

PRIVATE LIMITED COMPANY: INTRODUCTION



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Note: Provisions of Companies Act, 2013 are considered for the purposes of this note/circulation.

PRIVATE LIMITED COMPANY: INTRODUCTION

I. MEANING, FEATURES AND TYPES OF A COMPANY

A “Company” is an association of individuals formed for some common purpose. It means a company incorporated under this Act or under any previous companies act under Section 2(20) It has a legal identity which is separate from that of its members.

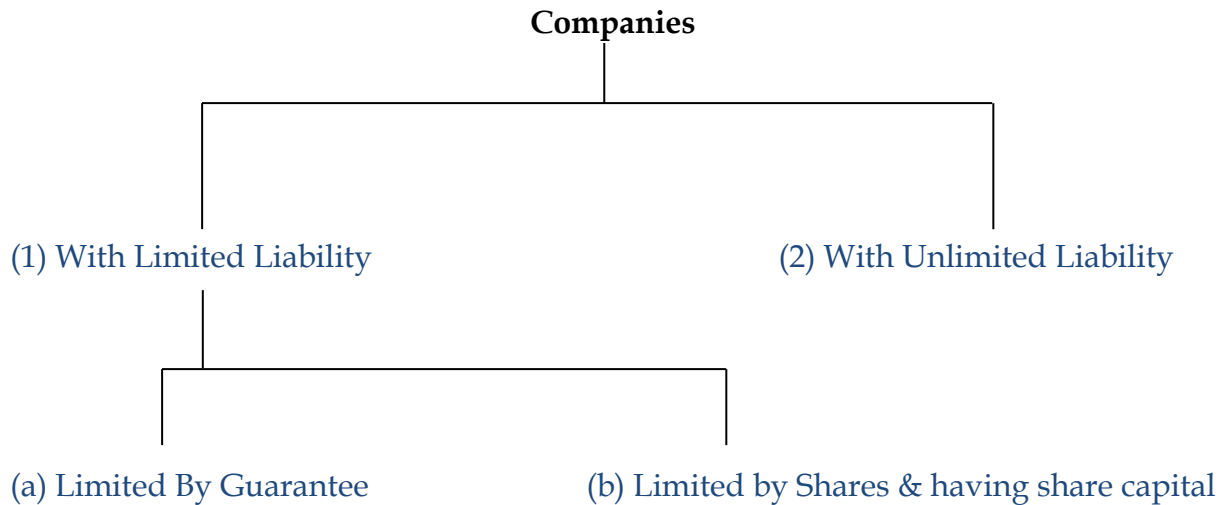
In India, a Company is incorporated by complying with the procedure stated in the Companies Act 2013. A Company thus incorporated is registered with the Registrar of Companies which is under The Ministry of Corporate Affairs.

Characteristics of a Company

1. A company has a *separate legal entity* from its owners. The members of a company have no liability to the creditors of a company for debts incurred by the company.
2. A company has a perpetual succession, i.e. continued or uninterrupted existence until it is legally dissolved. It continues in existence irrespective of the changes in membership.
3. The *liability of the members is limited* either to the extent of the face value of shares taken up by them or to the extent stated in the memorandum of association (MOA)
4. Shares of a company limited by *shares are generally transferable* by a shareholder to any other person.
5. A company can acquire, own, enjoy and alienate *property in its own name*.
6. A company has the *capacity to sue and be sued*.
7. It is possible for a company to *make a valid and effective contract with any of its members and other entities*.
8. A company *enjoys better avenues for borrowing funds*. It can issue debentures, secured as well as unsecured and can also accept deposits from the public etc.
9. Every company should *have a common seal of its own*. It is similar to the signature of a natural person and is considered to be the seal of approval of the company.

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I. On the basis of liabilities of the members:



Limited by Guarantee: -

The term 'Limited by Guarantee' signifies that the liability of the members is limited to the amount they guarantee to contribute towards the company's assets. The same will be specified in the MOA.

