

Provided that in case of companies whose equity shares are listed on a recognized stock exchange, the company shall, simultaneously, forward the results of the concerned stock exchange or exchanges where its equity shares are listed and such stock exchange or exchanges shall place the results on its or their website.

(xvii) subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of the relevant general meeting.

Explanation.— For the purposes of this clause, the requisite number of votes shall be the votes required to pass the resolution as the 'ordinary resolution' or the 'special resolution', as the case may be, under section 114 of the Act.

(xviii) a resolution proposed to be considered through voting by electronic means shall not be withdrawn."

Government of India
Ministry of Corporate Affairs Notification
New Delhi, Dated- 15th September, 2015

Companies (Acceptance of Deposits) Second Amendment Rules, 2015 Ministry of Corporate affairs vide its notification dated 15.09.2015 has provided that wef 15.09.2015 a private company can accept unsecured loans apart from director also from a relative of Director provided that relative of director from whom money is received, furnishes to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others and the company shall disclose the details of money so accepted in the Board's report. The relative need not be a shareholder of the company.
Further Notification has also provided that balance securities premium account will also be included in calculation of eligible amount of deposit which a company can raise earlier Rule 3 has provided only paid up share capital and free reserves.

In the said rules, in rule 3, – (a) for the words "paid-up share capital and free reserves", wherever they occur, the words "paid-up share capital, free reserves and securities premium account" shall be substituted;

MINISTRY OF LAW AND JUSTICE
New Delhi, the 26th May, 2015
THE COPMANIES (AMENDEMENT) ACT, 2015

SECTION	EARLIER PROVISION	PROVISIONS AFTER AMENDMENT
2 (68)	Private Company required "Minimum Paid up Share Capital of Rs 100,000/-"	No requirement of Minimum Paid Up Capital.
2 (71)	Public Company required "Minimum Paid up Share Capital of Rs 500,000/-"	No requirement of Minimum Paid Up Capital.
9, 12 and 223	Affixation of Common Seal is Mandatory	Use of Common Seal is now optional. (Not Mandatory)
11	Commencement of Business	No requirement of Commencement of Business Certificate. Such section shall be omitted.
46	Issue of Share Certificate(46(1): A share certificate issue under the common seal of Company{Clause substituted)	Use of Common Seal is now optional. (Not Mandatory)If company doesn't have common seal then signed by two Directors or by a director and Company secretary (if any)
76A	This was not in the Act.	New Section 76A inserted after Section 76 for punishment for deposits accepted in violation of the provisions of the said Act.(Bare Act Language of Section 76A given at the end)
117(3)(g)	Public can inspect the form MGT-14 filed by the Companies as per section 179(3) for the Board Resolution.	Public can't inspects form MGT-14 filed for the purposes mention in section 179(3).{MGT-14 (filed for purpose of Section 179(3), Board Resolution) will not available for public inspection on MCA portal.}
123(1)	This was not in the Act.	After the third proviso of 123(1), the following proviso is inserted. Proviso, No company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.
124(6)	"Unpaid or unclaimed dividend has been transferred under sub-section (5) Substituted	(i) for the words, brackets and figure "unpaid or unclaimed dividend has been transferred under sub-section (5) shall also be", the words "dividend has not been paid or claimed for seven consecutive years or more(ii) after the proviso, the following explanation shall be inserted, namely:— "Explanation.— In case any dividend is paid or claimed for any year during the said period of seven consecutive years, the share shall not be transferred to Investor Education and Protection Fund.''.
134(3)	Not Earlier in the Act.	After Clause "c" following clause (ca) is inserted:

