

NDA Update – Amendments on appointment of Company Secretary & Secretarial Audit

MCA, vide Notification dated 03-01-2020, has made certain amendments in the Companies (Appointment and Remuneration on Managerial Personnel) Rules relating to appointment of company secretary in case of private companies and Secretarial Audit. These amendments are applicable in respect of financial year commencing from 1st April 2020 onwards.

Amendment of Rule 8A

Every private company having a paid up share capital of rupees ten crores or more shall have a whole time company secretary. The existing limit was rupees five crores. Thus, requirement of appointment of whole time company secretary is now applicable to:

- Every listed company (Rule 8)
- Every public company having a paid up share capital of rupees ten crores or more (Rule 8)
- Every private company having a paid up share capital of rupees ten crores or more (Rule 8A)

Amendment of Rule 9 regarding Secretarial Audit

The requirement of Secretarial Audit under Section 204(1) of the Companies Act 2013 is applicable to every listed company and other class of companies. Other class of Companies has been defined under Rule 9, which subsequent to this amendment, is as under:

- Every public company having a paid up share capital of rupees fifty crores or more (**existing criteria**); or
- Every public company having a turnover of rupees two hundred fifty crores or more (**existing criteria**); or
- Every company having outstanding loans or borrowings from banks or public financial institutions of rupees hundred crores or more (**new criteria added through this amendment**).

It may be noted that the new criteria based on loans or borrowings is applicable both to public as well as private companies whereas the criteria based on paid up share capital or turnover were applicable to public companies only.

http://www.mca.gov.in/Ministry/pdf/AmdtRules_06012020.pdf