Limited by Shares: -

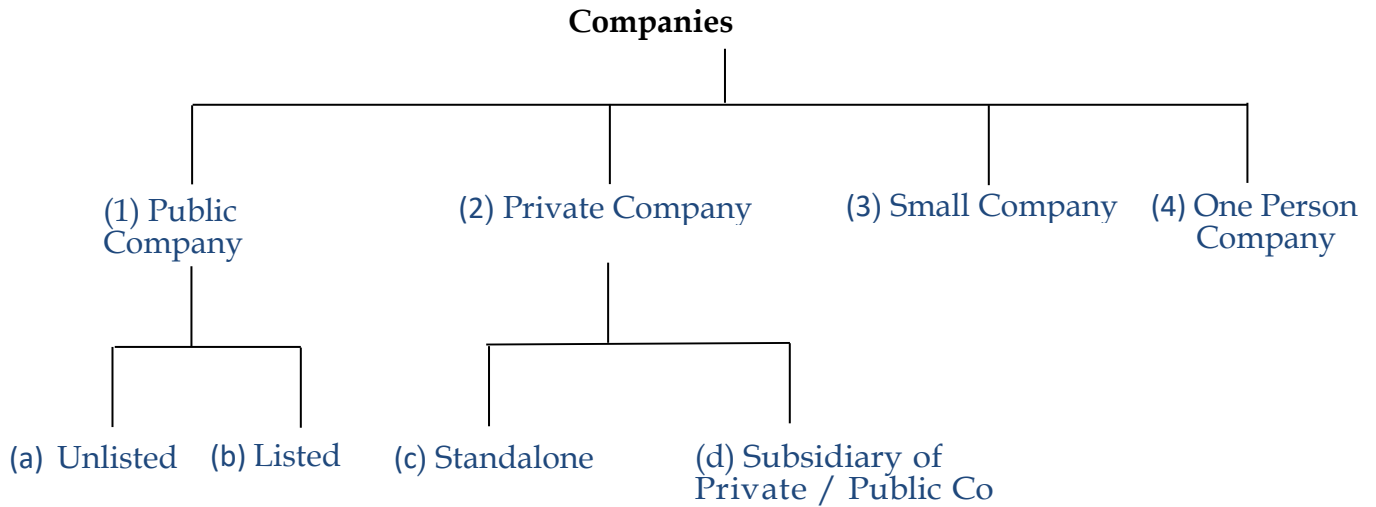
Member's liability is restricted only for the unpaid amount on the shares held by them.

Unlimited Liability: -

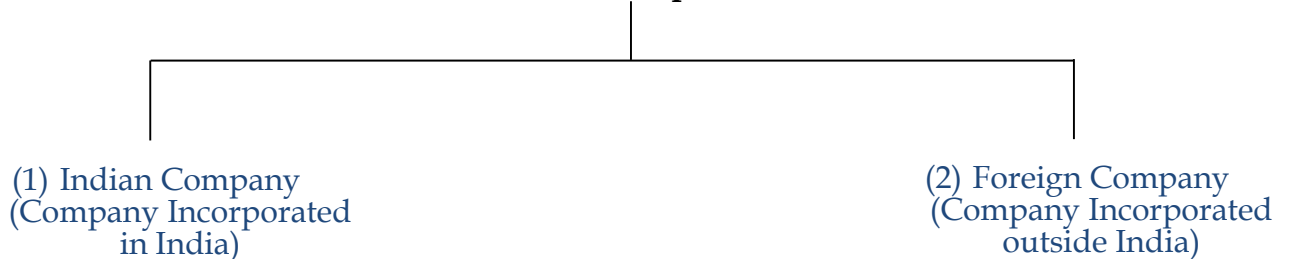
Unlimited liability refers to a situation in which the members are personally responsible for all the debts and financial obligations of the business. This means that if the business cannot pay off its debts, the personal assets of the members can be used to settle the business's liabilities.

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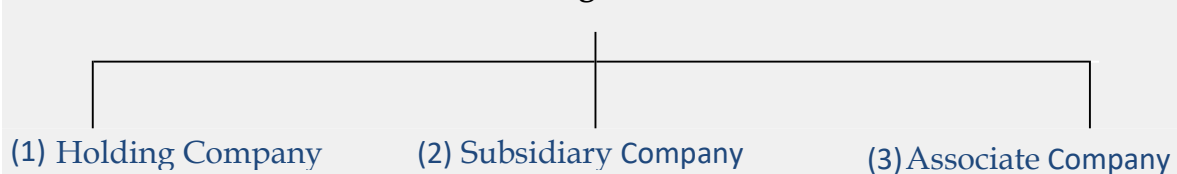
II. On the basis of membership pattern/size



III. On the basis of place of registration of the Companies



IV. On the basis of control over the management:



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II. INCORPORATION OF A PRIVATE LIMITED COMPANY

The process of incorporation of a Private Limited Company in India is through-filing to Ministry of Corporate Affairs.