		Details in respect of frauds reported by auditors under sub-section (12) of section 143 “**other than those which are reportable to the Central Government”**
143(12)	The Act requires that if the auditor of a company has reason to believe that an offence of fraud has been committed against the company, by its employees, he must report the matter to the central government within a time period and in a manner prescribed	Notwithstanding anything contained in this section, if any auditor of a company in the course of the performance of his duties as auditor, has reason to believe that an offence of fraud involving such amount or amounts as may be prescribed, is being or has been committed in the company by its officers or employees, <u>the auditor shall report the matter to the central government within such time and in such manner as may be prescribed:</u> Provided that in case of a <u>fraud involving lesser than the specified amount, the auditor shall report the matter to the audit committee constituted under section 177 or to the Board in other cases within</u> such time and in such manner as may be prescribed: Provided further that the companies whose auditors have reported frauds under subsection 12 to the Audit Committee or the Board but not reported to the Central Government, shall disclosed details about <u>such frauds in the Board Report in such manner as may be prescribed.</u>
185	Not Earlier in the Act.Bare Act Language of Section 185(1)(b) : A company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and in respect of such loan an interest in charged at a rate not less than the bank rate declared by the RBI.	After clause (b) Sub Section (1) of Section 185 following clause and proviso added:(c) Any loan made by a Holding Company to its Wholly own Subsidiary Company or any guarantee given or security provided by a Holding Company in respect of any loan made to its wholly own subsidiary Company, (d) Any guarantee given or security provided by a Holding Company in respect of Loan made by any Bank or financial institution to its subsidiary CompanyProvided that the loan made under clauses (c) and (d) are utilized by the subsidiary company for its <u>principal business activity</u>.
188(1)	Earlier Special Resolution was required.(As per the previous system, the companies with a paid up capital of Rs 10 crore or more were required to get shareholders’ nod through a special resolution in case of related party transactions)	For the word “Special Resolution” the word “Resolution” is substituted under the Act. Now Ordinary resolution will work.
188(1)	Not Earlier in the Act.	Not required to follow provision of Section 188.

		After the third proviso of Section 188(1) the following proviso inserted: Provided also that that the requirement of passing the resolution under the first proviso shall not be applicable for transactions entered between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and have been placed before the shareholders for their approval

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 5th June, 2015

In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of said section of the Companies Act, 2013 (18 of 2013), the Central Government, in the interest of public, hereby directors that certain provisions of the Companies Act, 2013, as specified in column (2) of the Table, shall not apply or shall apply with such exceptions, modifications and adaptations, as specified in column (3) of the said Table, to a private company, namely:—

Serial number	**Chapter/ Section number/ Sub-section(s) in the Companies Act, 2013**	**Exceptions/Modifications/Adaptations**
(1)	(2)	(3)
1.	Chapter I, sub-clause (viii) of clause (76) of section 2.	Shall not apply with respect to section 188. **Sections 2(76)(viii) and second proviso to 188(1) of the Act -** For private Companies, the Holding, Subsidiary or Associate companies and fellow subsidiaries will no more be related parties, for compliances under section 188. Further, the member of the private company shall be able to vote on resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party. This will help the company to speed-up the processes by avoiding certain procedural hurdles.
2.	Chapter IV, section 43 and section 47.	Shall not apply where memorandum or articles of association of the private company so provides. **Sections 43 and 47 of the Act -** The provisions of sections 43 (i.e. Kinds of share capital) and 47 (i.e.Voting rights) will not be applicable now to private companies. With this, the private companies will have full freedom to decide on the class of shares of the company and the voting rights to its members, on such shares. However, while deciding on the same, such company's memorandum and articles need to have all clear provisions in respect of class of shares, rights of voting, dividend, redemption, etc. and the same shall be subject to the other related provisions of the Act, for which private companies have no exemption under the Act.
3.	Chapter IV, sub-	Shall apply with following modifications:—

	clause (i0 of clause (a) of sub-section (1) and sub-section (2) of section 62.	In clause (a), in sub-clause (i), the following proviso shall be inserted, namely:— Provided that notwithstanding anything contained in this sub-clause and sub-section (2) of this section, in case ninety per cent. 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. **Sections 62(1)(a)(i) and (2) of the Act –** Section 62 of the Act provides for provisions in respect of further issue of shares and the sub-sections (1)(a)(i) and (2) provide periods for certain compliances. In order to have swift completion of procedures under the said section, subject to consent in writing or in electronic mode of 90% of its members, the private companies are allowed to have lesser periods than specified for procedural compliances.
4.	Chapter IV, clause (b) of sub-section (1) of section 62.	In clause (b), for the words “special resolution”, the words “ordinary resolution” shall be substituted. Section 62(1)(b) of the Act – With exemptions granted now, the private companies can increase subscribed capital by issue of further shares to employees under a scheme of employees’ stock option, subject to ordinary resolution passed by company. For public companies special resolution is required to be passed
5.	Chapter V, clauses (a) to (e) of sub-section (2) of section 73.	Shall not apply to a private company which accepts from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified. **Sections 73(2)(a) to (e) of the Act** – The provisions of section 73(2)(a) to (e) of the Act relating to acceptance of deposits viz. circular about financial position, credit rating, deposit repayment reserves, deposit insurance and certification etc. shall not be applicable to private company which accepts from its members monies not exceeding one hundred per cent of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified.
6.	Chapter VII, sections 101 to 107 and section 109.	Shall apply unless otherwise specified in respective sections or the articles of the company provide otherwise. **Sections 101 to 107 and 109 of the Act-** The provisions of sections 101 to 107 and 109 of the Act stipulate all general meeting compliances for the companies i.e. Notice of meeting, Statement to be annexed to notice, Quorum of meetings, Chairman of meetings, Proxies, Restriction

