Exemptions Provided To Private Companies From Compliance Of Certain Provisions Of The Companies Act, 2013("The Act")

Sr.No.	Section	Exemption/Modification /Adaptions	Impact on Private Companies
1.	Section 2(76)(viii)	Definition of Related Party	A Holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary shall not be treated as related parties.
2.	Section 43 and Section 47	Kinds of Capital and Voting Rights	Provisions of kinds of share capital and voting rights shall not be applicable subject to the condition that such a provision is provided in MOA and AOA of the Company.
3.	Section 62(1)(a)(i) and section 62(2)	Further issue of share capital (pertaining to right issue)	In case 90 % of the members of the Company gives their consent in writing or electronic mode then the right issue can be kept open for a period lesser than 15 days and the notice shall be dispatched through registered post or speed post or through electronic means to all the existing shareholders for a period lesser than three days before opening of the issue.
4.	Section 62(1)(b)	Further issue of shares (pertaining to ESOS)	ESOS can be approved by way of an ordinary resolution instead of a special resolution.
5.	Section 67	Restrictions on purchase by company or giving of loans by it for purchase of its shares.	This section shall not be applicable to a private company if all of the following conditions are fulfilled: 1.In whose share capital no other body corporate has invested any money; 2.Borrowing from Banks ,FI's or any body corporate is less than: (a)twice of its paid up capital; or (b)fifty crores rupees Whichever is lower 3. Such a company is not in default in repayment of such borrowing subsisting at the time of making transactions under this section.
6.	Section 73(2)(a) to (e)	Prohibition on acceptance of deposits from public	Private Company may accept money from its members upto 100 % of paid up share capital plus free reserves. A return is to be filed to ROC in form which is to be prescribed. Clause (f) pertaining to creation of security on property or asset of the Company is to be provided as per the Act.

7.	Section 101 to 107 and Section 109	Provisions related to notice of meeting, explanatory statement, quorum for the meeting, chairman of the meeting, proxies, restrictions on voting rights, voting by show of hands and demand of poll.	These provisions shall be governed by the Article of the Company. In case nothing is prescribed in the Articles related to section 101 to 107 & 109 ,then provisions mentioned in these sections shall be applicable
8.	Section 117 (3)(g)	Resolutions and Agreement to be filed.	Resolutions passed under section 179 (3) is not required to be filed in Form MGT 14 with the ROC.
9.	Section 141(3)(g)	Eligibility, qualification and disqualification of Auditors.	One person companies, dormant companies, small companies and private companies having paid up share capital of less than Rs.100/-crore, are not to be counted in the maximum limit of audit which is twenty for the auditors.
10.	Section 160	Right of persons other than retiring directors to stand for directorship.	Provisions pertaining to submission of candidature of directorship along with deposit of Rs. 1, 00,000 shall not be applicable to private companies.
11.	Section 162	Appointment of the directors to be voted individually	Two or more directors can be appointed by way of single resolution.
12.	Section 180	Restrictions on powers of Board	Certain powers are mentioned in section 180 which can only be exercised after members' approval by special resolution. The whole section shall not be applicable to private companies. Hence for exercising all such powers, member's resolution shall not be required.
13.	Section 184 (2)	Disclosure of interest by director	Interested Directors may participate in Board Meeting in which such contract or arrangement is going to be discussed where he is interested after disclosure of his interest.
14.	Section 185	Loan to directors,etc.	This section shall not be applicable to a private company if all of the following conditions are fulfilled: 1.In whose share capital no other body corporate has invested any money; 2.Borrowing from Banks ,FI's or any body corporate is less than: (a)twice of its paid up capital; or (b)fifty crores rupees Whichever is lower

			3. Such a company is not in default in repayment of such borrowings subsisting at the time of making transactions under this section.
15.	Second Proviso to section 188(1)	Related Party Transactions	Member of the private company can 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.
16.	Section 196(4) and (5)	Appointment of managing director, whole-time director or manger	Shareholder's approval and filing of form MR 1 shall not be required in case of appointment of managing director, whole-time director or manager.