The main steps for incorporation are:

1. Initial Core Decision
2. Name Application
3. Applying for Digital Signature Certificate (DSC) and Director Identification Number (DIN)
4. Incorporation Forms to be e-filed with Ministry of Corporate Affairs
5. Other Registrations
6. Commencement of Business

There are several steps involved in the process of incorporation of a private limited company in India as detailed below.

A] **Initial Core Decisions**

1. Selection of the type of company
2. Deciding the share holding pattern and first directors
3. Drafting the Main Objects
4. Selection of the name for the proposed company

Once these main decisions are in place the process of incorporation can be initiated. This will involve submissions of relevant documents, getting attestations, filling of forms and getting the required approvals and certificates.

B] **Name Application**

- Visit the Ministry of Corporate Affairs (MCA) website and log in to the MCA portal using your credentials.

The company founders or promoters should first apply for reservation of the company name in Part-A of the SPICe+ form. The ROC will either approve or reject the name. If the ROC rejects the name, the company founders must re-apply with a different name and get the company name approval from the ROC.

Information Required: At the time of filing of Name application, the applicant must have the following information. (Desired Name, Desired Object along with Object Code). Two proposed names can be applied together.

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Important Points (for Name Application):

1. Fees for Name application presently is Rs. 1000.
2. If an application came for resubmission, applicant has to resubmit the application within 15 days with rectification of the defects, if any.
3. After approval of name, the name shall be reserved for 20 days from the date of approval.
4. If the applicant wants, then by payment of extra fees they can extend the period of Name from 20 Days to 60 days. (Fees Rs. 1000 for the first 20 days extension up to 40 days and Rs. 2000 for next 20 days' extension up to 60 days)
5. Applicants have to further apply for Incorporation of Company through Spice Part B form from the same MCA ID on which Name has been reserved.
6. For the Name application there is no requirement of any DIN or DSC of applicant.

Some of the key points while choosing the name for a proposed company

1. The name should not resemble too nearly the name of any existing company or a registered trade mark of any other person under the Trade Marks Act 1999.
2. It should be in consonance with the Main Objects of the proposed company
3. It should not contain any word which is considered as offensive to any section of the people
4. It should not be an exact translation in Hindi of any existing reputed Company's English name.
5. Should not bear phonetic resemblance with any existing company
6. It should not be too generic e.g. "Travel and Tours Private Limited"
7. It should not resemble and popular abbreviation of an existing company

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C] Applying for Director Identification Number (DIN) and Digital Signature Certificate (DSC)

As per section 152, “no person shall be appointed as a director of a company unless he has been allotted the Director Identification Number under section 154 or any other number as may be prescribed under section 153”

Application for Allotment of Directors Identification Number (DIN) for appointment in a new Company to be made only through Spice e-form at the time of Incorporation

The Directors need to provide their KYC documents which have to be attested and submitted with the DIN application. For Indian applicant self attested ID proof is mandatory and for Foreign Nationals ID Proof i.e. Passport is mandatory and it should be Notarized and /or apostilled along with Residential proof - Notarized and /or Apostilled i.e. Driving License, Electricity Bill, telephone Bill should be in the name of the applicant which should not be older than 1 year from the date of application. The documents of the director who is a foreign national can be attested by a practicing Chartered Accountant or Company Secretary if they are visiting India and the copy of a valid visa is also attached.

D] Following documents and information for registration should be Filed Form Spice+ with the Jurisdictional Registrar:

1. Details of Company's Capital
2. Details of the first subscribers
3. Details of Registered office Address
4. Particulars of payment of Stamp Duty
5. Details about Jurisdiction for obtaining Permanent Account Number / Tax collection Account Number.

E] Filing other relevant Forms (Spice -AOA, Spice MOA and AGILE -PRO)

The next step in the incorporation procedure is to submit the following Forms

1. Fill the details in the e-form SPICE -AOA
2. Fill the details in the e-form SPICE -MOA
3. Fill the details in the E-form AGILE PRO for obtaining Goods and Service Tax Identification Number/ Employees Provident Fund Organization / Employees State Insurance Corporation/ Profession Tax Registration/ and Opening of Bank A/C as may be applicable.