		on voting rights, Voting by show of hands and Demand for poll. The provisions of these sections shall not be applicable to private companies unless otherwise specified in respective sections or the articles of the company provide otherwise. Thus, in order to take advantage of these exemptions, all private companies need to suitably amend their articles at the earliest and stipulate required provisions in the same.
7.	Chapter VII, clause (g) of sub-section (3) of section 117.	Shall not apply. **Section 117(3)(g) of the Act-**The provisions of section 117 state filing requirements of particular resolutions and agreements with the ROC. With the exemption, now private companies need not file resolutions passed under Section 179(3) i.e. Board's powers to be exercised at the Board meeting. As a result, private companies need not file form:MGT-14 with ROC on 13 various occasions of exercise of powers of Board under the provisions of section 179(3) and rule 8 of amended Companies (Meetings of Board & its powers) Rules, 2014.
8.	Chapter X, Clause (g) of sub-section (3) of section 141.	Shall apply with the modification that the words "other than one person companies, dormant companies, small companies and private companies having paid-up share capital less than one hundred crore rupees" shall be inserted after the words "twenty companies". **Section 141(3)(g) of the Act-** This particular section stipulates the number of companies i.e. 20 for which Chartered Accountants can conduct the statutory audits. This exemption has removed certain companies from the restricted number of 20 companies i.e. one person companies, dormant companies, small companies and private companies having paid-up share capital less than one hundred crore rupees. As a result, now the Chartered Accountants can conduct statutory audits of any number of one person companies, dormant companies, small companies and private companies having paid-up share capital less than one hundred crore rupees; in addition to 20 companies as stipulated under the said section.
9.	Chapter XI, section 160.	Shall not apply.
10.	Chapter XI, section 162.	Shall not apply.
11.	Chapter XII, section 180.	Shall not apply. **Sections 160, 162 and 180 of the Act -** The provisions of section

		160 (i.e. Right of persons other than retiring directors to stand for directorship), Section 162 (i.e. Appointment of directors to be voted individually) and section 180 (i.e. Restrictions on powers of Board) are not applicable to private companies. In a way, this exemption has provided freedom of operations and a relief from procedural hurdles to the private companies.
12.	Chapter XII, sub-section (2) of section 184.	Shall apply with the exception that the interested director may participate in such meeting after disclosure of his interest. **Section 184(2) of the Act-** The provisions of section 184(2) state that 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— (*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 (*b*) with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting. However, the exemption allows private company's interested directors to participate in such meeting after disclosure of interest. As a result, such director can play an important role of active participation in the decision making process and exercise his responsibilities in a *bona fide* manner in the interest of the company.
13.	Chapter XII, section 185.	Shall not apply to a private company – (a) in whose share capital no other body corporate has invested any money; (b) if the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is lower; and

		(c) such a company has no default in repayment of such borrowings subsisting at the time of making transactions under this section.
14.	Chapter XIII, sub-section (4) and (5) of section 196.	Shall not apply. **Section 196(4) and (5) of the Act** - The private companies are now not required to comply with the provisions of Section 196(4) and (5) of the Act. These sections put restrictions on the companies to comply with the provisions of section 197 and schedule V to the Act. However, with this exemption, a private company may appoint executive directors without even passing of Board resolution, of course subject to the provisions of Articles, though this may not be an intention of the Regulatory.

Ministry of corporate affairs

Notification

New Delhi, the 5th June, 2015

The Ministry of Corporate Affairs, on 5th June released notification granting various relaxations to Section 8 companies. Section 8 companies of Companies Act, 2013 (Section 25 companies of Companies Act, 1956) are the companies which

1. have as their object the promotion of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment and such other objects,
2. intend to apply their profits or income in promoting their objects and
3. Intend to prohibit payment to dividends to their members.

