

JSP Associates
Company Secretary

Exemptions - Privileges for a Private Company
[Other than subsidiary of a public company]

Section	Description of the exemptions / privileges
70(3)	Allotment of shares can be made without filing statement in lieu of prospectus.
77(2)	Financial assistance can be given for the purchase of or subscribing to its own or its holding company's shares.
81(3)(a)	Further issue of capital can be made without complying with the provisions of section 81.
90(2) read with sections 85 to 89	Provisions of sections 85 to 89 regarding kinds of share capital, voting rights, etc., are not applicable to a private company unless it is a subsidiary of a public company.
111(13)	Provisions of sections 108 to 111 do not prejudice the power of a private company to refuse the registration of transfer of shares, in case such power is exercised to enforce the restrictions contained in its articles.
149(7)	Certificate for commencement of business is not required by a private company for commencing business after its incorporation.
165(10)	A private company is not required to hold statutory meeting.
170(1)	If the articles provide otherwise, the provisions of sections 171 to 186 shall not apply to a private company.
198(1)	Provisions restricting the payment of overall managerial remuneration to 11 per cent of the net profits is not applicable to a private company. Thus, any percentage of the net profit may be paid as managerial remuneration.
204(6)	A firm or a body corporate may be appointed to an office or place of profit under the company.
220(1)(a)	In case of private company only members of the company can inspect or obtain copies of the profit and loss account of that company under section 610.
252(2)	Minimum number of directors in a private company shall be only two.
255(1), 256	Provisions relating to appointment of directors and proportion of those who are to retire by rotation need not apply to a private company.
257(2)	Provision relating to right of persons other than retiring directors to stand for directorship is not applicable in case of a private company.
259	Increase in the number of directors beyond the maximum fixed in the articles does not require the approval of the Central Government.
263(1)	Appointment of two or more persons as directors of the private company can be made by a single resolution.
264(3)	Consent to act as director is not required to be filed, in Form No. 29 of the Companies General Rules & Forms, with the Registrar.

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Exemptions - Privileges for a Private Company (contd.)
[Other than subsidiary of a public company]

Section	Description of the exemptions / privileges
266(5)	Restriction on appointment or advertisement of director as regards consent and taking of qualification shares do not apply to a private company.
268	Amendment of any provision relating to managing, whole-time or non-rotational director does not require Central Government's approval.
269(2)	Approval of Central Government is not required for appointment of managing or whole-time director or manager.
273 read with section 270	A director of a private company need not hold qualification shares within the prescribed time limit in terms of section 270.
278	In calculating the maximum limit of twenty directorships, that a person can hold, directorship in private companies is excluded.
283	A private company may, by its articles, provide for additional grounds for vacation of office by a director.
293(1)	Matters specified in the section can be decided by the Board of directors without taking approval of shareholders.
295(2)	Approval of Central Government is not required for giving loans to directors of a private company.
300(2)	Prohibition against participation or voting by an interested director in Board's proceedings does not apply to a private company.
303(1)(a)	Date of birth of directors, managing director, manager and secretary need not be entered in the register of directors.
309(9), 310, 311	The provisions relating to remuneration of managing directors/whole-time directors are not applicable to a private company.
316(1)	A person may be appointed as managing director in any number of private companies.
317(4)	Managing director may be appointed for more than five years at a time.
355 read with sections 349 & 350	Provisions relating to determination of net profits and ascertainment of depreciation do not apply to a private company.
372A	Provisions relating to giving of Loan/Guarantee/Security/or making investment shall not apply to a private company.
388A read with sections 386 to 388	Provisions of sections 386 to 388 relating to appointment, and remuneration, etc., of manager do not apply to a private company.
409(3)	Power of the Company Law Board to prevent change in Board of directors which is likely to affect the company prejudicially does not apply to a private company.