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Following documents and information for registration should be Filed Form Spice+ with the Jurisdictional Registrar

1. Proof of registered office address (Conveyance/ Lease deed/ Rent Agreement etc. along with rent receipts), if any.
2. Copy of the utility bill of registered office. It should not be older than two months. (Electricity Bill, Water Bill, Gas Bill, Telephone Bill etc.)
3. NOC from the owner of the property. (on plain paper and NOC from the person whose name mentioned on utility bill)
4. In case of subscribers/ Director does not have a DIN, it is mandatory to attach Proof of identity and residential address of the subscribers/ Directors as mentioned below i.e.
 - a. Self-attested copy of PAN
 - b. Voter Card/ Driving License/ Passport; any one
 - c. Bank Statement/ Utility Bill; anyone (not older than two month)
5. Copy of Photograph of two person authorized for ESIC, EPFO and Bank account documentation. (This person can be proposed directors or any outsider).

NOTE (Some Important points):

1. The company must mention the main business activity in this form also.
2. The company must give the details of two authorized people to deal with ESIC, EPFO and Bank account formalities (this person can be any one of the directors or outsiders also).
3. Need to attach a photograph of both authorized persons.
4. Need to mention mobile no and email ID of an authorized person.
5. OTP shall be generated on Mobile and Mail ID of authorized person.
6. Need to mention the jurisdiction of Police Station.
7. Details of ESIC and EPFO office as per jurisdiction of registered office.
8. The person who is signing Spice Part B Digitally the same person shall affix his Digitals on Agile Pro.

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III. PRIVATE LIMITED COMPANY

Definition and Conditions

“Private Company” means a Company having a minimum paid-up share capital as may be prescribed, and which by its articles, -
{Section 2(68)}

1. restricts the right of transfer of its share;
2. except in case of One Person Company, limits the number of its members to 200;

Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:

Provided further that

- a. persons who are in the employment of the company; and
 - b. persons, who have been formerly in employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased shall not be included in the number of members; and
3. prohibits any invitation to the public to subscribe for any securities of the company.

Small Company means a Company other than a Public Company having

1. paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than five crore rupees; or
2. turnover of which as per its last profit and loss account does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than twenty crore rupees [under section 2(85)]

Condition 1: Paid-up capital of the company should not exceed INR 4 Crores, or such a higher amount specified should not exceed INR 10 Crores.

Condition 2: Turnover of the company should not exceed INR 40 Crores, or such a higher amount specified should not exceed INR 100 Crores.
[undersection 2(85)]

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Provided that nothing in this clause shall apply to –

- a) A Public company
- b) A Holding company
- c) A Subsidiary company
- d) Company registered under section 8
- e) A Company that is governed by any particular act

One Person Company" means a company which has only one person as a member [under section 2(62)]

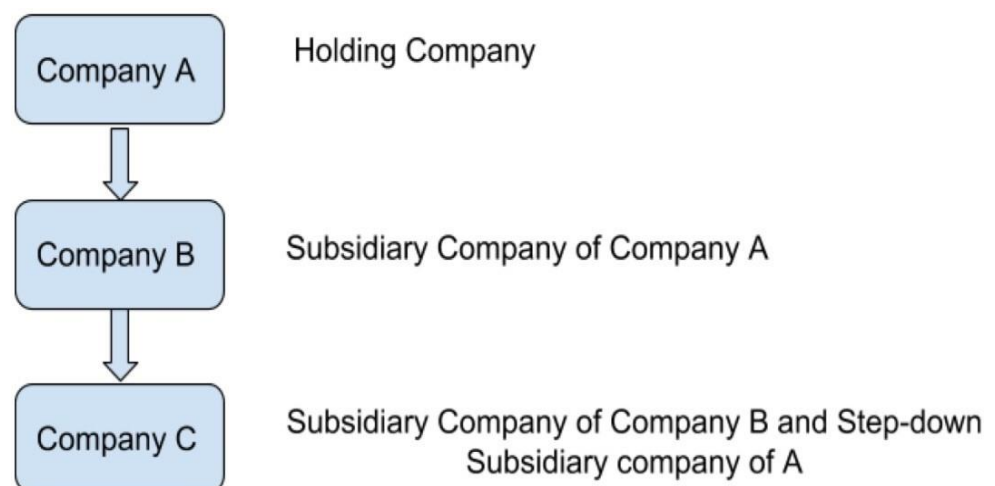
Subsidiary and Holding Company

A company controlled by another company is called a Subsidiary Company and the controlling company is called the Holding Company.