Serial Number	**Provisions of the Act**	**Exceptions, Modifications and Adaptations**
(1)	**(2)**	**(3)**
1.	Clause (24) of section 2	The provisions of clause (24) of section 2 shall not apply The definition of Company Secretary to be appointed by a company under Section 2(24) defines company secretary or secretary as a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under this Act. The provision shall not apply to a Section 8 Company. Hence, the company Secretary or secretary in relation to Section 8 Company need not be a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980.
2.	Clause (68) of section 2	The requirement of having minimum paid-up share capital shall not apply Definition of private company and public company: Section 2(68) defines a private company as a company having a minimum paid-up share capital of Rs 1 lakh and which has certain restrictions in its articles with reference to transfer of shares, number of members and invitation to public to subscribe for its securities. Section 2(71) defines a public company as a company which is not a private company and which has a minimum paid-up share capital of Rs 5 lakhs. Now, the requirement of having minimum paid-up share

		capital shall not apply to Section 8 Companies, irrespective of whether the Section 8 company is a private or a public company. Hence, a Section 8 company need not have a minimum paid-up share capital of Rs 1 lakh or Rs 5 lakhs, as may be applicable, resulting in reduction of cost of registration of such companies.
3.	Clause (71) of section 2	The requirement of having minimum paid-up share capital shall not apply
4.	Sub-section (2) of section 96	Time, Date and Place of Annual General Meeting As per Section 96(2), every company other than a One Person Company is required to call its Annual General Meeting ("AGM") during business hours (between 9am and 6pm) on any day except National holiday and such meeting shall take place at the registered office of the company or within city, town or village in which the registered office is situated. A proviso has been added to this section that the time, place and date of each AGM will be decided upon before-hand by the board of directors having regards to the directions, if any, given in this regard by the company in its general meeting. Hence, the time, date and place of each AGM are decided upon before-hand by the board of directors, as per the directions, if any, given in this regard by the company in its general meeting.
5.	Sub-section (l) of section 101	In sub-section (l), for the words "twenty one days", the words "fourteen days" shall be substituted. Notice period for General Meeting Section 101(1) requires that a general meeting of a company may be called by giving not less than clear 21 days' notice. Now, the words twenty one days have been substituted by the words "Fourteen days". Hence, General Meetings of a Section 8 Company can now be conducted with notice of 14 clear days instead of 21 days as prescribed earlier.
6.	Section I18.	The section shall not apply as a whole except that minutes may be recorded within thirty days of the conclusion of every meeting in case of companies where the articles of

		association provide for confirmation of minutes by circulation. Section 118 requires a company to prepare and sign the minutes of the proceedings of every general meeting of shareholders or creditors within 30 days from the conclusion of such meeting. It requires the pages of such meetings to be consecutively numbered. It further details on what should and should not be included in the minutes and what shall be the punishment in case of tampering of such minutes. A relaxation from Section 118 has been provided to Section 8 companies, except where the AOA of such company contains a provision for confirmation of minutes by circulation. Hence, no provisions of Section 118 relating to minutes of proceedings of general meetings, Board meetings etc. shall apply to Section 8 companies except where its AOA contains a provision that minutes have to be confirmed by circulation. Then in such a case, the minutes will have to be recorded within 30 days.
7.	Sub-section (1) of section 136.	In sub-section (l), for the words "twenty one days", the Words "fourteen days" shall be substituted. **Time period for sending financial statements of the company** Section 136(1) states that a copy of the financial statements, including consolidated financial statements, if any, auditor’s report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a company in its general meeting, shall be sent to every member of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled, not less than twenty-one days before the date of the meeting. Now, the words twenty one days have been substituted by the words “Fourteen days”. Hence, a relaxation of 7 days has been granted to Section 8 companies for sending copies of their financial statements, auditor’s report, etc. to their members, debenture trustees, etc.

8.	Sub-section (l) of section 149 and the first proviso to subsection (1).	Minimum and maximum number of directors Section 149(1) and its first proviso states that every company must have a Board of Directors and the minimum number of directors to be appointed by A public company are 3, A private company are 2 and A one person company is 1 It also states that the maximum number of directors that can be appointed by any company are 15. Also, if a company wants to appoint more than 15 directors, it can do so after passing a special resolution. As per the notification, Section 149(1) and its first proviso shall not apply to a Section 8 company. Hence, a Section 8 company can now appoint any number of directors. There is no requirement of minimum or no restriction of maximum number of directors that can be appointed by such companies. Also it need not pass a special resolution for appointing more than 15 directors.
9.	Sub-sections (4), (5), (6), (7), (8), (9), (10), (ll), clause (i) of subsection (12) and subsection (13) of section 149.	Independent Directors Provisions related to Independent Directors Sub sections (4) to (13) of Section 149 contain provisions relating of definition of independent directors, minimum number of independent directors to be appointed, requirements to be fulfilled by an independent director, , their term on the Board, declarations to be made by them, their entitlement to stock options and remuneration, their liability and retirement. Section 150 contains provisions regarding he manner of selection of independent directors and the maintenance of databank of independent directors. The proviso to Section 152(5) requires that the explanatory statement for the appointment of an independent director must be annexed to the notice of the general meeting and such statement shall include a statement that in the opinion of the Board, the independent director fulfills the conditions specified for such an appointment. As per the notification, sub-sections (4) to (11), 12(i) and (13) of Section 149, Section 150 and proviso to Section