Determination & Control

The tests to find out whether two companies are related to one another as holding and subsidiary company are as follows [Section 2(87)]:

- i. Holding company *controls the composition of the Board of Directors* of the Subsidiary Company.
- ii. Holding company *exercises or controls more than half of the total share capital either at its own or together with one or more of its subsidiaries* in Subsidiary Company.
- iii. As per section 2(87) (a), if the Holding Company is the subsidiary of another company, then the original subsidiary company will be the subsidiary of the other company.



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IV. MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum of Association (MOA)

'Memorandum' means the memorandum of association of the company as originally framed or as altered from time to time in pursuance of any previous companies act or this act [section 2(56)].

It is *a document that regulates a company's external activities* and must be drawn up on the formation of a company. As the company's charter, MOA (together with the company's articles of association) forms the company's constitution.

The MOA & AOA is a public document and may be inspected by anyone, usually at the public office where it is lodged.

Articles of Association (AOA)

The articles are the regulations for the management of registered companies that governs the running of a company. It sets out the voting rights of the shareholders' and directors' meetings, powers of the management, etc.

The articles constitute a contract between the company and its members. Directors or any outsiders cannot use the articles to enforce their rights.

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V. SHARES

Types of Shares

1. Equity Shares
 - a. with voting rights or
 - b. with differential rights as to dividend, voting or otherwise in accordance with such rules as may be prescribed
2. Preference Shares

Provided that nothing contained in the Companies Act 2013 shall affect the rights of preference shareholders who are entitled to participate in the proceeds of winding up before the commencement of this Act.

Issue

Private Limited Companies are free to include in their Articles of Association any provisions in regard to voting rights of their members, holding equity shares or preference shares. The share capital of a company limited by shares may be of two kinds only- equity share capital and preference share capital.

A private limited company cannot offer its shares or debentures to the public for subscription.

Transfer

The right of transfer of shares in a private company is to be restricted by the articles of such companies. Any restrictions imposed by the articles are binding on the members of the company.

The two main restrictions found in the articles of most private limited companies are:

1. the directors are given absolute and uncontrolled discretion in the matter of approval of transfers for registration and
2. The members are given the right of pre-emption for purchasing the shares offered by any member.

Buyback

Any company limited by shares or guarantee and having a share capital, can buy back its own securities. The term "buyback" means the buying by a company of its own shares or securities from the holders of those shares or securities. The share capital bought back has the effect of reduction of share capital to the extent of the face value of the shares bought back and there is cash outflow from the company to the extent of the price of the shares paid to the shareholders. The buyback of shares results into cessation of membership of the shareholders whose shares are bought back and their names are deleted from the Register of Members.

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VI. BOARD OF DIRECTORS

Meaning & Number of Directors

As per the provisions of Section 149(1) of the Companies Act, *only an individual can be appointed as director* and no Body Corporate, association and firm can be appointed as director of any company. Board of Directors of a company means a group of individuals who are directors of the company.

Every company *must have at least two directors. The Act specifically provides that a company may have a maximum of fifteen directors.*

Note: If the company wants to appoint more than 15 directors, it can do so after passing a special resolution.

Appointment

1. The first directors assume the office from the date of incorporation of a company. They are designated as directors by the promoters of the company.
2. The Companies Act enables a person, other than the retiring directors, to stand for directorship, at any general meeting [section 152]
3. 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 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.
4. A person appointed as a director shall not act as a director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as may be prescribed
5. Otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting.

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Retirement, Resignation & Removal

1. Directors of a private company are not compulsorily required to retire by rotation according to the Companies Act.
2. A director may resign at any time on giving notice to the company or as per the contract with the company as per section 168 of Companies act 2013.
3. Section 169 of the Companies Act gives shareholders of a company the right to remove a director from his office, not being a director appointed by the Tribunal under section 242, by ordinary resolution before the expiry of his period of office.

Remuneration

A private company is free to pay remuneration to its directors, including managing and whole-time directors, subject to the provisions of the Articles of Association.

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VII. SHAREHOLDERS' MEETINGS

TYPES OF MEETINGS

General Meeting

As per the provisions in the Companies Act, the term “general meeting” includes all kinds of shareholders’ meetings, that is Annual General Meeting (AGM) and Extra-Ordinary General Meeting (EGM)

Annual General Meeting (AGM)

An AGM is a meeting of the members of a company held once a year. All companies except one person company (OPC) should hold an AGM after the end of each financial year. A company must hold its AGM within a period of six months from the end of the financial year. However, in the case of a first annual general meeting, the company can hold the AGM in less than nine months from the end of the first financial year. In such cases where the first AGM is already held, there is no need to hold any AGM in the year of incorporation. Do note that the time gap between two annual general meetings should not exceed 15 months. An AGM should be conducted between 9 am and 6 pm only. It cannot be held on a national holiday and 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.

Extraordinary General Meeting (EGM)

All general meetings of members of a company, other than AGMs, are called Extra- ordinary general meeting (EGM).

The board of directors may call an EGM at any time it thinks fit and may do so by passing a resolution at a board meeting or by a circular resolution and by giving a Notice of 21 clear days or as mentioned in the Articles of the company. All business transacted at any EGM shall be special business. It is to be further noted that the EGM Should be held within 45 days within 45 days of the Board of Directors calling it.

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VIII. CONVENING AN ANNUAL GENERAL MEETING (AGM)

1. Notice

Notice is an announcement or intimation of something impending.

Notice Period: Notice to be sent at least clear 21 days prior to the Annual General Meeting. A meeting can be held at a shorter notice if at least 95% of the members give a written consent in favor of holding the meeting at a shorter notice.

Notice to be sent to: Notice has to be sent to all members including a legal representative of a deceased member, auditors, and every director of the Company.

The notice of a general meeting must contain the following:

- a. Type of meeting
- b. Place of meeting
- c. Day & Date of meeting
- d. Hour of meeting
- e. Statement of business
- f. Type of business
- g. Type of resolution
- h. Explanatory Statement (if required)

2. Quorum

Quorum means the minimum number of persons who must be present at a meeting in order for business to be transacted, without which, no business can be transacted at the meeting and, if transacted, will be invalid.

The statutory quorum for general meetings for a private company is 2 members, personally present.

3. Chairman

The articles usually provide that the chairman of the board shall preside as chairman at every general meeting of the company. Articles lay down the procedure for the election of the chairman. Following are the duties and powers of a chairman:

- a. Make sure that meeting is properly convened in accordance with the AOA.

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- b. Ensure that all requirements are duly complied and observed.
- c. Take up items of business to be transacted at the business
- d. Prevent irrelevant discussions, ensure everyone is given an opportunity to speak and allow no discussions unless there is some motion before the meeting.

4. Proxies / Representatives

A proxy is a person who represents a member of the company at a general meeting at which one or more votes are taken. Proxy denotes the person appointed and authorized to act as the agent or substitute for another and a written authorization or the form appointing and empowering another person to vote or act for the signer at a general meeting.

5. Resolutions

If a motion is passed by a required majority of members of the company, it becomes a resolution.

- I. **Ordinary Resolution:** An ordinary resolution is a resolution passed by a simple majority, i.e. more than 50% votes of members of a company voting in person or by proxy.
- II. **Special Resolution:** A Resolution passed by more than 75% votes of members of a company voting in person or by proxy. It is a resolution, which is passed by a special majority of votes.

6. Adjournment

To adjourn a meeting means to defer or suspend the meeting to a future time, with no appointed date or indefinitely or as decided by the members present at the scheduled time of the meeting.

If within half an hour from the time appointed for holding a general meeting, a quorum is not present, the meeting may be adjourned to the same day in the next week at the same time and place, or to such other place or to such other time and place as the Board may determine. When a meeting is sought to be adjourned, a motion to that effect must be moved.

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IX. DIRECTORS' MEETING & POWERS OF DIRECTORS

Statutory Provisions

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

Quorum

(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.

Circular Resolution

The board of directors of a company may take decisions by resolutions passed by circulation, instead of assembling at a board meeting. Such a resolution is called 'circular resolution'. Such a resolution shall be noted at a subsequent meeting of the Board or the committee thereof and made a part of the minutes of such meeting.

Minutes

'Minutes' mean fair and correct summary of the proceedings of the meeting (including decisions taken and resolutions passed).

Under section 118 of the companies act, every company is required to keep minutes of all proceedings of every Board Meeting, General Meeting and Meeting of every committee of the Board.

Minutes of every meeting must be prepared and signed in such manner as may be prescribed and shall be entered in the Minutes Book within 30 days from the date of conclusion of the Meeting.