		152(5) shall not apply to Section 8 companies. Hence, any of the provisions relating to requirement of having Independent Directors, their appointment, and manner of appointment etc. as contained in any of the Sections mentioned above shall not be applicable to Section 8 Companies.
10.	Section 150.	Shall not apply.
11.	Proviso to sub-section (5) of section 152.	Shall not apply.
12.	Section 160.	Right of persons other than retiring directors to stand for directorship As per Section 160, any person other than retiring director intending to stand for directorship had to Leave at the registered office of the company, a notice in writing about his intention to stand for directorship, not less than 14 day before the meeting, Pay a deposit of Rs 1 Lakh. As per the notification, this section shall not apply to Section 8 companies whose articles provide for election of directors by ballot. Hence, if the Articles of the company provide for the election of directors by ballot, then the provisions of Section 160 will not be applicable. In case, the company's Articles do not provide for election of directors by ballot, Section 160 will continue to apply.
13.	Sub-section (1) of section 165.	Number of Directorships Section 165(1) restricts the number of directorships that can be held by a person. In case of private companies, the maximum number is 20 and its 10 in case of a public company. This section shall not apply to Section 8 companies. Hence, a person being a director in 20 companies can still be appointed as a director in a Section 8 company and he shall not be contravening the provisions of the Act.
14.	Sub-section (l) of section 173	Shall apply only to the extent that the Board of Directors, of such Companies shall hold at least one meeting within every six calendar months. Number of Board meetings

		Section 173(1) requires every company to hold minimum 4 board meetings in a year such that no two meetings are more than 120 days apart. Section 173(1) shall be applicable to Section 8 companies only to the extent that the Board meetings shall be held atleast once in every 6 calender months. Hence, for Section 8 companies, the requirement to hold 4 board meetings in a year have been done away with and they may hold just one board meeting every 6 calender months and hence just 2 board meetings in a year.
15.	Sub-section (1) of section 174.	Quorum of Board meetings Section 174(1) requires a quorum of 1/3rd of the total strength of the Board or 2 directors, whichever is higher. This section has been amended to change the quorum requirement for Section 8 companies as either 8 directors or 25% (1/4th)of the total strength, whichever is lower. Also, a proviso has been added that in any case, the quorum shall not be less than 2 members.
16.	Section 178.	Nomination and Remuneration Committee and Stakeholders' Relationship Committee As per the provisions of Section 178, every listed company and specified class of companies shall constitute a nomination and remuneration committee and a stakeholders' relationship committee. Section 178 shall not apply to Section 8 companies. Hence, Section 8 companies are not required to form any of the above mentioned committees.
17.	Section 179.	Matters referred to in clauses (d), (e) and (f) of sub-section (3) may be decided by the Board by circulation instead of ata meeting Section 179(3) details the powers of the Board that can be exercised by it only by means of resolutions passed at the meetings of the Board. Powers of the Board under clauses (d), (e) and (f) of Section 179(3) may be exercised by the Board of Section 8 companies by circulation instead of at a meeting. Hence, now the directors may exercise the following powers by passing resolutions by circulation instead of at a

		meeting: Borrow monies Invest the funds of the company or Grant loans or give guarantee or provide security in respect of loans
18.	Sub-section (2) of section 184.	Section 184(2) requires every director of a company to disclose its interest in a contract or arrangement at the meeting to the Board in which the contract or arrangement is discussed and that such interested director shall not participate in such meeting. This section shall apply to Section 8 companies only with reference to transactions under section 188 exceeding Rs 1 lakh. Hence, every director of Section 8 company shall disclose the nature of his concern or interest at a board meeting if the related party transaction exceeds Rs 1 lakh and he shall not participate in such a meeting.
19.	Section 189.	Register of contracts or arrangements- MBP-4 Section 189 requires all companies to maintain one or more registers which gives separately the particulars of all contracts and arrangements in which directors are interested or of all related party transactions. Such register would be placed at the next meeting of the Board and signed by all the directors present at the meeting. This section shall apply to Section 8 companies only with reference to transactions under section 188 exceeding Rs 1 lakh. Hence, the details of transactions of Section 8 companies need to be entered in the register only when in case of related party contract or arrangement, where the value of transaction exceeds Rs. 1 lakh.