Provided that in case of a Specified IFSC private company, the minutes of every meeting of its Board of Directors or of every committee of the Board, to be prepared and signed in the manner as may be prescribed at or before the next Board or committee meeting, as the case may be and kept in books kept for that purpose.

Section 118 requires minutes to be recorded in books kept for that purpose with their pages consecutively numbered, which must be kept at the registered office of the company.

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1. The members of a company may inspect the minutes book
2. Furnish copy of minutes of any general meeting on payment of such sum as may be specified in the articles of association of the company, but not exceeding a sum of ten rupees for each page or part of any page.

As per section 119, If any inspection under sub-section (1) is refused, or if any copy required under sub-section (2) is not furnished within the time specified therein, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees for each such refusal or default, as the case may be.

Powers

Subject to the provisions of the Act, the Board of directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorized to exercise and do.

The board has the power to:

1. to make calls on shareholders in respect of money unpaid on their shares
2. to authorize buy-back of securities under section 68;
3. to issue securities, including debenture, whether in or outside India;
4. to borrow monies;
5. to invest the funds of the company;
6. to grant loans or give guarantee or provide security in respect of loans;
7. to approve financial statement and the Board's report;
8. to diversify the business of the company;
9. to approve amalgamation, merger or reconstruction;
10. to take over a company or acquire a controlling or substantial stake in another company;
11. any other matter which may be prescribed:

Provided that the Board may, by a resolution passed at a meeting, delegate to any committee of directors, the managing director, the manager or any principal officer of the company or in the case of a branch office of the company, the principal officer of the branch office, the powers specified in clauses (d) to (f) on such conditions as it may specify

Provided also that in case of a Specified IFSC private company, the Board can exercise the powers by means of resolutions passed at the meetings of the Board or through resolutions passed by circulation.

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X. CORPORATE SOCIAL RESPONSIBILITY

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 (section 135).

The Board of every company referred to sub section (1), 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 The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

If the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed.

The Central Government may give such general or special directions to a company or class of companies as it considers necessary to ensure compliance of provisions of this section and such company or class of companies shall comply with such directions.

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The Corporate Social Responsibility Committee shall, –

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
3. Monitor the Corporate Social Responsibility Policy of the company from time to time.

The Board of every company referred to in sub-section (1) shall,

- a. After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
- b. Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company

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XI. BENEFITS/ ADVANTAGES OF A PRIVATE LIMITED COMPANY

1. A Private Company has no obligation to call the Statutory Meeting of themember
2. No restriction on payment of Managerial Remuneration
3. No minimum share capital is required to incorporate private limited company.
4. Only 2 persons are required to form a Private Limited Company.
5. The directors need not retire by rotation.

XII. STATUTORY OBLIGATIONS OF A PRIVATE LIMITED COMPANY

1. Filing of Financial Statements in Form no. AOC-4 and Annual Return in Form no. MGT-7
2. Complying with Statutory laws such as Excise Duty, Goods and Service Tax, Labour laws, FEMA etc.
3. Form MSME (Due date October 30, April 30)
4. Form DPT-3
5. DIR-3 KYC Web KYC
6. Form INC-20A (To be filed within 180 days from date of Incorporation) (The company cannot borrow any kind of funds if no form is filed)
7. Maintaining a register containing minutes of every general meeting and every meeting of Board of Directors

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XIII. Applicability for Maintaining Cost Records

1. The company is engaged in manufacturing goods or provision of services which are listed in Table A or Table B; and
2. Total aggregate turnover of the company from all its production or service is more than INR 35 Crore in the preceding financial year.
3. Cost audit applicability provisions are contained under rule 4 of the Companies (Cost Records and Audit) Rules, 2014. According to the said rule 4, the cost audit is applicable in the following situation –
 - a. Table A specified goods/services –
 - Overall annual total turnover of the company from all the products/services is INR 50 Crore or more; and
 - Aggregate turnover from the individual product/service for which cost records are required to be maintained is INR 25 Crore or more.
 - b. Table B specified goods/services –
 - Overall annual total turnover of all the products/services should be INR 100 Crore or more; and
 - Aggregate turnover from the individual product/service for which cost records are required to be maintained should be INR 35 Crore or more.

This publication is intended to provide general information, guidance on various professional subject matters and should not be regarded as a basis for taking decisions on specific matters. In such instances, separate advice should be taken.